CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

For The Year Ended December 31, 2025

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 Public Sector Accounting Standards. 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 auditor, 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 independent auditor's report.

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

Walt McKechnie

Deputy-Mayor

Treasurer

July 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers 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 and its local boards (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of operations and accumulated surplus, change in net financial assets/(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 consolidated financial position of the Municipality as at December 31, 2025, and the results of its consolidated operations and its consolidated 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 of the Municipality for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 24, 2025.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the 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 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 30, 2026

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $ Restated (Note 2)
FINANCIAL ASSETS		
Cash and cash equivalents	6,676,212	5,592,375
Accounts receivable	396,762	736,533
Taxes receivable	2,518,381	2,061,045
Investments (note 4)	3,337,176	3,613,939
TOTAL FINANCIAL ASSETS	12,928,531	12,003,892
LIABILITIES		
Accounts payable and accrued liabilities	2,895,863	2,969,785
Deferred revenue - obligatory reserve funds (note 7)	628,140	893,600
Deferred revenue - other	487,950	709,870
Long term debt (note 8)	1,764,196	1,468,284
Asset retirement obligation (note 17)	6,542,913	4,342,412
Employee future amounts payable (note 9)	360,300	363,173
TOTAL LIABILITIES	12,679,362	10,747,124
NET FINANCIAL ASSETS	249,169	1,256,768
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	41,617,827	39,241,896
Prepaid expenses	266,380	79,586
Inventories of materials and supplies	407,962	29,427
TOTAL NON-FINANCIAL ASSETS	42,292,169	39,350,909
ACCUMULATED SURPLUS (note 13)	42,541,338	40,607,677

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 10)	Actual 2025 $	Actual 2024 $ Restated (Note 2)
REVENUES			
Property taxation	13,047,902	13,233,163	12,483,369
User charges	4,091,705	4,410,130	4,022,431
Government of Canada	27,145	8,849	15,436
Province of Ontario	2,856,071	2,662,007	2,535,091
Other municipalities	50,000	77,114	53,621
Penalties and interest on taxes	220,000	357,027	276,648
Investment income	190,000	617,383	541,899
Donations	36,400	48,666	53,557
Contributed tangible capital assets	-	-	193,921
Other	-	196,699	-
Canada Community-Building Fund earned (note 7)	235,211	236,401	254,764
TOTAL REVENUES	20,754,434	21,847,439	20,430,737
EXPENSES			
General government	2,420,082	2,387,499	1,998,590
Protection services	3,839,249	3,773,284	3,925,311
Transportation services	6,551,321	5,753,575	5,997,845
Environmental services	4,129,939	4,291,087	1,743,900
Health services	218,660	232,097	244,109
Recreation and cultural services	2,521,995	2,587,088	2,542,115
Planning and development	953,953	889,148	816,564
TOTAL EXPENSES	20,635,199	19,913,778	17,268,434
ANNUAL SURPLUS	119,235	1,933,661	3,162,303
ACCUMULATED SURPLUS - beginning of year		40,607,677	37,445,374
ACCUMULATED SURPLUS - end of year		42,541,338	40,607,677

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/(NET DEBT)
For the Year Ended December 31, 2025

	Budget 2025 $ (note 10)	Actual 2025 $	Actual 2024 $ Restated (Note 2)
ANNUAL SURPLUS	119,235	1,933,661	3,162,303
Amortization of tangible capital assets	3,445,966	3,337,220	3,445,966
Purchase of tangible capital assets	(8,001,930)	(4,343,712)	(3,700,052)
Loss on disposal of tangible capital assets	-	10,524	42,037
Proceeds on sale of tangible capital assets	-	288,838	47,700
Change in estimate relating to the asset retirement obligation	-	-	1,047,255
Addition to the tangible capital assets relating to asset retirement obligation	-	(1,668,801)	(245,195)
Change in prepaid expenses	-	(186,794)	(59,331)
Change in inventories of materials and supplies	-	(378,535)	757
Contributed tangible capital assets	-	-	(193,921)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(4,436,729)	(1,007,599)	3,547,519
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	1,256,768	1,256,768	(2,290,751)
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(3,179,961)	249,169	1,256,768

