

Consolidated Financial Statements

Corporation of the Municipality of Dysart et al.

December 31, 2019

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Independent Auditor's Report

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To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Dysart et al. ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Dysart et al. as at December 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 28, 2019.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

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 Municipality'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 Municipality'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 Municipality 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 consolidated 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Barrie, Canada
July 28, 2020

Chartered Professional Accountants
Licensed Public Accountants

Corporation of the Municipality of Dysart et al.
Consolidated Statement of Financial Position

December 31

2019

2018

Financial assets

Cash and cash equivalents (Note 6)	\$ 5,759,387	\$ 5,851,635
Restricted cash and cash equivalents (Note 5)	466,578	371,904
Accounts receivable (Note 7)	494,107	629,644
Taxes receivable	<u>1,170,951</u>	<u>1,136,775</u>
	<u>7,891,023</u>	<u>7,989,958</u>

Liabilities

Accounts payable and accrued liabilities	1,861,210	2,047,183
Deferred revenue (Note 8)	982,199	843,730
Landfill closure and post-closure liability (Note 9)	2,215,996	2,919,766
Employee future benefits (Note 10)	371,194	366,045
Municipal debt (Note 11)	3,706,649	4,322,590
Capital lease obligations (Note 12)	<u>659,291</u>	<u>598,166</u>
	<u>9,796,539</u>	<u>11,097,480</u>

Net debt

(1,905,516) (3,107,522)

Non-financial assets

Tangible capital assets (Note 18)	35,741,306	34,529,847
Inventories of supplies	9,177	12,464
Prepaid expenses	<u>26,603</u>	<u>38,247</u>
	<u>35,777,086</u>	<u>34,580,558</u>

Accumulated surplus (Note 13)

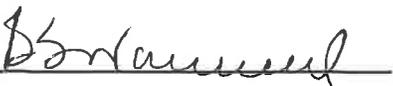
\$ 33,871,570 \$ 31,473,036

Contingent liabilities and commitments (Note 14)

Subsequent events (Note 15)

On behalf of Council

 Mayor

 Treasurer

Corporation of the Municipality of Dysart et al. Consolidated Statement of Operations

Year ended December 31	2019 Budget (Note 17)	2019 Actual	2018 Actual
Revenues			
Taxation, levied for own purposes (Note 4)	\$ 9,474,337	\$ 9,571,078	\$ 8,662,658
User charges, licenses and fines	2,523,731	2,926,492	2,708,167
Government grants	2,386,088	2,956,222	3,351,576
Developer contributions earned	-	127,887	-
Investment income	40,000	170,015	144,393
Penalties and interest on taxes	238,000	223,646	236,217
Donations and other	19,716	40,230	65,204
Loss on disposition of tangible capital assets	-	(20,469)	(11,841)
	<u>14,681,872</u>	<u>15,995,101</u>	15,156,374
Expenses			
General government	1,408,627	1,263,707	1,199,277
Protection to persons and property	3,170,478	3,120,249	3,096,982
Transportation services	5,088,008	4,405,752	4,149,878
Environmental services	3,012,327	2,393,211	4,137,420
Health services	219,982	207,560	168,701
Recreational and cultural services	1,827,916	1,730,030	1,707,732
Planning and development	556,625	476,058	508,344
	<u>15,283,963</u>	<u>13,596,567</u>	14,968,334
Annual surplus	(602,091)	2,398,534	188,040
Accumulated surplus , beginning of year	<u>31,473,036</u>	<u>31,473,036</u>	31,284,996
Accumulated surplus , end of year	<u>\$ 30,870,945</u>	<u>\$ 33,871,570</u>	<u>\$ 31,473,036</u>

Corporation of the Municipality of Dysart et al. Consolidated Statement of Change in Net Debt

Year ended December 31	2019 Budget (Note 17)	2019 Actual	2018 Actual
Annual surplus	\$ (602,091)	\$ 2,398,534	\$ 188,040
Acquisition of tangible capital assets	(3,042,400)	(3,716,819)	(3,988,822)
Amortization of tangible capital assets	2,462,716	2,462,716	2,237,659
Loss on disposition of tangible assets	-	20,469	11,841
Proceeds on disposal of tangible capital assets	-	22,176	141,425
	<u>(1,181,775)</u>	<u>1,187,076</u>	<u>(1,409,857)</u>
Acquisition inventory of supplies	-	(9,177)	(12,464)
Use/consumption of inventory of supplies	-	12,464	19,171
Acquisition of prepaid expenses	-	(26,604)	(38,247)
Use/consumption of prepaid expenses	-	38,247	48,736
	<u>-</u>	<u>14,930</u>	<u>17,196</u>
Net change in net debt	(1,181,775)	1,202,006	(1,392,661)
Net debt, beginning of year	<u>(3,107,522)</u>	<u>(3,107,522)</u>	<u>(1,714,861)</u>
Net debt, end of year	<u>\$ (4,289,297)</u>	<u>\$ (1,905,516)</u>	<u>\$ (3,107,522)</u>

Corporation of the Municipality of Dysart et al.

