



Consolidated Financial Statements

The Corporation of the Township of Dorion

December 31, 2023



DORION TOWNSHIP

Canyon Country

Statement of Administrative Responsibility

The management of The Corporation of the Township of Dorion have prepared the accompanying consolidated financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The consolidated financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountant [CPA] of Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Municipal Council reviews and approves the consolidated financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Township of Dorion. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2023 consolidated financial statements have been reported on by The Corporation of the Township of Dorion's external auditors, Doane Grant Thornton LLP, the auditors appointed by Municipal Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Mavis Harris, Clerk-Treasurer

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Dorion

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Qualified opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Dorion (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Dorion as at December 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

As disclosed in Note 1, the Township adopted new PSAS Section PS 3280 – Asset Retirement Obligations effective January 1, 2023. The Township's assets include tangible capital assets as disclosed in Schedule 2 and a solid waste landfill site as disclosed in Note 10. The Township has recognized an asset retirement obligation related to the solid waste landfill site but did not use up to date information in their estimate of the asset retirement cost at December 31, 2023. Further, an asset retirement obligation related to the other tangible capital assets has not been recognized in the financial statements. The impact of these departures from PSAS has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to tangible capital assets, asset retirement obligations and net financial assets as at December 31, 2023, and environmental services expenses, annual surplus or changes in net financial assets for the year then ended. These amounts could be material. Our audit opinion for the year ended December 31, 2022 was also modified as the closure and post-closure liability for the solid waste landfill site (as required by PSAS Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability) did not use up to date information for the estimate of the liability.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Doane Grant Thornton LLP

Thunder Bay, Canada
February 20, 2025

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Dorion

Consolidated Statement of Financial Position

As at December 31	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	763,668	919,679
Taxes receivable <i>[note 4]</i>	95,104	90,365
Accounts receivable	133,683	104,821
Total financial assets	992,455	1,114,865
LIABILITIES		
Accounts payable and accrued liabilities	120,601	114,775
Deferred revenue <i>[note 6]</i>	107,448	166,784
Vested sick leave liability <i>[note 7]</i>	25,970	24,133
Long-term debt <i>[note 8]</i>	164,472	213,816
Asset retirement obligation <i>[note 10]</i>	530,925	127,661
Total liabilities	949,416	647,169
NET FINANCIAL ASSETS	43,039	467,696
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 11]</i>		
<i>[schedule 2]</i>	3,122,968	2,514,011
Prepaid expenses	9,252	6,278
	3,132,220	2,520,289
Accumulated surplus <i>[schedule 1]</i>	3,175,259	2,987,985

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Dorion Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	Budget 2023 \$ <i>[note 15]</i>	Actual 2023 \$	Actual 2022 \$
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	408,662	408,777	380,791
Commercial and industrial	218,842	218,842	205,521
Taxation from other governments	116,426	114,775	110,475
	743,930	742,394	696,787
Other fees and service charges	2,200	3,400	2,790
	746,130	745,794	699,577
Grants			
Government of Canada	28,510	26,898	68,461
Province of Ontario	326,821	332,580	168,375
	355,331	359,478	236,836
Other			
Investment income	15,000	17,789	6,675
Penalties and late payment charges	25,000	17,828	24,859
Other	107,237	124,389	127,537
	147,237	160,006	159,071
Total revenues	1,248,698	1,265,278	1,095,484
EXPENSES [schedule 3]			
General government	302,163	344,001	322,303
Protection to persons and property	131,924	130,677	141,750
Transportation services	488,076	459,311	478,769
Environmental services	(38,570)	(38,993)	(55,566)
Health services	53,302	53,615	51,469
Social and family services	63,211	63,023	59,895
Recreation and cultural services	69,506	63,928	62,534
Planning and development	5,000	2,442	7,239
	1,074,612	1,078,004	1,068,393
NET REVENUES	174,086	187,274	27,091
Annual surplus	174,086	187,274	27,091
Accumulated surplus, beginning of year	2,987,985	2,987,985	2,960,894
Accumulated surplus, end of year	3,162,071	3,175,259	2,987,985

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Dorion Consolidated Statement of Changes in Net Financial Assets