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $ Restated (Note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,933,661	3,162,303
Items not involving cash		
Amortization of tangible capital assets	3,337,220	3,445,966
Loss on disposal of tangible capital assets	10,524	42,037
Contributed capital assets	-	(193,921)
Accretion expense	531,700	133,603
Change in valuation of asset retirement obligation	-	(1,946,941)
Change in non-cash assets and liabilities		
Accounts receivable	339,771	42,126
Taxes receivable	(457,336)	(504,233)
Prepaid expenses	(186,794)	(59,332)
Inventories of materials and supplies	(378,535)	757
Accounts payable and accrued liabilities	(73,922)	(509,332)
Deferred revenue - obligatory reserve funds	(265,460)	(53,399)
Deferred revenue - other	(221,920)	244,568
Asset retirement obligation	-	(32,488)
Employee future amounts payable	(2,873)	(34,111)
Net change in cash from operating activities	4,566,036	3,737,603
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,343,712)	(3,700,052)
Proceeds on disposal of tangible capital assets	288,838	47,700
Net change in cash from capital activities	(4,054,874)	(3,652,352)
INVESTING ACTIVITIES		
Purchase of investments	(1,330,236)	(1,042,529)
Disposal of investments	1,607,000	-
Net change in cash from investing activities	276,764	(1,042,529)
FINANCING ACTIVITIES		
Long term debt issued	415,176	-
Debt principal repayments	(119,265)	(261,886)
Net change in cash from financing activities	295,911	(261,886)
NET CHANGE IN CASH	1,083,837	(1,219,164)
CASH - beginning of year	5,592,375	6,811,539
CASH - end of year	6,676,212	5,592,375

The accompanying notes are an integral part of these financial statements

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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 the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. 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 consolidated financial statements include:

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

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

(b) 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.

(c) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 years
Buildings	40 years
Roadways	8-40 years
Sewer	40-80 years
Vehicles	10-20 years
Machinery and equipment	10-20 years
Bridges and culverts	15-40 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

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.

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 reported in the financial statements when amounts can be reasonably determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

Government funding is recognized in the financial statements as revenues 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.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded in the year in which it is earned. Investment income earned on 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.

Canada Community-Building Fund, Provincial gas tax and parkland fees are recognized in the period in which the related expenditures are recorded.

Donations are recognized when received.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash and cash equivalents	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Investments	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Municipality manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Deferred Revenue

Deferred revenue represents grants, 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.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(j) and related costs added to tangible capital assets - See Note 1(c)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)
- Employee future amounts payable depend on certain actuarial and economic assumptions
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(j) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Municipality has also been recognized based on estimated future expenses for remediation or disposal. The liability for landfill sites is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid.

The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (c).

(k) 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.

2. PRIOR PERIOD ADJUSTMENT

The Municipality has restated its 2024 financial statements for tangible capital asset entries that were previously ommitted in error. Adjustments necessary to the 2024 financial information as a result of the prior period adjustments are as follows:

Adjustment to Closing 2024 Tangible Capital Assets

Cost, as previously stated	$ 94,975,512
Accumulated amortization, as previously recorded	(55,931,649)
Capital additions not previously recorded	635,464
Accumulated amortization not previously recorded	(437,431)
Closing 2024 net book value of tangible capital assets as restated	$ 39,241,896

Adjustment to Opening 2024 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	$ (226,428)
Capital fund	30,583,810
Reserves and reserve funds	6,877,435
	37,234,817
Assets not previously capitalized	635,464
Amortization expense not previously recorded	(424,907)
Opening 2024 Accumulated surplus	$ 37,445,374

Adjustment to 2024 Annual Surplus

2024 annual surplus as previously stated	$ 3,174,827
Less: Amortization expense not previously recorded	(12,524)
2024 annual surplus as restated	$ 3,162,303

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HALIBURTON

During 2025, 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 $
Amounts requisitioned and remitted	6,314,894	10,057,807