Consolidated Statement of Cash Flows

Year ended December 31	Actual 2019	Actual 2018
Cash flows from operating activities		
Annual surplus	\$ 2,398,534	\$ 188,040
Items not affecting cash		
Amortization	2,462,716	2,237,659
Loss on disposition of tangible capital assets	20,469	11,841
(Decrease) increase in landfill closure and post-closure liability	(703,770)	1,309,774
Increase (decrease) in employee future benefits	5,149	(14,829)
	4,183,098	3,732,485
Change in non-operating working capital items		
Decrease in accounts receivable	135,537	193,372
(Increase) decrease in taxes receivable	(34,176)	346,330
(Decrease) increase in accounts payable and accrued liabilities	(185,973)	436,619
Increase in deferred revenue - obligatory reserve funds	138,469	5,074
Decrease in inventories of supplies	3,287	6,707
Decrease in prepaid expenses	11,643	10,489
	4,251,885	4,731,076
Cash flows from financing activities		
Municipal debt incurred	-	1,621,487
Debt principal repayments	(873,941)	(553,850)
Capital lease repayments	(158,425)	(107,607)
	(1,032,366)	960,030
Cash flows from investing activities		
Acquisition of tangible capital assets	(3,239,269)	(3,835,335)
Increase in restricted cash and cash equivalents	(94,674)	(21,337)
Proceeds on disposal of tangible capital assets	22,176	141,425
	(3,311,767)	(3,715,247)
Net change in cash and cash equivalents	(92,248)	1,975,859
Cash and cash equivalents		
Beginning of year	5,851,635	3,875,776
End of year (Note 6)	\$ 5,759,387	\$ 5,851,635

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

1. Nature of entity

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

2. Summary of significant accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards which are under the control of Council:

Harcourt Community Centre Board
West Guilford Community Centre Board
Haliburton Business Improvement Area Board
2712707 Ontario Inc.

All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.

Trust funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements, but are disclosed separately in Note 3.

Accounting for County and School Board transactions

The taxation and other revenues, expenses, assets and liabilities with respect to the operations of the county and school boards are not reflected in these consolidated financial statements, but are disclosed separately in Note 4.

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting 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.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Use of estimates and measurement uncertainty

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in these consolidated financial statements are estimates for post-employment benefits, landfill liabilities, tangible capital assets and taxation accruals.

Management uses estimates based on assumptions and calculations contained in actuarial reports, modified as necessary for the passage of time. Actual results can differ from the estimates due to uncertainty. The actuarial reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management uses estimates based on assumptions and calculations contained in consultant reports, modified as necessary for the passage of time to determine the landfill liability. Actual results can differ from the estimates due to uncertainty. The consultant reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management has made estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization rates as set out in these policies.

Management has made estimates related to taxation revenue in determining the balance to accrue relating to supplementary billings and write offs which will be determined in future years.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any bank overdrafts. Composition of the balance and restricted amounts are disclosed in Notes 5 and 6.

Landfill closure and post-closure liability

The estimated costs to close and maintain the closed solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.

Employee future benefits

The Municipality provides post-employment benefits to certain employee groups. These benefits include life insurance and health and dental. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

The Municipality is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Municipality insures all claims by its injured workers under the Act.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Land improvements	15 years
Buildings	40 years
Equipment	10-20 years
Vehicles	10 years
Roads	8-40 years
Sewer	40-80 years
Bridges and culverts	15-40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

Leased tangible capital assets

Leases are classified as capital or operating leases. Leases that transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

Liability for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Reserves and reserve funds

The Municipality follows the practice of allocating surpluses into reserves and reserve funds that are retained for general and specific purposes. These reserve and reserve funds make up a portion of the accumulated surplus as disclosed in Note 13 of these financial statements.