Year ended December 31

	Budget 2023 \$ <i>[note 15]</i>	Actual 2023 \$	Actual 2022 \$
Annual surplus	174,086	187,274	27,091
Acquisition of tangible capital assets	(274,710)	(272,208)	(173,156)
Amortization of tangible capital assets	170,440	170,440	122,591
Revaluation of tangible capital assets - ARO	-	(507,189)	-
Acquisition of prepaid expenses	-	(9,252)	(6,278)
Use of prepaid expenses	-	6,278	7,413
Increase (decrease) in net financial assets	69,816	(424,657)	(22,339)
Net financial assets, beginning of year	467,696	467,696	490,035
Net financial assets, end of year	537,512	43,039	467,696

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Dorion Consolidated Statement of Cash Flows

Year ended December 31	2023	2022
	\$	\$
OPERATIONS		
Annual surplus	187,274	27,091
Non-cash charges		
Amortization of tangible capital assets	170,440	122,591
Decrease in landfill liability	(127,661)	(73,364)
Accretion of asset retirement obligation	23,736	-
	253,789	76,318
Net change in non-cash working capital balances		
Decrease (increase) in taxes receivable	(4,739)	1,206
Decrease (increase) in accounts receivable	(28,862)	108,088
Increase (decrease) in accounts payable and accrued liabilities	5,826	(7,729)
Increase (decrease) in deferred revenue	(59,336)	162,762
Increase in vested sick leave liability	1,837	7,454
Decrease (increase) in prepaid expenses	(2,974)	1,135
Cash provided by operating transactions	165,541	349,234
CAPITAL		
Acquisition of tangible capital assets	(272,208)	(173,156)
Cash used in capital transactions	(272,208)	(173,156)
FINANCING		
Repayment of long-term debt	(49,344)	(49,344)
Cash used in financing transactions	(49,344)	(49,344)
Increase (decrease) in cash and cash equivalents	(156,011)	126,734
Opening cash and cash equivalents	919,679	792,945
Closing cash and cash equivalents	763,668	919,679

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

GENERAL

The Corporation of the Township of Dorion ("the Township") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. ADOPTION OF NEW STANDARDS

Asset retirement obligations

Effective January 1, 2023, the Township adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

As a result of the adoption of this new accounting policy, the following amounts were recognized in the consolidated financial statements as at January 1, 2023:

	2023
	\$
Increase in carrying amount of tangible capital assets	507,189
Increase in asset retirement obligation	(507,189)
Decrease in landfill closure and post-closure liability	127,661
Decrease in environmental services expense on adoption of ARO standard	(127,661)

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Financial instruments / Foreign currency translation / Financial statement presentation

Effective January 1, 2023, the Township adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Township of Dorion are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources to the Township, and which are owned or controlled by the Township. Accordingly, the following is consolidated in these financial statements:

Dorion Public Library Board

All interfund balances and transactions have been eliminated.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Joint local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contribution to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board
Thunder Bay Area Emergency Measures Organization
District of Thunder Bay Home for the Aged

Trust funds

Trust funds administered by the Township have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. They are reported separately on the Trust Fund Statement of Financial Position and Statement of Continuity.

Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these consolidated financial statements.

[b] Basis of accounting

Accrual accounting

The Township uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Employee benefits

Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Pension and employee benefits

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined benefit plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the net revenues (expenses), provides the change in net financial assets for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Landfill	12 years
Buildings	20 to 60 years
Library collection	10 years
Machinery and equipment	5 to 15 years
Linear assets - roads	15 to 40 years
- culverts	35 years
- wells	40 years
- bridges	50 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

[c] Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances.

[d] Capitalization of interest

The Township has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use.

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property to the Township are accounted for as the acquisition of a capital asset and the occurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes.

Taxation revenue

Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Town based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Town is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

At each financial statement date, management evaluates the extent to which its taxes receivable are ultimately collectible and valuation allowances are used to reflect taxes receivable at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Reserves and reserve funds

Council segregates its accumulated surplus into various categories including reserve and reserve funds which are specifically for future operating and capital purposes.

