

**CORPORATION OF THE
MUNICIPALITY OF DYSART ET AL**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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MUNICIPALITY OF DYSART ET AL**

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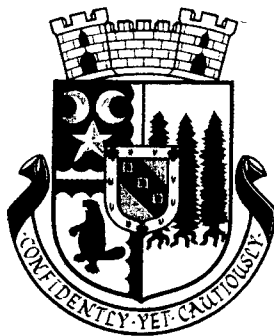
Municipality of Dysart et al

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Reeve

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CAO/Clerk

"The Heart of the Highlands"

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

For The Year Ended December 31, 2009

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Dysart et al are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Dysart et al. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Collins Barrow Kawarthas LLP has full and free access to Council.


Reeve



Date

Nov. 8, 2010

Treasurer



Date

Nov. 8, 2010



Collins Barrow

Chartered Accountants

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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Dysart et al as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets (liabilities) and cash flows for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
July 06, 2010

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash and temporary investments (note 4)	2,116,669	4,797,552
Accounts receivable	1,139,173	508,036
Taxes receivable	1,421,152	1,121,947
Note receivable (note 5)	168,277	185,791
TOTAL FINANCIAL ASSETS	4,845,271	6,613,326
LIABILITIES		
Accounts payable and accrued liabilities	906,850	1,080,552
Deferred revenue - obligatory reserve funds (note 6)	662,346	722,810
Deferred revenue - other	4,110	7,111
Long term debt (note 8)	2,153,431	2,585,672
Landfill closure and post-closure liability (note 7)	1,468,000	1,380,000
Employee future amounts payable (note 9)	287,403	250,761
TOTAL LIABILITIES	5,482,140	6,026,906
NET FINANCIAL ASSETS/(LIABILITIES)	(636,869)	586,420
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	22,431,393	20,763,357
Prepays and inventory	33,635	30,848
TOTAL NON-FINANCIAL ASSETS	22,465,028	20,794,205
ACCUMULATED SURPLUS (note 11)	21,828,159	21,380,625

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Property taxation	5,179,999	5,209,855	5,067,100
User charges	955,010	1,243,535	1,277,176
Government of Canada	-	709,480	117,681
Province of Ontario	1,870,966	1,751,480	4,600,253
Other municipalities	73,500	65,120	74,216
Penalties and interest on taxes	200,000	218,580	195,727
Investment income	75,000	119,661	178,854
Donations	-	119,244	44,968
Gain/(loss) on disposal of assets	-	46,603	(242,808)
Developer contributions earned	190,000	210,808	25,142
TOTAL REVENUES	8,544,475	9,694,366	11,338,309
EXPENSES			
General government	724,410	748,998	857,563
Protection services	1,513,590	1,330,871	1,610,370
Transportation services	1,985,849	3,868,576	4,263,751
Environmental services	1,744,380	1,812,749	2,092,795
Health services	133,615	219,407	234,517
Recreation and cultural services	687,670	935,417	876,588
Planning and development	326,589	330,814	299,936
TOTAL EXPENSES	7,116,103	9,246,832	10,235,520
ANNUAL SURPLUS	1,428,372	447,534	1,102,789
ACCUMULATED SURPLUS - beginning of year	21,380,625	21,380,625	20,277,836
ACCUMULATED SURPLUS - end of year	22,808,997	21,828,159	21,380,625

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES) For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS	1,428,372	447,534	1,102,789
Amortization of tangible capital assets	-	2,553,669	2,416,779
Acquisition of tangible capital assets	(3,511,165)	(4,236,708)	(1,916,888)
Loss/(gain) on disposal of tangible capital assets	-	(46,603)	242,808
Proceeds on sale of tangible capital assets	-	61,606	-
Increase in prepaids and inventory	-	(2,787)	(8,184)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,082,793)	(1,223,289)	1,837,304
NET FINANCIAL ASSETS (LIABILITIES) - beginning of year	586,420	586,420	(1,250,884)
NET FINANCIAL ASSETS (LIABILITIES) - end of year	(1,496,373)	(636,869)	586,420

