

CORPORATION OF THE TOWN OF DESERONTO
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

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331 Main St. P.O. Box 310, Deseronto, ON K0K 1X0

Phone: 613.396.2440

Fax: 613.396.3141

CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2014

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Town of Deseronto 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 Town 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 Town's assets are appropriately accounted for and adequately safeguarded.

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

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

Mayor

Date

June 23, 2015

Treasurer

Date

June 23, 2015

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Deseronto and its local boards, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Deseronto and its local boards as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Peterborough, Ontario
July 9, 2015

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investment (note 3)	428,397	1,028,751
Taxes and grants in lieu receivable	421,974	456,764
Accounts receivable	2,166,767	562,671
TOTAL FINANCIAL ASSETS	3,017,138	2,048,186
LIABILITIES		
Accounts payable and accrued liabilities	1,305,664	514,205
Deferred revenue - obligatory reserve funds (note 5)	329,734	420,326
Deferred revenue - other (note 7)	452,097	414,031
Long term debt (note 6)	782,833	622,806
TOTAL LIABILITIES	2,870,328	1,971,368
NET FINANCIAL ASSETS	146,810	76,818
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	9,101,974	6,811,887
Prepaid expenses	16,610	30,226
TOTAL NON-FINANCIAL ASSETS	9,118,584	6,842,113
ACCUMULATED SURPLUS (note 9)	9,265,394	6,918,931

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Property taxation	1,281,443	1,280,437	1,217,088
User charges	1,479,853	1,507,326	1,405,731
Government of Canada	-	532,208	96,702
Province of Ontario	1,222,653	1,664,615	734,600
Other municipalities	30,000	230,000	30,000
Penalties and interest	62,040	70,414	70,888
Federal gas tax earned	110,000	283,923	54,047
Provincial gas tax earned	156,581	100,147	78,705
Investment income	521	3,357	2,307
Donations and fundraising	500	40,973	55,750
Other grants	40,000	356,349	124,733
Other	-	36,467	34,255
TOTAL REVENUES	4,383,591	6,106,216	3,904,806
EXPENSES			
General government	336,768	339,282	360,934
Protection services	667,021	653,889	628,869
Transportation services	849,193	840,941	772,611
Environmental services	1,149,726	1,113,630	1,016,984
Health services	12,740	23,007	16,382
Recreation and cultural services	717,866	712,335	689,350
Planning and development	23,300	76,669	128,936
TOTAL EXPENSES	3,756,614	3,759,753	3,614,066
ANNUAL SURPLUS	626,977	2,346,463	290,740
ACCUMULATED SURPLUS - beginning of year	6,918,931	6,918,931	6,628,191
ACCUMULATED SURPLUS - end of year	7,545,908	9,265,394	6,918,931

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2014**

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS	626,977	2,346,463	290,740
Amortization of tangible capital assets	428,650	476,855	429,588
Acquisition of tangible capital assets	(1,022,517)	(2,807,667)	(400,013)
Loss on disposal of tangible capital assets	-	32,162	26,627
Proceeds on sale of tangible capital assets	-	8,563	155,699
(Increase)/decrease in prepaid expenses	-	13,616	(10,408)
INCREASE IN NET FINANCIAL ASSETS	33,110	69,992	492,233
NET FINANCIAL ASSETS (LIABILITIES) - beginning of year	76,818	76,818	(415,415)
NET FINANCIAL ASSETS - end of year	109,928	146,810	76,818

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	2,346,463	290,740
Decrease in taxes and grants in lieu receivable	34,790	30,905
Increase in accounts receivable	(1,604,096)	(262,078)
(Increase)/decrease in prepaid expenses	13,616	(10,408)
Increase in accounts payable and accrued liabilities	791,459	2,226
Increase/(decrease) in deferred revenue - obligatory reserve funds	(90,592)	116,904
Increase in deferred revenue - other	38,066	384,566
Non-cash charges to operations		
Amortization of tangible capital assets	476,855	429,588
Loss on disposal of tangible capital assets	32,162	26,627
Net increase in cash from operating transactions	2,038,723	1,009,070
CAPITAL		
Acquisition of tangible capital assets	(2,807,667)	(400,013)
Proceeds on disposal of tangible capital assets	8,563	155,699
Net decrease in cash from capital transactions	(2,799,104)	(244,314)
FINANCING		
Long term debt issued	340,541	-
Debt principal repayments	(180,514)	(167,392)
Net increase/(decrease) in cash from financing transactions	160,027	(167,392)
INCREASE/(DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(600,354)	597,364
CASH AND TEMPORARY INVESTMENTS - beginning of year	1,028,751	431,387
CASH AND TEMPORARY INVESTMENTS - end of year	428,397	1,028,751

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

The Town of Deseronto 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 Town and which are owned and controlled by the Town. These financial statements include:

- Deseronto Public Library Board
- Deseronto Cemetery Board
- Deseronto Water and Sewer System
- Deseronto Community Recreation Centre

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

(b) Tangible Capital Assets

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

Land improvements	10 - 30 years
Buildings	50 years
Roadways	20 years
Water and sewer system	30 - 50 years
Vehicles	5 - 10 years
Machinery and equipment	20 years
Furniture and fixtures	20 years
Computer hardware and software	5 - 10 years
Books	7 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.