Revenue recognition

User charges and other revenues are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Township are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Municipality receives the Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The liability is measured at the Township's best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset. For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a rational basis based on the useful life of the related asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations. A Consolidated Statement of Remeasurement Gains and Losses has not been included, as there are no matters to report therein.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Township may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, employee benefits payable, estimated useful lives of tangible capital assets and asset retirement obligations. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$530,925. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

3. TRUST FUNDS

The only trust funds currently administered by the Township are the Cemetery Care and Maintenance Trust Fund. These trust funds administered by the Township amount to \$14,648 [2022 - \$16,128] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

4. TAXES RECEIVABLE

	2023	2022
	\$	\$
Property and business taxes receivable	224,609	221,194
Allowance for property and business tax arrears	(129,505)	(130,829)
	95,104	90,365

5. BANK INDEBTEDNESS

The Township has available a line of credit of \$500,000 [2022 - \$500,000] for which the Township has provided a borrowing by-law of which \$nil [2022 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at a rate of prime [7.20% at December 31, 2023].

6. DEFERRED REVENUE

	2023	2022
	\$	\$
Obligatory reserve funds		
Federal Gas Tax	1,629	7,595
Northern Ontario Resource Development Support	103,584	113,988
Ontario Community Infrastructure Fund	2,235	45,201
Other deferred revenue		
	107,448	166,784

The continuity of deferred revenue is as follows:

	2023	2022
	\$	\$
Balance, beginning of year	166,784	4,022
Investment income	6,242	2,124
Federal Gas Tax funds received	20,915	20,044
Federal Gas Tax revenue earned	(26,898)	(13,457)
OCIF funds received	115,000	100,000
OCIF revenue earned	(160,200)	(55,702)
NORDS funds received	55,056	112,695
NORDS revenue earned	(69,451)	-
Other grant revenue earned	-	(2,942)
Balance, end of year	107,448	166,784

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

7. LIABILITY FOR EMPLOYEE VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate up to 960 hours for certain eligible employees. Active employees may become entitled to that sick leave if they are unable to work due to a valid medical condition. The employees may be entitled to be paid 0%-50% of the value of the accumulated sick leave credits upon retirement. The liability for these accumulated sick days amounted to \$25,970 [2022 - \$24,133] at the end of the year.

\$Nil [2022 - \$nil] was paid to employees who left the Township's employment during the year.

8. LONG-TERM DEBT

	2023	2022
	\$	\$
Bank of Montreal		
Term loan repayable in monthly principal payments of \$3,112, plus fixed interest of 1.56%, maturing July 2026.	96,472	133,816
Term loan repayable in monthly principal payments of \$1,000, plus fixed interest of 2.85%, maturing August 2029.	68,000	80,000
	164,472	213,816

Principal repayments required over the next five years are as follows:

	\$
2024	49,344
2025	49,344
2026	33,784
2027	12,000
2028	12,000
Thereafter	8,000
	164,472

Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$3,938 [2022 - \$4,863].

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

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9. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all the pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for services with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2023 was \$19,505 [2022 - \$17,164] for current service.

10. ASSET RETIREMENT OBLIGATIONS

The Township has recognized an asset retirement obligation related to closure and post-closure costs for the landfill site which is owned and operated by the Township.

A reconciliation of the aggregate carrying amount of the liability is as follows:

	2023	2022
	\$	\$
Opening balance as previously reported under PS3270	127,661	201,025
Removal of PS3270 liability	(127,661)	-
First time adoption of PS3280	507,189	-
Accretion expense	23,736	-
Change in estimated costs	-	(73,364)
Closing balance	530,925	127,661

The landfill site was opened in 1976 with a capacity of 36,300 cubic meters. As at December 31, 2023, the remaining capacity of the site is estimated at 12,239 cubic meters representing 34% of the total capacity. The open site is expected to close when it reaches capacity in 2034.

The closure and post-closure costs for the landfill site are based upon best estimates by management. Post-closure care for the open landfill site is estimated to be required for 20 years from the date of closure.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

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The liability is estimated using a present value technique that discounts the expected future expenditures. The discount rate used was based on own borrowing rate for liabilities with similar risks and maturity of 4.68% and the inflation rate used was 2%. The total undiscounted expenditures and the time period over which they are expected to be incurred is as follows:

	\$
2024	-
2025	-
2026	-
2027	-
2028	-
Thereafter	1,112,917
	1,112,917

11. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Township by major asset class, as well as accumulated amortization of the assets controlled.