These reserves and reserve funds are established by Council resolution or by-law and are available for future operating and capital purposes. Amounts are only expended in accordance with the terms and policies established by Council. Expenses in respect of operating items for which reserves and reserve funds have been created are reported on the consolidated statement of operations.

Revenue recognition

Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Interest and penalties on taxes are recorded in the period the interest and penalties are levied.

User charges, licenses, fines, and donations are recognized when collected.

Developer contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.

Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, parking charges, federal and provincial gas tax reserve funds, and parkland obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Government transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Under PSAS accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Pension agreement

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

3. Trust funds	<u>2019</u>	<u>2018</u>
Cemetery perpetual care funds	<u>\$ 149,485</u>	<u>\$ 144,355</u>

4. Taxation raised on behalf of others

The following amounts raised on behalf of others are not included in these financial statements.

	<u>2019</u>	<u>2018</u>
School Boards	<u>\$ 6,050,148</u>	<u>\$ 6,127,196</u>
County of Haliburton	<u>7,047,050</u>	<u>6,432,849</u>
	<u>\$ 13,097,198</u>	<u>\$ 12,560,045</u>

5. Restricted cash and cash equivalents

	<u>2019</u>	<u>2018</u>
Restricted cash	<u>\$ 281,525</u>	<u>\$ 178,047</u>
Restricted Money Market and Bond Funds (Market value 2019 - \$185,053, 2018 - \$179,937)	<u>185,053</u>	<u>193,857</u>
	<u>\$ 466,578</u>	<u>\$ 371,904</u>

Consists of:

Obligatory funds in deferred revenue (Note 8)	<u>\$ 817,553</u>	<u>\$ 559,165</u>
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Currently the reserve is under funded by \$350,975 (2018 - \$187,261). The amount will be recovered in future years.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

6. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
Unrestricted		
Unrestricted cash	\$ 2,278,375	\$ 2,718,066
Unrestricted GIC	22,393	22,188
Designated		
Designated cash	2,433,520	2,093,359
Designated Money Market and Bond Funds (Market value 2019 - \$968,382, 2018 - \$943,280)	<u>1,025,099</u>	<u>1,018,022</u>
	<u>\$ 5,759,387</u>	<u>\$ 5,851,635</u>

7. Accounts receivable

	<u>2019</u>	<u>2018</u>
Unrestricted		
Canada	\$ 325,393	\$ 297,458
Ontario	57,742	52,216
Other	<u>110,972</u>	<u>279,970</u>
	<u>\$ 494,107</u>	<u>\$ 629,644</u>

8. Deferred revenue

	<u>2019</u>	<u>2018</u>
Obligatory reserve funds		
Building department	\$ 126,032	\$ 100,000
Federal and provincial gas tax	396,323	188,174
Parking revenues (Municipal Act)	48,240	47,262
Parkland (Planning Act)	<u>246,958</u>	<u>223,729</u>
	<u>817,553</u>	<u>559,165</u>
Other deferred revenue	<u>164,646</u>	<u>284,565</u>
	<u>\$ 982,199</u>	<u>\$ 843,730</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

8. Deferred revenue (continued)

The net change during the year in the restricted deferred revenue balances is made up as follows:

	Building Department	Gas Tax	Parking	Parkland	Total
Opening obligatory funds	\$ 100,000	\$ 188,174	\$ 47,262	\$ 223,729	\$ 559,165
Restricted funds received	50,000	399,006	-	34,770	483,776
Interest earned	-	6,446	978	4,662	12,086
Revenue recognized	<u>(23,968)</u>	<u>(197,303)</u>	<u>-</u>	<u>(16,203)</u>	<u>(237,474)</u>
	<u>\$ 126,032</u>	<u>\$ 396,323</u>	<u>\$ 48,240</u>	<u>\$ 246,958</u>	<u>\$ 817,553</u>

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Municipality and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

9. Landfill closure and post-closure liability

The consolidated statement of financial position reflects a liability for anticipated future costs related to the closing and monitoring of the six existing landfill sites. The waste site closure and post closure cost liability has been estimated at December 31, 2019 to be \$2,215,996 (2018 - \$2,919,766). This liability represents the estimated total expenditures for closure and post closure care. The information used to determine the liability was updated as of March 11, 2014 by Jp2g Consultants Inc., a consulting firm hired by the Municipality who have experience with landfill capacity studies, landfill site development and operational plans and landfill monitoring and closure plans. For purposes of the above calculation, the landfills have estimated remaining life spans of 0 to 68 years and combined remaining capacity of 152,908 (2018 - 178,503) cubic meters. Once closed, the sites will be monitored for an estimated period of 25 years with the estimated costs of \$10,960 to \$19,180 (2018 - \$10,960 to \$19,180) per year. A discount rate has been used that is equal to the rate available to the Municipality on long-term borrowing. The estimated present value of total closure and post closure costs is \$3,316,130 (2018 - \$5,632,777) and the estimated portion related to remaining available capacity is \$1,100,134 (2018 - \$2,713,011). As at December 31, 2019, there are no specific assets designated for settling this liability.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