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

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4. INVESTMENTS

Investments are comprised of:

	2025 $	2024 $
Guaranteed investment certificate maturing February 1, 2027 at 3.63%	1,205,647	-
Linear accrual note maturing February 9, 2029	1,078,820	1,000,000
Guaranteed investment certificate maturing January 30, 2026 at 4.97%	1,045,615	1,000,000
Guaranteed investment certificate maturing December 17, 2026 at prime rate less 2.7%	7,094	6,939
Guaranteed investment certificate maturing February 1, 2025 at 5.42%	-	1,107,000
Guaranteed investment certificate maturing December 8, 2025 at 4.93%	-	500,000
	3,337,176	3,613,939

5. PENSION AGREEMENTS

Certain employees of the Municipality are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of $151,365 million in respect of benefits accrued for service with actuarial assets of $150,043 million indicating an actuarial deficit of $1,322 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.

The Municipality's total contributions to OMERS in 2025 were $1,027,332 (2024 - $932,008) of which $513,666 (2024 - $466,004) was contributed by employees.

6. TANGIBLE CAPITAL ASSETS

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

	2025 $	2024 Restated (Note 2) $
General		
Land	6,678,935	6,724,856
Land improvements	3,168,940	1,741,513
Buildings	8,729,838	9,064,461
Equipment	2,260,325	2,256,287
Vehicles	3,670,663	3,200,829
Infrastructure		
Roads	10,386,663	10,388,560
Sewer	2,898,263	2,971,445
Bridges & culverts	2,740,213	2,834,137
	40,533,840	39,182,088
Assets under construction	1,083,987	59,808
	41,617,827	39,241,896

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

During the year there were no write-downs of assets (2024 - $Nil), no interest capitalized (2024 - $Nil) and no contributed assets (2024 - $193,921).

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.

Tangible capital assets allocated by segment are as follows:

	2025 $	2024 Restated (Note 2) $
General government	6,121,620	6,418,299
Protection services	764,903	748,448
Transportation services	18,626,688	17,071,401
Environmental services	6,680,470	5,184,227
Health services	2,041,423	2,119,241
Recreation and cultural services	7,382,723	7,700,280
	41,617,827	39,241,896

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, 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:

	2025 $	2024 $
Parkland	321,450	303,284
Parking	92,211	71,947
Provincial Gas Tax	214,479	185,304
Building department	-	333,065
	628,140	893,600

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2025 $	2024 $
Balance - beginning of year	893,600	744,713
Add amounts received:		
Canada Community-Building Fund	235,211	252,524
Parkland	8,200	6,200
Parking	18,000	-
Provincial Gas Tax	23,618	-
Building department	-	87,122
Interest	29,458	57,805
	314,487	403,651
Less transfer to operations:		
Canada Community-Building Fund	236,401	254,764
Building department	343,546	-
	579,947	254,764
Balance - end of year	628,140	893,600

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:

	2025 $	2024 $
Term facility to be used for the purchase of land, repayable in blended monthly payments of $15,863 with interest at 5.68%, due March 1, 2027	1,251,686	1,367,408
Term facility to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of $5,175 total with interest at 3.796%, due November 2035	512,510	100,876
	1,764,196	1,468,284

(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 $76,267 (2024 - $64,560).

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

	Principal $	Interest $	Total $
2026	165,858	86,597	252,455
2027	1,174,292	267,894	1,442,186
2028	46,811	15,288	62,099
2029	48,619	13,480	62,099
2030	50,497	11,601	62,098
2031 and subsequent years	278,119	27,199	305,318
	1,764,196	422,059	2,186,255

9. EMPLOYEE FUTURE AMOUNTS PAYABLE

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.