During the year, there were no write-downs of assets [2022 - \$nil].

Interest capitalized during the year was \$nil [2022 - \$nil].

There were \$nil tangible capital assets contributed to the Township in the year [2022 - \$nil].

12. SEGMENTED INFORMATION

The Corporation of the Township of Dorion is a diversified municipal government institution that provides a wide range of services to its citizens, including police, emergency services and waste management. For management reporting purposes, the Township's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

General government comprises various administrative services, including Finance Department, Corporate Services Department, and Reeve and Council.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Protection to persons and property

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants.

Transportation services

Transportation services include roadways and winter control. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts, and signage. Winter control includes snowplowing, sanding and salting, snow removal and flood control.

Environmental services

Environmental services consist of waste disposal and recycling. Waste disposal and recycling includes the landfill site operations and waste minimization programs.

Health services

Health services include public health services and ambulance services. Public health services covers the Township's contribution to the activities of the Thunder Bay District Health Unit. In response to the health needs of the community, the Thunder Bay District Health Unit provides health information and prevention-related clinical services to people of all ages; advocates for healthy public policy; protects citizens by investigating reportable diseases; and upholds regulations that apply to public health.

Social and family services

Social and family services include general assistance, assistance to aged persons, child care and assistance to the disabled. General assistance represents the Township's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for issuing welfare payments, Ontario Works program delivery, employment assistance services and social housing. Under assistance to aged persons, TBDSSAB is responsible for providing services to seniors.

Recreation and cultural services

Recreation and cultural services include recreation programs and facilities, public library and contributions to cultural organizations. The Community Services Department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities; and the maintenance of parks and open spaces. The public library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The Township makes contributions to various cultural organizations under specific funding programs.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Planning and development

The planning and development services include planning and zoning activities.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 3).

13. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

	2023	2022
	\$	\$
Reserves		
Balance, beginning of year	117,859	117,859
Balance, end of year	117,859	117,859
Reserve funds		
Balance, beginning of year	619,422	744,696
Increases (decreases)		
Contributions from operations	23,804	69,600
Contributions to operations	(92,491)	(201,549)
Interest earned	17,788	6,675
	(50,899)	(125,274)
Balance, end of year	568,523	619,422

14. RESTRICTED AND DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, Council has designated \$619,204 [2022 - \$634,936] to support reserve funds. In addition, cash of \$107,448 [2022 - \$166,784] is externally restricted in connection with how obligatory reserve funds reported in Note 6 may be used.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

15. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Consolidated Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	743,930	-	743,930
User charges	2,200	-	2,200
Government transfers	355,331	-	355,331
Other	255,190	(107,953)	147,237
	1,356,651	(107,953)	1,248,698
Expenses			
General government	412,784	(110,621)	302,163
Protection to persons and property	123,625	8,299	131,924
Transportation services	608,050	(119,974)	488,076
Environmental services	22,755	(61,325)	(38,570)
Health services	53,302	-	53,302
Social and family services	63,211	-	63,211
Recreation and cultural services	67,924	1,582	69,506
Planning and development	5,000	-	5,000
	1,356,651	(282,039)	1,074,612
Annual surplus	-	174,086	174,086
Interfund transfers	-	(83,453)	
Capital items	-	274,710	
Debt repayments	-	49,344	
Amortization	-	(170,440)	
Adoption of asset retirement obligations and accretion	-	103,925	
Approved surplus	-	174,086	

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

16. FINANCIAL INSTRUMENTS

Classification

The following table provides the carrying amount of information of the Township's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2023		2022	
	Amortized Cost/Cost	Fair Value	Amortized Cost/Cost	Fair Value
	\$	\$	\$	\$
Cash and cash equivalents	763,668	-	919,679	-
Accounts receivable	133,683	-	104,821	-
Accounts payable and accrued liabilities	-	-	-	-
Long-term debt	120,601	-	114,775	-
	164,472	-	213,816	-
	-	-	-	-
	1,182,424	-	1,353,091	-

Risk disclosures

Credit risk

Credit risk is the risk of financial loss to the Township if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Township). The Township is exposed to this risk arising from its cash and accounts receivable. The Township holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Township's cash accounts are insured up to \$1,000,000 (2022 - \$1,000,000).