10. Employee future benefits

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

a. Pension agreement

OMERS provides pension services to almost half a million active and retired members and approximately 1,000 employers. 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 pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made to OMERS for 2019 were \$262,963 (2018 - \$251,733).

b. Post employment benefits

Under the provisions of certain employee benefit plans, an employee who has achieved the 85 factor as determined by Ontario Municipal Employee Retirement System (OMERS), is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health (drug, semi-private hospital and dental plan) coverage. All coverage ceases at age 65. The plan requires no contribution from employees. Total benefit payments to retirees during the year were \$Nil (2018 - \$16,000).

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2019. The accrued benefit obligation of \$371,194 shown for December 31, 2019 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net gain of \$54,342 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2019 includes the following components:

	<u>2019</u>	<u>2018</u>
Accrued benefit obligation	\$ 316,852	\$ 198,353
Unamortized actuarial gains	<u>54,342</u>	<u>167,692</u>
Amount to be recovered from future revenue	<u>\$ 371,194</u>	<u>\$ 366,045</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

10. Employee future benefits (continued)

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Municipality's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Expected inflation rate	2.5%
Discount rate	3%
Medical cost increases - first year	6%
- decreasing over 10 years to	4%
Expected rate of dental cost increase	4%
Estimated average remaining service life of the employee group	8.2 years

The post-employment benefit expense is reported as a component of current expenditures on the consolidated statement of operations. Composition of the amount is as follows:

	<u>2019</u>	<u>2018</u>
Current year benefit cost	\$ 18,846	\$ 18,253
Amortization of actuarial (gains) losses	(20,450)	(23,290)
Interest on post-employment benefit liability	<u>6,753</u>	<u>6,208</u>
Total expense related to post-employment benefits	<u>\$ 5,149</u>	<u>\$ 1,171</u>

The change in the post-employment obligation is composed of the following amounts:

	<u>2019</u>	<u>2018</u>
Obligation at the start of the year	\$ 198,353	\$ 189,892
Current year benefit cost	18,846	18,253
Benefit payments	-	(16,000)
Interest on obligation	6,753	6,208
Change in obligation from revaluation	<u>92,900</u>	<u>-</u>
	<u>\$ 316,852</u>	<u>\$ 198,353</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

11. Municipal debt

	<u>2019</u>	<u>2018</u>
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 arrangement are detailed in Note 14. Interest rate charged is 6.136%. The balance was paid during the year ended December 31, 2019	\$ -	\$ 403,017
Term facilities to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$14,560 total with interest at 2.36%, due July 2020	913,153	1,064,386
Term facility to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$29,416 total with interest at 2.68%, due January 2023	2,575,187	2,855,187
Term facility to be used for purchase of roads equipment, repayable in blended monthly payments of \$4,726 total with interest at 3.78%, due February 2024	<u>218,309</u>	<u>-</u>
Net municipal debt	<u>\$ 3,706,649</u>	<u>\$ 4,322,590</u>

a. Future payments requiring taxation and user charge financing are summarized as follows:

Years	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
Principal	\$ 1,250,047	\$ 346,580	\$ 356,552	\$ 1,744,063	\$ 9,407	\$ 3,706,649
Interest	84,845	63,118	53,147	5,259	45	206,414
Total payment	<u>\$ 1,334,892</u>	<u>\$ 409,698</u>	<u>\$ 409,699</u>	<u>\$ 1,749,322</u>	<u>\$ 9,452</u>	<u>\$ 3,913,063</u>

b. The long-term liabilities issued in the Municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

c. Total gross payments for the year to service net municipal debt and capital lease obligations are as follows:

	<u>2019</u>	<u>2018</u>
Principal payments	\$ 1,032,366	\$ 530,782
Interest	<u>142,215</u>	<u>138,150</u>
Gross payments	<u>\$ 1,174,581</u>	<u>\$ 668,932</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