	2025 $	2024 $
Accrued benefit obligation	276,900	238,717
Unamortized actuarial gains	83,400	124,456
	360,300	363,173

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 actuarial valuation as at December 31, 2025 used the following assumptions to reflect the Municipality's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Expected inflation rate	2.5%
Discount rate	4.6%
Medical cost increases - first year	6.5%
Medical cost decreasing over 10 years to	4%
Expected rate of dental cost increase	4%
Estimated average remaining service life of the employee group	8.1 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:

	2025 $	2024 $
Current year benefit cost	23,700	22,578
Amortization of actuarial gains	(12,500)	(13,828)
Employer contributions	11,900	12,139
	23,100	20,889

9. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

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

	2025 $	2024 $
Obligation at the start of the year	238,717	259,000
Current year benefit cost	23,700	22,578
Benefits payment	(26,000)	(55,000)
Interest on obligation	11,900	12,139
Change in obligation from revaluation	28,583	-
	276,900	238,717

10. BUDGET FIGURES

The budget, approved by the Municipality differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the PSA presented budget:

	2025 $
Council approved budgeted surplus	-
Tangible capital asset additions	8,001,930
Amortization of tangible capital assets	(3,445,966)
Long term debt proceeds	(4,370,000)
Principal repayment of long term debt	719,616
Transfers to/(from) reserves and reserve funds	(786,345)
Annual surplus reported on the Consolidated Statement of Operations	119,235

11. EXPENSES BY OBJECT

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

	Budget 2025 $ (note 10)	Actual 2025 $	Actual 2024 $ Restated (Note 2)
Salaries and benefits	7,085,702	7,162,489	6,658,580
Interest charges	-	84,230	507,079
Materials	4,463,943	3,556,370	3,552,488
Contracted services	5,524,438	5,121,047	2,846,296
Rents and financial	17,400	548,221	150,671
External transfers	97,750	93,677	65,317
Amortization	3,445,966	3,337,220	3,445,966
Loss (gain) on disposal of tangible capital assets	-	10,524	42,037
	20,635,199	19,913,778	17,268,434

12. TRUST FUNDS

Trust funds administered by the Municipality amounting to $181,030 (2024 - $174,280) 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.

13. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025 $	2024 Restated (Note 2) $
Surplus/(Deficit)		
Municipality	(133,527)	(512,254)
Community Centres	129,641	112,091
Haliburton Business Improvement Area Board surplus	35,648	12,721
Unfunded employee future benefits	(360,300)	(363,173)
2712707 Ontario Inc.	141,933	114,914
	(186,605)	(635,701)
Invested In Capital Assets		
Tangible capital assets - net book value	41,617,827	39,241,896
Long term debt	(1,764,196)	(1,468,284)
Unfunded capital - See (b) below	(861,620)	-
Unfunded asset retirement obligation	(6,542,913)	(4,342,412)
	32,449,098	33,431,200
Surplus	32,262,493	32,795,499
Reserves		
Build Dysart	105,351	113,199
Building code	324,550	-
Computer replacement	80,000	80,000
Election	45,075	30,075
Insurance claims	125,000	75,000
Legal	108,000	93,000
Modernization	11,924	35,634
Operating project capital fund	67,845	161,306
Tax rate stabilization	290,442	50,000
Wastewater capital	1,001,984	649,353
Winter maintenance	245,000	245,000
Working funds	382,309	352,561
Total Reserves	2,787,480	1,885,128
Reserve Funds		
Development fund	7,401,391	5,840,190
Parking	89,974	86,860
Total Reserve Funds	7,491,365	5,927,050
	42,541,338	40,607,677

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13. ACCUMULATED SURPLUS, continued

(b) Unfunded capital is for various transportation projects and will be funded through a future debenture.

14. 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 per annum. Council authorized the temporary borrowing limit by By-law 2022-03. At December 31, 2025 there was no balance outstanding (2024 - $Nil).

15. CONTINGENT LIABILITIES

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

16. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Municipality assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the organization is low and is not material.

In the opinion of management, the Municipality is not exposed to any significant liquidity, currency or market risk.

17. ASSET RETIREMENT OBLIGATION

The Municipality's asset retirement obligation consists of the following:

(a) Landfill obligation

The Municipality owns and operates six landfill sites. One site is closed and the other five sites are expected to close over the next 29 years. The liability for the various landfill sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.25% and an inflation rate of 4.28%.