The Township's investment policy operates within the constraints of the investment guidelines laid out in the Municipal Act which puts limits on the types of investments the Township may invest in, lays out composition of its investment portfolio, specifies the bond quality limits and issuer type limits and general guidelines for geographical exposure. The Act permits the Township's funds to be invested in bonds issued by the Government of Canada or a Canadian province having a rating of A or better, or corporate investments having a rating of AAA (high) or better. It also limits its investments in pooled funds to Canadian money market funds and bond funds.

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Accounts receivable is primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Township measures its exposure to credit risk based on how long the amounts have been outstanding. An allowance is set up based on the Township's historical experience regarding collections. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	2023					Total
	Current	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	
	\$	\$	\$	\$	\$	\$
Government receivables	85,823		-	-	-	85,823
Other accounts receivable	47,860		-	-	-	47,860
Total	133,683		-	-	-	133,683
Less						
Other receivable allowance	-		-	-	-	-
Net receivable	133,683		-	-	-	133,683

	2022					Total
	Current	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	
	\$	\$	\$	\$	\$	\$
Government receivables	76,620		-	-	-	76,620
Other accounts receivable	28,201		-	-	-	28,201
Total	104,821		-	-	-	104,821
Less						
Other receivable allowance	-		-	-	-	-
Net receivable	104,821		-	-	-	104,821

The Corporation of the Township of Dorion

Notes to the Consolidated Financial Statements

December 31, 2023

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet all cash outflow obligations as they come due. The Township mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities:

	2023				Total
	Within 1 Year	2-3 Years	4-5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	120,601	-	-	-	120,601
Long-term debt	49,344	83,128	24,000	8,000	164,472
Total	169,945	-	24,000	8,000	285,073

	2022				Total
	Within 1 Year	2-3 Years	4-5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	114,775	-	-	-	114,775
Long-term debt	49,344	98,688	45,784	20,000	213,816
Total	164,119	98,688	45,784	20,000	328,591

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Township operates within the constraints of the investment guidelines in the Ontario Municipal Act. The Township does not have any investments.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Municipality is exposed to this risk through its debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

17. COMMITMENTS

In September 2022, the Township entered into an agreement with Superior Propane to purchase a minimum of 58,000L of propane at \$0.6527/L during the period of October 1, 2022 to September 30, 2024. As at year-end, the Township had purchased 30,909L (2022 - 10,061L), leaving a remaining commitment of 27,091L.

The Corporation of the Township of Dorion Schedule 1 Consolidated Schedule of Accumulated Surplus

Year ended December 31	2023	2022
	\$	\$
Surpluses		
General fund	51,922	74,635
Library fund	9,384	3,535
Invested in tangible capital assets	3,122,968	2,514,011
Unfunded		
Long-term debt	(164,472)	(213,816)
Asset retirement obligation	(530,925)	(127,661)
Total surpluses	2,488,877	2,250,704
Reserves set aside for specific purposes by Council		
For working capital	114,217	114,217
For library	3,642	3,642
Total reserves	117,859	117,859
Reserve funds set aside for specific purposes by Council		
For fire equipment	66,477	64,576
For roads equipment	119,645	173,734
For administration equipment	18,114	18,880
For recreation	5,279	5,128
For landfill site	303,673	294,987
For museum	16,225	15,761
For tax arrears	14,588	14,171
For Centennial Building	50	49
For service modernization funding	6,248	6,069
For Safe Restart COVID-19 funding	18,224	26,067
Total reserve funds	568,523	619,422
Accumulated surplus	3,175,259	2,987,985

The Corporation of the Township of Dorion
Consolidated Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2023