12. Capital lease obligations

	<u>2019</u>	<u>2018</u>
John Deere Financial lease for a motor grader, repayable in blended monthly payments of \$6,213 with interest charged at 4.5% due July 2023. It is expected that the Municipality will purchase the asset for its residual value of \$1 at the end of the lease term.	\$ 246,318	\$ 308,273
John Deere Financial lease for an excavator, repayable in blended monthly payments of \$2,684 with interest charged at 4.5% due May 2021. It is expected that the Municipality will purchase the asset for its residual value of \$99,400 at the end of the lease term.	134,877	160,388
Caterpillar Financial Services lease for an excavator, repayable in blended monthly payments of \$3,533 with interest charged at 5.2% due May 2022. It is expected that the Municipality will purchase the asset for its residual value of \$1 at the end of the lease term.	92,977	129,505
Caterpillar Financial Services lease for an excavator, repayable in blended monthly payments of \$5,013 with interest charged at 4.9% due May 2023. It is expected that the Municipality will purchase the asset for its residual value of \$1 at the end of the lease term.	<u>185,119</u>	<u>-</u>
	<u>\$ 659,291</u>	<u>\$ 598,166</u>

Minimum lease payments for the next four years are summarized as follows:

Years	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Principal	\$ 182,360	\$ 271,522	\$ 142,660	\$ 62,749	\$ 659,291
Interest	27,113	15,880	6,340	847	50,180
Total payment	<u>\$ 209,473</u>	<u>\$ 287,402</u>	<u>\$ 149,000</u>	<u>\$ 63,596</u>	<u>\$ 709,471</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

13. Accumulated surplus

	<u>2019</u>	<u>2018</u>
Unrestricted surplus (deficit)	\$ 578,010	\$ (78,072)
Community Centres surplus	52,393	55,816
Haliburton Business Improvement Area Board surplus	18,148	25,926
	<u>648,551</u>	<u>3,670</u>
Landfill liability to be recovered in future (Note 9)	(2,215,996)	(2,919,766)
Employee benefits payable to be recovered in future (Note 10)	(371,194)	(366,045)
Municipal debt to be recovered in future (Note 11)	(3,706,649)	(4,322,590)
Capital lease obligations to be recovered in future (Note 12)	(659,291)	(598,166)
Invested in tangible capital assets (Note 18)	35,741,306	34,529,847
Reserve/reserve fund balances	4,434,843	5,146,086
	<u>\$ 33,871,570</u>	<u>\$ 31,473,036</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

14. Contingent liabilities and commitments

Dysart Facility Limited Partnership

In order to arrange financing for a major sewage treatment plant and collection systems upgrades and expansion in 1996, several agreements were executed with Dysart Facility Limited Partnership (DFLP). DFLP operates at arm's length and is not related to the Municipality.

These agreements included:

- The sale of the plant and collection systems (excluding land) with an estimated useful life of over 30 years to DFLP and the lease back of the same property
- A lease of the related lands to DFLP for 45 years at \$1 per year
- An agreement for DFLP to provide sewage processing for 25 years
- An amended option to repurchase the plant and collection systems from DFLP from January 1, 2019 to August 31, 2021 for \$480,000.

These agreements involved fixed cash inflows resulting from a note receivable secured by the pledge of DFLP partnership units totaling \$29.5 million over 25 years, and fixed cash outflows under the sewage processing agreement secured by pledge of the note receivable totaling \$32 million over 25 years plus a \$480,000 repurchase option. During the year ended December 31, 2019, the Municipality exercised the option to repurchase the facility and also agreed to terminate the remaining contracts with DFLP. The transaction was accomplished by acquiring 100% of the shares in a company that held title to the assets on December 18, 2019, the lease asset and note payable. The consideration to terminate the remaining contract and settle the amounts receivable and payable was \$5,369,438. The transaction resulted in a net loss of \$98,000 which was recognized in the statement of operations.

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 \$1.5 million via an operating line. Any balance borrowed will bear interest at prime per year. Council authorized the temporary borrowing limit for 2019 in By-Law 2019-03, and there was a balance owing as at December 31, 2019 of \$NIL (2018 - \$NIL).