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	447,534	1,102,789
Increase in accounts receivable	(631,137)	(259,950)
(Increase)/decrease in taxes receivable	(299,205)	132,590
Increase in prepaids and inventory	(2,787)	(8,184)
Increase/(decrease) in accounts payable and accrued liabilities	(173,702)	146,628
Increase/(decrease) in deferred revenue - obligatory reserve funds	(60,464)	110,041
Decrease in deferred revenue - other	(3,001)	(1,439)
Increase in landfill closure and post-closure liability	88,000	165,000
Increase in employee future amounts payable	36,642	44,144
Non-cash charges to operations		
Amortization of tangible capital assets	2,553,669	2,416,779
Loss/(gain) on disposal of tangible capital assets	(46,603)	242,808
Net increase in cash from operating transactions	1,908,946	4,091,206
CAPITAL		
Acquisition of tangible capital assets	(4,236,708)	(1,916,888)
Proceeds on disposal of tangible capital assets	61,606	-
Net decrease in cash from capital transactions	(4,175,102)	(1,916,888)
INVESTING		
Note receivable - repayments	17,514	14,209
Note receivable - advanced	-	(200,000)
Net increase/(decrease) in cash from investing transactions	17,514	(185,791)
FINANCING		
Decrease in long term debt	(432,241)	(443,658)
INCREASE/(DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(2,680,883)	1,544,869
CASH AND TEMPORARY INVESTMENTS - beginning of year	4,797,552	3,252,683
CASH AND TEMPORARY INVESTMENTS - end of year	2,116,669	4,797,552

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

The Municipality of Dysart et al is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These financial statements include:

- Harcourt Community Centre Board
- West Guilford Community Centre Board
- Haliburton Highlands Museum Board
- Haliburton Business Improvement Area Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 years
Buildings	40 years
Machinery and equipment	10 to 20 years
Vehicles	10 years
Roads	15 to 40 years
Bridges and culverts	15 to 40 years
Sewer infrastructure	40 years
Other infrastructure	15 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized until they are put into service.

(c) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Deferred Revenue

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(i) Government Funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.
- The values of employee future benefit obligations and the amount of employee future benefits expensed depend on certain actuarial and economic assumptions.

(k) Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, taxes receivable, note receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Municipality does not have any significant concentration of interest, currency or credit risk.

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Municipality has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 48,378,265
Accumulated amortization to December 31, 2008, not previously recorded	<u>(27,614,908)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 20,763,357</u>

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY, continued

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ 99,242
Reserves and reserve funds	3,123,485
	<u>3,222,727</u>
Net book value of tangible capital assets at January 1, 2008	21,506,056
Long term debt related to tangible capital assets	(3,029,330)
Unfunded liabilities	<u>(1,421,617)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 20,277,836</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 1,845,488
Add: Assets capitalized but previously expensed	1,916,888
Less: Amortization expense not previously recorded	(2,416,779)
Loss on sale of tangible capital assets	<u>(242,808)</u>
2008 annual surplus as restated	<u>\$ 1,102,789</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HALIBURTON

During 2009, requisitions were made by the County of Haliburton and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
<u>Property taxes requisitioned, collected and remitted</u>	<u>5,814,641</u>	<u>3,870,989</u>

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. CASH AND TEMPORARY INVESTMENTS

The total investments of \$1,169,162 (2008 - \$1,864,746), included in the cash and temporary investments reported on the Consolidated Statement of Financial Position, are recorded at cost and have a market value of \$1,174,552 (2008 - \$1,907,021).

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

5. NOTE RECEIVABLE

	2009	2008
	\$	\$

The balance of the note receivable reported on the Consolidated Statement of Financial Position is made up of the following:

Receivable from the Haliburton Curling Club. The note receivable matures December 2017. It is repayable in blended bi-weekly payments of \$1,001 with interest at the rate of 5.5% per annum.	168,277	185,791
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6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2009	2008
	\$	\$
Parkland	525,191	541,696
Provincial gas tax	80,090	64,043
Federal gas tax revenue	20,827	81,281
Parking in lieu	36,238	35,790
	662,346	722,810

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$1,468,000 (2008 - \$1,380,000) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the six landfill sites owned by the Municipality. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The Municipality has a landfill reserve of \$14,755 (2008 - \$14,755) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,962,536 as at December 31, 2009 (2008 - \$1,873,977). The remaining capacity of the landfill sites is estimated at 314,211 m³ (2008 - 328,738 m³) which is 25.2% (2008 - 26.3%) of the sites' total capacity and therefore 74.8% (2008 - 73.7%) of the sites' capacity has been utilized to December 31, 2009. As a result, the total liability incurred to December 31, 2009 is \$1,468,000 (2008 - \$1,380,000). The landfill sites are expected to reach their capacity from 2010 to 2030.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

8. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2009 \$	2008 \$
The Municipality has entered into agreements with Dysart Facility Limited Partnership and its investors relating to sewage collection and processing plant capital assets. Details of the arrangements are disclosed in Note 18.	1,002,756	1,114,213
Long term debt issued by the Municipality of Dysart et al matured June 23, 2009. It was repayable in blended monthly instalments of \$1,904 with interest at the rate of 4.58% per annum.	-	275,597
Long term debt issued by the Municipality of Dysart et al matures June 23, 2010. It is repayable in blended monthly instalments of \$1,924 with interest at the rate of 4.71% per annum.	265,465	275,913
Long term debt issued by the Municipality of Dysart et al matures June 23, 2011. It is repayable in blended monthly instalments of \$6,432 with interest at the rate of 4.74% per annum.	885,210	919,949
	2,153,431	2,585,672

- (b) The long term debt in (a) issued in the name of the Municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Interest paid during the year on long term debt amounted to \$87,015 (2008 - \$110,392).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2010	420,324	70,948	491,272
2011	974,696	36,335	1,011,031
2012	133,794	8,695	142,489
2013	142,194	295	142,489
2014	151,121	-	151,121
	1,822,129	116,273	1,938,402
2015 and subsequent years	331,302	-	331,302
	2,153,431	116,273	2,269,704

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

9. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Municipality provides certain employee amounts that will require funding in future periods.

	2009	2008
	\$	\$
Post-employment benefits	287,403	250,761

The Municipality sponsors defined benefit plans to pay a retirement bonus and costs of certain health and other insurance benefits for eligible employees after they retire. The plans are not funded and one requires a partial contribution from employees. Benefit payments (net of employee share) to retirees during the year were \$12,766 (2008 - \$Nil).

The actuarial valuation as at December 31, 2008 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The main actuarial assumptions employed for the valuation are as follows:

Actuarial assumptions

Expected inflation rate	2.5%
Discount rate	5.25%
Medical cost increased - first year	12%
- decreasing over 10 years to	1% plus CPI
Expected rate of dental cost increase	1% plus CPI

The post-employment benefit expense is reported on the Consolidated Statement of Operations and Accumulated Surplus. Composition of the amount is as follows:

	2009	2008
	\$	\$
Current year benefit cost	35,643	32,445
Interest on post-employment benefit liability	14,101	11,699
Medical and dental benefit payments for retirees	(12,766)	-
Total expense related to post-employment benefits	36,978	44,144

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

10. TANGIBLE CAPITAL ASSETS

The net book value of the Municipality's tangible capital assets are:

	2009	2008
	\$	\$
General		
Land	3,781,983	3,781,986
Land improvements	257,168	272,870
Building	6,190,401	4,478,766
Equipment	523,628	429,745
Infrastructure		
Vehicles	2,047,774	1,684,343
Roads	6,887,026	7,743,385
Sewer	958,112	1,036,101
Bridges and culverts	1,785,301	1,204,200
	22,431,393	20,631,396
Assets under construction	-	131,961
	22,431,393	20,763,357

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil)

The net book value of the Municipality's tangible capital assets reported by segment is as follows:

	2009	2008
	\$	\$
General government	2,800,736	2,762,511
Protection services	647,987	441,469
Transportation services	10,383,896	10,579,695
Environmental services	1,185,584	1,270,601
Health services	3,063,504	3,131,023
Recreation and cultural services	4,349,686	2,576,627
Planning and development	-	1,431
	22,431,393	20,763,357

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

11. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Community Centres	63,144	61,908
Haliburton Business Improvement Area	19,218	20,178
Museum Board	-	14,144
Unfunded liabilities	(2,758,159)	(2,744,974)
	(2,675,797)	(2,648,744)
Invested In Capital Assets		
Tangible capital assets - net book value	22,431,393	20,763,357
Long term debt	(1,150,675)	(1,471,459)
	21,280,718	19,291,898
Surplus	18,604,921	16,643,154
Reserves		
Working capital	1,194,225	1,034,805
Future capital	450,025	2,016,788
Total Reserves	1,644,250	3,051,593
Reserve Funds		
Future capital	1,578,988	1,685,878
	21,828,159	21,380,625

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

12. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
Salaries and benefits	2,292,593	2,271,873	2,312,972
Interest charges	198,495	87,015	110,392
Materials	2,219,985	1,994,503	2,744,469
Contracted services	2,327,580	2,257,974	2,559,322
Rents and financial	4,400	2,824	4,428
External transfers	73,050	78,974	87,158
Amortization	-	2,553,669	2,416,779
	7,116,103	9,246,832	10,235,520

13. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time 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.