(b) Asbestos obligation

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Municipality recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings had an estimated useful life of 10 years when they were purchased in 2018, of which 3 years remain. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill $	Asbestos removal $	Total 2025 $	Total 2024 $
Opening balance	2,629,200	121,679	4,342,412	6,990,293
Revaluation of liability	1,668,801	-	1,668,801	(2,781,484)
Accretion expense	531,700	-	531,700	133,603
Closing balance	4,829,701	121,679	6,542,913	4,342,412

18. SEGMENTED INFORMATION

The Municipality of Dysart et al is a municipal government organization that provides a range of services to its residents. Municipality 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.

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, 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 sewer, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery board 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 services.

Planning and Development

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

19. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	General					Infrastructure				
	Land $	Land Improvements $	Buildings $	Equipment $	Vehicles $	Roads $	Sewer $	Bridges & Culverts $	Assets Under Construction $	Totals $
COST										
Balance, beginning of year- restated (Note 2)	6,724,856	4,098,323	17,337,349	7,923,539	6,905,613	38,205,702	7,591,571	6,112,155	59,808	94,958,916
Add: additions during the year	111,807	21,569	93,799	278,887	1,217,512	1,595,959	-	-	1,024,179	4,343,712
Less: disposals during the year	157,728	12,590	28,483	229,372	605,423	471,395	-	-	-	1,504,991
Asset retirement obligation	-	1,668,801	-	-	-	-	-	-	-	1,668,801
Balance, end of year	6,678,935	5,776,103	17,402,665	7,973,054	7,517,702	39,330,266	7,591,571	6,112,155	1,083,987	99,466,438
ACCUMULATED AMORTIZATION										
Balance, beginning of year- restated (Note 2)	-	2,356,810	8,272,888	5,667,252	3,704,784	27,817,142	4,620,126	3,278,018	-	55,717,020
Add: additions during the year	-	257,278	422,098	272,109	640,368	1,578,261	73,182	93,924	-	3,337,220
Less: disposals during the year	-	6,925	22,159	226,632	498,113	451,800	-	-	-	1,205,629
Balance, end of year	-	2,607,163	8,672,827	5,712,729	3,847,039	28,943,603	4,693,308	3,371,942	-	57,848,611
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	6,678,935	3,168,940	8,729,838	2,260,325	3,670,663	10,386,663	2,898,263	2,740,213	1,083,987	41,617,827

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2025

	General Government $	Protection Services $	Transportation Services $	Sewer $	Other Environmental Services $	Health Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues									
Property taxation	1,257,150	2,077,607	6,074,022	-	2,051,140	92,632	1,296,850	383,762	13,233,163
User charges	232,330	1,052,725	83,729	1,407,480	746,365	147,802	389,965	349,734	4,410,130
Government transfers - operating	2,210,178	6,104	56,647	-	93,983	-	55,886	-	2,422,798
Government transfers - capital	-	-	248,058	-	-	-	-	-	248,058
Other municipalities	-	-	77,114	-	-	-	-	-	77,114
Penalties and interest on taxes	357,027	-	-	-	-	-	-	-	357,027
Investment income	617,030	-	-	-	-	-	353	-	617,383
Donations	-	44,749	-	-	-	-	3,917	-	48,666
Other	196,699	-	-	-	-	-	-	-	196,699
Canada Community-Building Fund earned	-	-	236,401	-	-	-	-	-	236,401
Total revenues	4,870,414	3,181,185	6,775,971	1,407,480	2,891,488	240,434	1,746,971	733,496	21,847,439
Expenses									
Salaries and benefits	1,547,059	1,068,952	1,572,906	71,617	904,616	24,035	1,237,953	735,351	7,162,489
Interest charges	-	81,652	2,578	-	-	-	-	-	84,230
Materials	616,656	268,379	1,164,964	274,691	317,078	63,875	744,747	105,980	3,556,370
Contracted services	240,263	2,259,019	421,420	838,574	1,101,011	53,770	159,275	47,715	5,121,047
Rents and financial	5,396	-	-	-	540,868	-	1,855	102	548,221
External transfers	7,946	-	74,581	-	-	1,200	9,950	-	93,677
Amortization	100,167	95,282	2,388,603	212,742	29,890	89,217	421,319	-	3,337,220
Loss (gain) on disposal of tangible capital assets	(129,988)	-	128,523	-	-	-	11,989	-	10,524
Total expenses	2,387,499	3,773,284	5,753,575	1,397,624	2,893,463	232,097	2,587,088	889,148	19,913,778
Net surplus/(deficit)	2,482,915	(592,099)	1,022,396	9,856	(1,975)	8,337	(840,117)	(155,652)	1,933,661

CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2024 - Restated Note 2

	General Government $	Protection Services $	Transportation Services $	Sewer $	Other Environmental Services $	Health Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues									
Property taxation	2,157,485	2,387,326	3,547,532	-	2,100,257	165,918	1,654,293	470,558	12,483,369
User charges	200,755	580,045	30,906	1,345,642	1,162,139	161,203	379,930	161,811	4,022,431
Government transfers - operating	1,824,200	-	91,368	-	103,614	-	237,955	-	2,257,137
Government transfers - capital	-	-	293,390	-	-	-	-	-	293,390
Other municipalities	-	-	53,621	-	-	-	-	-	53,621
Penalties and interest on taxes	276,648	-	-	-	-	-	-	-	276,648
Investment income	476,390	-	-	-	-	-	65,509	-	541,899
Donations	-	5,431	-	-	-	-	48,126	-	53,557
Donated tangible capital assets	-	-	193,921	-	-	-	-	-	193,921
Canada Community-Building Fund earned	-	-	254,764	-	-	-	-	-	254,764
Total revenues	4,935,478	2,972,802	4,465,502	1,345,642	3,366,010	327,121	2,385,813	632,369	20,430,737
Expenses									
Salaries and benefits	1,304,098	1,125,888	1,450,177	90,991	825,318	21,235	1,137,896	702,977	6,658,580
Interest charges	-	212,773	152,731	22,595	-	21,167	97,813	-	507,079
Materials	439,656	292,057	1,398,375	314,381	214,226	59,755	733,500	100,538	3,552,488
Contracted services	190,267	2,196,137	359,701	927,575	(1,048,549)	52,300	155,847	13,018	2,846,296
Rents and financial	5,308	-	-	-	143,193	-	2,139	31	150,671
External transfers	7,667	-	50,000	-	-	1,200	6,450	-	65,317
Amortization	99,294	98,456	2,497,124	222,464	31,706	88,452	408,470	-	3,445,966
Loss (gain) on disposal of tangible capital assets	(47,700)	-	89,737	-	-	-	-	-	42,037
Total expenses	1,998,590	3,925,311	5,997,845	1,578,006	165,894	244,109	2,542,115	816,564	17,268,434
Net surplus/(deficit)	2,936,888	(952,509)	(1,532,343)	(232,364)	3,200,116	83,012	(156,302)	(184,195)	3,162,303

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Dysart et al

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Municipality of Dysart et al (the Trust Fund), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2025, and the continuity of the Trust Fund 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 Trust Fund 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 of the Trust Fund for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 24, 2025.

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

Management is responsible for the preparation and fair presentation of the 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 Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

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

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 Trust Fund'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 Trust Fund'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 Trust Fund 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 30, 2026

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CORPORATION OF THE MUNICIPALITY OF DYSART ET AL

TRUST FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash	181,030	177,870
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to Municipality	-	3,590
FUND BALANCE	181,030	174,280
	181,030	177,870

TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2025

	2025 $	2024 $
BALANCE - beginning of year	174,280	169,190
RECEIPTS		
Interest earned	5,507	8,680
Plot and monument sales	6,750	5,090
	12,257	13,770
EXPENSES		
Transfer to Municipality	5,507	8,680
BALANCE - end of year	181,030	174,280

The accompanying notes are an integral part of these financial statements

1. PURPOSE OF TRUST FUND

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

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(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 Fund financial instruments consist of cash. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Fund does not have any significant concentration of credit, currency, market, liquidity 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.