Other contingencies

In the normal course of its operations, the Municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the Municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

Spending commitments

On August 27, 2019, Council authorized staff to purchase a single axle truck in the amount of \$232,364, to be delivered in 2020. The truck is to be funded by the Development Reserve.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

15. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Government and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect the impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

16. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

17. Budget amounts

The 2019 Budget adopted by Council on March 14, 2019 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Consolidated Statements of Operations and Change in Net Financial Assets (Debt) represent the budget adopted by Council on March 14, 2019 with adjustments as follows:

	2019 budget adopted by Council	TCA expenditures from capital and amortization	2019 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 9,474,337	\$ -	\$ 9,474,337
User charges, licenses and fines	2,523,731	-	2,523,731
Grants	2,386,088	-	2,386,088
General government	297,716	-	297,716
	<u>14,681,872</u>	<u>-</u>	<u>14,681,872</u>
Expenditures			
General government	1,326,403	82,224	1,408,627
Protection to persons and property	3,110,468	60,010	3,170,478
Transportation services	4,503,364	584,644	5,088,008
Environmental services	2,676,439	335,888	3,012,327
Health services	130,946	89,036	219,982
Recreation and cultural services	1,540,202	287,714	1,827,916
Planning and development	556,625	-	556,625
	<u>13,844,447</u>	<u>1,439,516</u>	<u>15,283,963</u>
Annual surplus (deficit)	837,425	(1,439,516)	<u>\$ (602,091)</u>
Capital expenditures	(2,019,200)	1,439,516	
Transfers from (to) reserve/reserve funds	1,181,775	-	
	<u>\$ -</u>	<u>\$ -</u>	
Budgeted use of prior year surplus	<u>\$ -</u>	<u>\$ -</u>	

Corporation of the Municipality of Dysart et al.
Notes to the Consolidated Financial Statements

December 31, 2019

18. Tangible capital assets

	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts	Assets Under Construction	2019
Cost, beginning of year	\$ 4,668,317	\$ 3,274,000	\$ 15,886,041	\$ 6,075,150	\$ 4,726,709	\$ 30,368,951	\$ 7,640,484	\$ 5,327,967	\$ 150,645	\$ 78,118,264
Additions	491,153	4,996	38,808	272,367	1,672,399	1,088,111	-	97,130	51,855	3,716,819
Disposals	(4,666)	-	-	-	(276,955)	(473,321)	-	-	-	(754,942)
Transfers	-	-	-	90,651	-	-	-	-	(90,651)	-
Cost, end of year	\$ 5,154,804	\$ 3,278,996	\$ 15,924,849	\$ 6,438,168	\$ 6,122,153	\$ 30,983,741	\$ 7,640,484	\$ 5,425,097	\$ 111,849	\$ 81,080,141
Accumulated Amortization, beginning of year	\$ -	\$ 1,104,372	\$ 5,847,205	\$ 4,247,372	\$ 2,141,910	\$ 23,332,838	\$ 4,177,802	\$ 2,736,918	\$ -	\$ 43,588,417
Amortization	-	208,105	394,238	265,297	415,972	1,014,860	73,182	91,062	-	2,462,716
Disposals	-	-	-	-	(238,977)	(473,321)	-	-	-	(712,298)
Accumulated Amortization, end of year	\$ -	\$ 1,312,477	\$ 6,241,443	\$ 4,512,669	\$ 2,318,905	\$ 23,874,377	\$ 4,250,984	\$ 2,827,980	\$ -	\$ 45,338,835
Net book value, beginning of year	\$ 4,668,317	\$ 2,169,628	\$ 10,038,836	\$ 1,827,778	\$ 2,584,799	\$ 7,036,113	\$ 3,462,682	\$ 2,591,049	\$ 150,645	\$ 34,529,847
Net book value, end of year	\$ 5,154,804	\$ 1,966,519	\$ 9,683,406	\$ 1,925,499	\$ 3,803,248	\$ 7,109,364	\$ 3,389,500	\$ 2,597,117	\$ 111,849	\$ 35,741,306

Corporation of the Municipality of Dysart et al.
Notes to the Consolidated Financial Statements