Contributions required on account of current service in 2009 were \$106,415 (2008 - \$108,015).

14. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$108,219 (2008 - \$109,739) 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. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

15. BUDGET FIGURES

The budget, approved by the Municipality, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

16. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less .125% per annum. Council authorized the temporary borrowing limit by By-law 2009-01. There was no balance outstanding at December 31, 2009.

17. CONTINGENT LIABILITIES

The Municipality, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

18. COMMITMENT

In order to arrange financing for major sewage treatment plant and collection systems upgrades and expansion in 1996, several agreements were executed. These include:

- . Sale of the plant and collection systems (excluding land) with an estimated useful life of over 30 years to Dysart Facility Limited Partnership (DFLP)
- . Lease of the related lands to DFLP for 45 years at \$1 per year
- . Agreement for DFLP to provide sewage processing for 25 years
- . Option to repurchase the plant and collection systems from DFLP in 2012

These agreements involve fixed cash inflows resulting from notes receivable secured by pledge of partnership units totalling \$29.5 million over 25 years, and fixed cash outflows under the sewage processing agreement secured by pledge of the notes receivable totalling \$33 million over 25 years. The combined effect commits the Municipality to quarterly net cash outflows of \$44,322 until 2016. The net liability for these cash outflows is included in long term debt, and is being amortized using an effective interest rate of 6.136%. Consideration for the repurchase option of \$750,000 is included in the outstanding balance of long term debt related to this facility.

The sewage processing agreement also requires the Municipality to pay DFLP for the actual costs of operating and maintaining the plant and collection system each quarter in addition to the fixed charges discussed above. These operating costs for 2009 amounted to \$413,349 (2008 - \$422,716).

The Municipality remains responsible to fund any capital upgrades and major maintenance required to meet legislative and regulatory requirements for plant operation.

19. SEGMENTED INFORMATION

The Municipality of Dysart et al is a municipal government institution that provides a range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

19. SEGMENTED INFORMATION, continued

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.

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control, and street lighting.

Environmental Services

The environmental function is responsible for providing water testing, sewer, waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of cemeteries and the Medical Health Centre.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library facilities.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2009

	General				Infrastructure				Assets Under Construction	Totals
	Land	Land Improvements	Building	Equipment	Vehicles	Roads	Sewer	Bridges and Culverts		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	3,781,986	375,582	6,479,319	991,770	3,157,973	26,439,411	3,119,543	3,900,720	131,961	48,378,265
Add: additions during the year	-	-	1,762,579	158,724	659,211	968,851	-	687,343	-	4,236,708
Less: disposals during the year	3	-	-	7,140	254,450	501,677	-	99,386	-	862,656
Internal transfers	-	-	131,961	-	-	-	-	-	(131,961)	-
Balance, end of year	3,781,983	375,582	8,373,859	1,143,354	3,562,734	26,906,585	3,119,543	4,488,677	-	51,752,317
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	102,712	2,000,553	562,025	1,473,630	18,696,026	2,083,442	2,696,520	-	27,614,908
Add: additions during the year	-	15,702	182,905	64,841	280,780	1,825,210	77,989	106,242	-	2,553,669
Less: disposals during the year	-	-	-	7,140	239,450	501,677	-	99,386	-	847,653
Balance, end of year	-	118,414	2,183,458	619,726	1,514,960	20,019,559	2,161,431	2,703,376	-	29,320,924
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,781,983	257,168	6,190,401	523,628	2,047,774	6,887,026	958,112	1,785,301	-	22,431,393