	General							Totals	
	Landfill \$	Land \$	Land Improvements \$	Buildings \$	Library Collection \$	Machinery and Equipment \$	Linear Assets \$	2023 \$	2022 \$
COST									
Balance, beginning of year	-	112,106	7,017	630,401	28,051	861,130	3,753,691	5,392,396	5,225,317
Add:									
Additions during the year	-	-	69,451	-	2,799	-	199,958	272,208	173,156
Revaluation of tangible capital assets - ARO	507,189	-	-	-	-	-	-	507,189	-
Less: Disposals during the year	-	-	-	-	(1,465)	-	-	(1,465)	(6,077)
Balance, end of year	507,189	112,106	76,468	630,401	29,385	861,130	3,953,649	6,170,328	5,392,396
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	-	7,017	336,409	18,436	520,236	1,996,287	2,878,385	2,761,871
Add: Amortization during the year	42,266	-	1,389	16,159	2,438	31,228	76,960	170,440	122,591
Less: Accumulated amortization on disposals	-	-	-	-	(1,465)	-	-	(1,465)	(6,077)
Balance, end of year	42,266	-	8,406	352,568	19,409	551,464	2,073,247	3,047,360	2,878,385
Net book value of tangible capital assets, beginning of year	-	112,106	-	293,992	9,615	340,894	1,757,404	2,514,011	2,463,446
Net book value of tangible capital assets, end of year	464,923	112,106	68,062	277,833	9,976	309,666	1,880,402	3,122,968	2,514,011

The Corporation of the Township of Dorion
Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2023

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	742,394	696,787	-	-	-	-	-	-	-	-
Government transfers	162,652	121,660	-	28,057	184,142	66,625	-	-	-	-
User fees and service charges	-	-	-	-	-	-	-	-	-	-
Other revenues	21,157	48,528	28,792	27,040	81,458	66,423	-	-	-	-
Interest income - reserve funds	17,789	6,675	-	-	-	-	-	-	-	-
	943,992	873,650	28,792	55,097	265,600	133,048	-	-	-	-
Expenses										
Salaries, wages and employee benefits	156,473	144,510	25,405	27,303	161,973	140,250	-	-	-	-
Long-term debt interest	3,938	4,863	-	-	-	-	-	-	-	-
Materials	93,030	113,366	33,480	40,014	93,294	93,575	(124,240)	(72,802)	-	-
Contracted services	1,634	989	696	760	99,758	144,491	18,911	16,902	-	-
Rent and financials	80,753	52,302	5,482	4,755	-	-	-	-	-	-
External transfers	-	-	54,315	58,192	-	-	-	-	53,615	51,469
Amortization	8,173	6,273	11,299	10,726	104,286	100,453	42,600	334	-	-
Accretion	-	-	-	-	-	-	23,736	-	-	-
	344,001	322,303	130,677	141,750	459,311	478,769	(38,993)	(55,566)	53,615	51,469
Annual surplus (deficit)	599,991	551,347	(101,885)	(86,653)	(193,711)	(345,721)	38,993	55,566	(53,615)	(51,469)

The Corporation of the Township of Dorion
Consolidated Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2023

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Revenues								
Taxation	-	-	-	-	-	-	742,394	696,787
Government transfers	-	-	12,684	7,037	-	13,457	359,478	236,836
User fees and service charges	-	-	3,400	2,790	-	-	3,400	2,790
Other revenues	-	-	10,810	10,405	-	-	142,217	152,396
Interest income - reserve funds	-	-	-	-	-	-	17,789	6,675
	-	-	26,894	20,232	-	13,457	1,265,278	1,095,484
Expenses								
Salaries, wages and employee benefits	-	-	26,521	23,922	-	-	370,372	335,985
Long-term debt interest	-	-	-	-	-	-	3,938	4,863
Materials	-	-	16,367	19,991	2,442	7,239	114,373	201,383
Contracted services	-	-	6,269	1,769	-	-	127,268	164,911
Rent and financials	-	-	10,689	12,047	-	-	96,924	69,104
External transfers	63,023	59,895	-	-	-	-	170,953	169,556
Amortization	-	-	4,082	4,805	-	-	170,440	122,591
Accretion	-	-	-	-	-	-	23,736	-
	63,023	59,895	63,928	62,534	2,442	7,239	1,078,004	1,068,393
Annual surplus (deficit)	(63,023)	(59,895)	(37,034)	(42,302)	(2,442)	6,218	187,274	27,091