December 31, 2019

18. Tangible capital assets (continued)

	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts	Assets Under Construction	2018
Cost, beginning of year	\$ 4,608,154	\$ 2,643,692	\$ 13,649,146	\$ 5,778,107	\$ 4,702,555	\$ 29,229,301	\$ 7,640,484	\$ 4,819,786	\$ 1,980,777	\$ 75,052,002
Additions	71,663	516,092	564,442	199,262	314,058	1,431,668	-	790,022	101,615	3,988,822
Disposals	(11,500)	(47,297)	-	-	(289,904)	(292,018)	-	(281,841)	-	(922,560)
Transfers	-	161,513	1,672,453	97,781	-	-	-	-	(1,931,747)	-
Cost, end of year	\$ 4,668,317	\$ 3,274,000	\$ 15,886,041	\$ 6,075,150	\$ 4,726,709	\$ 30,368,951	\$ 7,640,484	\$ 5,327,967	\$ 150,645	\$ 78,118,264
Accumulated Amortization, beginning of year	\$ -	\$ 935,846	\$ 5,448,467	\$ 3,955,627	\$ 1,999,976	\$ 22,718,160	\$ 4,123,016	\$ 2,938,960	\$ -	\$ 42,120,052
Amortization	-	192,174	398,738	291,745	313,721	906,696	54,786	79,799	-	2,237,659
Disposals	-	(23,648)	-	-	(171,787)	(292,018)	-	(281,841)	-	(769,294)
Accumulated Amortization, end of year	\$ -	\$ 1,104,372	\$ 5,847,205	\$ 4,247,372	\$ 2,141,910	\$ 23,332,838	\$ 4,177,802	\$ 2,736,918	\$ -	\$ 43,588,417
Net book value, beginning of year	\$ 4,608,154	\$ 1,707,846	\$ 8,200,679	\$ 1,822,480	\$ 2,702,579	\$ 6,511,141	\$ 3,517,468	\$ 1,880,826	\$ 1,980,777	\$ 32,931,950
Net book value, end of year	\$ 4,668,317	\$ 2,169,628	\$ 10,038,836	\$ 1,827,778	\$ 2,584,799	\$ 7,036,113	\$ 3,462,682	\$ 2,591,049	\$ 150,645	\$ 34,529,847

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

18. Tangible capital assets (continued)

Leased tangible capital assets included in equipment had a cost value of \$983,450 (2018 - \$760,036) and accumulated amortization of \$773,820 (2018 - \$116,441).

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the Corporation of the Municipality of Dysart et al. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

19. Segmented information

The Corporation of the Municipality of Dysart et al. is a municipal government institution that provides a wide 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 is apportioned as a percentage of the segment's expenses versus total expenses, payments-in-lieu of taxes are allocated to general government and unconditional government transfers are allocated to protection.

The nature of the segments and the activities they encompass are as follows:

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 to Persons and Property

Protection includes police, fire, and protective inspection and control.

Transportation Services

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

Environmental Services

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

Health Services

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

Recreational and Cultural Services

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

Planning and Development

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

19. Segmented information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreational and cultural services	Planning and Development	2019 Total
Revenue								
Taxation	\$ 889,566	\$ 2,196,447	\$ 3,101,357	\$ 1,684,661	\$ 146,108	\$ 1,217,825	\$ 335,114	\$ 9,571,078
User charges	97,351	475,201	188,948	1,599,129	128,911	340,687	96,265	2,926,492
Government grants	-	1,848,877	928,470	121,753	-	57,122	-	2,956,222
Developer contributions	-	-	127,887	-	-	-	-	127,887
Investment income	170,015	-	-	-	-	-	-	170,015
Penalties and interest on taxes	223,646	-	-	-	-	-	-	223,646
Donations	-	-	-	-	-	40,230	-	40,230
Loss on disposition of assets	(20,469)	-	-	-	-	-	-	(20,469)
	<u>1,360,109</u>	<u>4,520,525</u>	<u>4,346,662</u>	<u>3,405,543</u>	<u>275,019</u>	<u>1,655,864</u>	<u>431,379</u>	<u>15,995,101</u>
Expenses								
Salaries and benefits	732,733	646,121	1,328,999	360,167	23,179	684,614	340,893	4,116,706
Materials, supplies and services	269,286	251,464	1,134,373	516,411	60,145	612,933	108,896	2,953,508
Contracted services	95,222	2,162,654	265,938	1,172,990	34,000	92,424	26,269	3,849,497
Rent and financial expenses	4,671	-	-	-	-	-	-	4,671
Interest charges	72,987	-	61,473	7,755	-	-	-	142,215
Amortization expense	82,224	60,010	1,607,844	335,888	89,036	287,714	-	2,462,716
Transfers to other entities	6,584	-	7,125	-	1,200	52,345	-	67,254
	<u>1,263,707</u>	<u>3,120,249</u>	<u>4,405,752</u>	<u>2,393,211</u>	<u>207,560</u>	<u>1,730,030</u>	<u>476,058</u>	<u>13,596,567</u>
Annual surplus/(deficit)	\$ 96,402	\$ 1,400,276	\$ (59,090)	\$ 1,012,332	\$ 67,459	\$ (74,166)	\$ (44,679)	\$ 2,398,534