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	1,458,090	1,443,216	1,254,370	302,800	507,090	244,289	5,209,855
User charges	231,558	23,312	147,582	472,924	120,452	205,640	42,067	1,243,535
Government transfers - operating	322,911	20,048	817,031	179,180	89,426	25,838	-	1,454,434
Government transfers - capital	-	-	926,526	-	-	80,000	-	1,006,526
Other municipalities	-	42,130	17,990	-	-	-	5,000	65,120
Penalties and interest on taxes	218,580	-	-	-	-	-	-	218,580
Investment income	14,977	-	33,611	-	-	71,073	-	119,661
Donations	-	4,925	-	-	-	114,319	-	119,244
Gain/(loss) on disposal of assets	46,603	-	-	-	-	-	-	46,603
Developer contributions earned	-	-	-	-	-	210,808	-	210,808
Total revenues	834,629	1,548,505	3,385,956	1,906,474	512,678	1,214,768	291,356	9,694,366
Expenses								
Salaries and benefits	495,568	363,137	778,601	152,467	2,745	280,155	199,200	2,271,873
Interest charges	-	-	-	25,724	61,291	-	-	87,015
Materials	175,074	13,770	749,822	526,759	38,774	420,606	69,698	1,994,503
Contracted services	45,715	893,446	162,635	1,016,088	30,387	50,725	58,978	2,257,974
Rents and financial	1,364	1,043	-	-	-	417	-	2,824
External transfers	6,000	500	3,190	-	1,200	66,577	1,507	78,974
Amortization	25,277	58,975	2,174,328	91,711	85,010	116,937	1,431	2,553,669
Total expenses	748,998	1,330,871	3,868,576	1,812,749	219,407	935,417	330,814	9,246,832
Net surplus/deficit	85,631	217,634	(482,620)	93,725	293,271	279,351	(39,458)	447,534

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(241,004)	635,249	2,375,314	1,421,917	145,820	547,569	182,235	5,067,100
User charges	257,977	25,554	120,393	481,342	120,757	227,798	43,355	1,277,176
Government transfers - operating	403,025	725,127	1,460,418	119,596	-	3,321	21,000	2,732,487
Government transfers - capital	-	-	93,360	-	243,206	1,648,881	-	1,985,447
Other municipalities	-	34,825	34,391	-	-	-	5,000	74,216
Penalties and interest on taxes	195,727	-	-	-	-	-	-	195,727
Investment income	125,276	-	53,578	-	-	-	-	178,854
Donations	-	-	-	-	-	44,968	-	44,968
Gain/(loss) on disposal of assets	(242,808)	-	-	-	-	-	-	(242,808)
Developer contributions earned	-	-	(33,790)	-	-	58,932	-	25,142
Total revenues	498,193	1,420,755	4,103,664	2,022,855	509,783	2,531,469	251,590	11,338,309
Expenses								
Salaries and benefits	516,390	350,711	864,781	135,585	2,473	262,712	180,320	2,312,972
Interest charges	-	-	-	34,166	76,226	-	-	110,392
Materials	253,911	328,487	1,139,493	515,037	43,533	396,180	67,828	2,744,469
Contracted services	50,385	875,450	180,294	1,316,898	29,359	62,259	44,677	2,559,322
Rents and financial	1,413	2,608	-	-	-	407	-	4,428
External transfers	10,600	500	3,225	-	1,200	65,953	5,680	87,158
Amortization	24,864	52,614	2,075,958	91,109	81,726	89,077	1,431	2,416,779
Total expenses	857,563	1,610,370	4,263,751	2,092,795	234,517	876,588	299,936	10,235,520
Net surplus/deficit	(359,370)	(189,615)	(160,087)	(69,940)	275,266	1,654,881	(48,346)	1,102,789



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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

We have audited the statement of financial position of the Trust Funds of the Corporation of the Municipality of Dysart et al as at December 31, 2009 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Municipality as at December 31, 2009 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
July 06, 2010

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS				
Cash	11,675	99,303	110,978	100,348
Due from (to) Municipality	(587)	3,503	2,916	(1,162)
Loans receivable (note 2)	5,413	-	5,413	10,993
	16,501	102,806	119,307	110,179
LIABILITIES AND TRUST FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	11,088	-	11,088	440
FUND BALANCE	5,413	102,806	108,219	109,739
	16,501	102,806	119,307	110,179

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2009

	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	10,993	98,746	109,739	108,346
RECEIPTS				
Plot and monument sales - perpetual care trust portion	-	4,060	4,060	1,844
Investment income	6,095	558	6,653	2,995
	6,095	4,618	10,713	4,839
EXPENSES				
Transfer to Province	11,088	-	11,088	440
Administration	587	-	587	46
Transfer to cemetery operations	-	558	558	2,960
	11,675	558	12,233	3,446
BALANCE - end of year	5,413	102,806	108,219	109,739

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Financial Instruments

The Trust Funds' financial instruments consist of cash, due to (from) Municipality, loans receivable and accounts payable. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

2. ONTARIO HOME RENEWAL PROGRAM LOANS RECEIVABLE

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

Ontario Home Renewal Program loans receivable at December 31, 2009 are comprised of repayable loans of \$5,413 (2008 - \$10,993).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.

3. CEMETERY PERPETUAL CARE

The figures reported for the cemetery perpetual care represent the trust fund activities for the Dysart Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemetery.