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

December 31, 2019

19. Segmented information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	2018 Total
Revenue								
Taxation	\$ 694,060	\$ 1,792,324	\$ 2,401,668	\$ 2,394,459	\$ 97,633	\$ 988,319	\$ 294,195	\$ 8,662,658
User charges	101,971	426,135	120,604	1,567,957	134,032	292,833	64,635	2,708,167
Government grants	-	1,837,571	1,137,348	158,703	26,000	191,954	-	3,351,576
Developer contributions	-	-	-	-	-	-	-	-
Investment income	144,393	-	-	-	-	-	-	144,393
Penalties and interest on taxes	236,217	-	-	-	-	-	-	236,217
Donations	-	-	-	-	-	65,204	-	65,204
Gain (loss) on disposition of assets	(11,841)	-	-	-	-	-	-	(11,841)
	<u>1,164,800</u>	<u>4,056,030</u>	<u>3,659,620</u>	<u>4,121,119</u>	<u>257,665</u>	<u>1,538,310</u>	<u>358,830</u>	<u>15,156,374</u>
Expenses								
Salaries and benefits	629,372	612,823	1,224,033	251,843	608	638,843	332,610	3,690,132
Materials, supplies and services	288,999	217,526	1,197,893	341,864	38,324	567,026	139,577	2,791,209
Contracted services	172,050	2,218,555	269,754	3,174,711	34,972	94,372	14,759	5,979,173
Rent and financial expenses	3,174	254	-	-	-	-	-	3,428
Interest charges	30,861	-	54,289	6,374	4,561	20,668	21,398	138,151
Amortization expense	66,182	47,824	1,397,554	362,628	89,036	274,435	-	2,237,659
Transfers to other entities	8,639	-	6,355	-	1,200	112,388	-	128,582
	<u>1,199,277</u>	<u>3,096,982</u>	<u>4,149,878</u>	<u>4,137,420</u>	<u>168,701</u>	<u>1,707,732</u>	<u>508,344</u>	<u>14,968,334</u>
Annual surplus/(deficit)	\$ (34,477)	\$ 959,048	\$ (490,258)	\$ (16,301)	\$ 88,964	\$ (169,422)	\$ (149,514)	\$ 188,040

Financial Statements

Corporation of the Municipality of Dysart et al.

Trust Funds

December 31, 2019

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the financial statements of the Corporation of the Municipality of Dysart et al. Trust Funds (the "Entity"), which comprise the statement of financial position as at December 31, 2019, the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Dysart et al. Trust Funds as at December 31, 2019, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity 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 opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 28, 2019.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Barrie, Canada
July 28, 2020

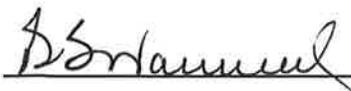
The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

**Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Financial Position**

December 31	2019	2018
Financial assets		
Cash	\$ 147,327	\$ 142,244
Due from Municipality	<u>2,158</u>	<u>2,111</u>
Accumulated surplus	<u>\$ 149,485</u>	<u>\$ 144,355</u>

On behalf of the Board:



Treasurer

See accompanying notes to the financial statements.

Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Operations

Year ended December 31	2019	2018
Accumulated surplus , beginning of year	<u>\$ 144,355</u>	<u>\$ 139,945</u>
Revenues		
Interest earned	2,972	2,299
Plot and monument sales	<u>5,130</u>	<u>4,360</u>
Annual surplus	8,102	6,659
Transfer to cemetery board	<u>(2,972)</u>	<u>(2,249)</u>
Accumulated surplus , end of year	<u>\$ 149,485</u>	<u>\$ 144,355</u>

Corporation of the Municipality of Dysart et al.

Trust Funds

Notes to Financial Statements

December 31, 2019

1. Nature of the entity

The Corporation of the Municipality of Dysart et al. Trust fund (the "Entity") is a fund responsible for holding the funds generated by perpetual care services and plot and monument sales made by municipality.

2. Summary of significant accounting policies

The financial statements of the Entity are the responsibility of management and are prepared in accordance with Public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the Entity are as follows:

Accrual 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.

Revenue recognition

Revenue from the sale of products and services is recorded when the product is delivered or the service is provided. Interest revenue is recorded when received.

3. Cemetery perpetual fund

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.

4. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Government and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Entity has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect the impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Entity for future periods.