(c) Trust Funds

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

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

(e) Non-financial Assets

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

(f) Reserves and Reserve Funds

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

(g) Deferred Revenue

Deferred revenue represents 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.

(h) Taxation

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Town's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Town 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 Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(i) 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(k) Financial Instruments

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

The Town does have interest rate risk on its long term debt. Interest rate risk is the risk that the value of the financial instruments will fluctuate as a result of changes in interest rates.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2014, requisitions were made by the County of Hastings and School Boards requiring the Town 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	260,333	297,540

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

3. CASH AND TEMPORARY INVESTMENT

Cash and temporary investments includes the following investments recorded at cost:

	2014 \$	2013 \$
Parklands Guaranteed Investment Certificate - interest at 0.8%, maturing March 11, 2015	9,596	9,519

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

4. CREDIT FACILITY AGREEMENT

The Town has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$650,000 via an overdraft or demand note. Any balance borrowed will accrue interest at the bank's prime lending rate up to \$500,000 and at the bank's prime lending rate plus 1% per annum thereafter up to the credit limit. Council authorized the temporary borrowing limit by By-law 01-14. At December 31, 2014 there was no balance outstanding (2013 - \$Nil).

5. 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 Town are summarized below:

	2014	2013
	\$	\$
Parkland	14,436	14,360
Lot levy	16,204	16,178
Federal gas tax	152,746	332,561
Provincial gas tax	146,348	57,227
	<u>329,734</u>	<u>420,326</u>

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

	2014	2013
	\$	\$
Balance - beginning of year	420,326	303,422
Add amounts received:		
Interest	2,226	3,763
Federal gas tax	103,349	111,902
Provincial gas tax	187,903	133,991
	<u>293,478</u>	<u>249,656</u>
Less transfer to operations:		
Federal gas tax	283,923	54,047
Provincial gas tax	100,147	78,705
	<u>384,070</u>	<u>132,752</u>
Balance - end of year	<u>329,734</u>	<u>420,326</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

6. LONG TERM DEBT

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

	2014	2013
	\$	\$
Long term loan from Ontario Strategic Infrastructure Financing Authority, with semi-annual principal payments of \$21,140 plus interest at 4.04%, due in 2015.	41,032	80,456
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	86,210	-
Long term bank loan with monthly payments of \$1,635 plus interest at prime, currently 3.0%, due in 2020.	104,440	124,060
Long term bank loan with monthly payments of \$3,043 plus interest at prime, currently 3.00%, due in 2015.	32,934	69,450
Long term bank loan with monthly payments of \$4,592 plus interest at prime, currently 3.00%, due in 2019.	268,946	324,050
Lease purchase agreement with blended monthly payments of \$569 with interest at 8.9%, due 2014.	-	3,040
Lease purchase agreement with blended monthly payments of \$749 with interest at 4.50%, due in 2016.	2,208	11,193
Lease purchase agreement with blended monthly payments of \$392 with interest at 8.5%, due in 2016.	6,601	10,557
Lease purchase agreement with blended monthly payments of \$486 with interest at 13.2%, due in 2018.	15,962	-
Lease purchase agreement with blended monthly payments of \$750 with interest at 4.0%, due in 2017.	24,500	-
Advances on construction of waste pollution control plant, terms to be finalized upon completion of the plant's construction.	200,000	-
	782,833	622,806

(b) The long term debt in (a) issued in the name of the Town 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 \$21,152 (2013 - \$23,397).

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

6. LONG TERM DEBT, continued

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

	Principal \$	Interest \$	Total \$
2015	178,967	17,527	196,494
2016	101,335	11,889	113,224
2017	99,676	8,122	107,798
2018	88,715	4,906	93,621
2019	79,790	2,237	82,027
2020 and subsequent years	34,350	1,085	35,435
Advances with terms to be determined	200,000	-	200,000
	782,833	45,766	828,599

7. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2014 \$	2013 \$
Waste pollution control plant expansion	414,685	37,181
Water intake replacement project	-	293,471
Accessibility grant	-	49,542
Asset management program	-	4,892
Other	37,412	28,945
	452,097	414,031

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

8. TANGIBLE CAPITAL ASSETS

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

	2014	2013
	\$	\$
General		
Land and land improvements	1,059,683	658,902
Buildings	3,156,634	2,674,246
Machinery and equipment	1,414,614	1,387,054
Vehicles	276,226	323,782
Computer hardware and software	20,097	6,379
Infrastructure		
Roadways	271,038	208,046
Water and sewer system	1,048,440	1,030,873
	7,246,732	6,289,282
Assets under construction	1,855,242	522,605
	9,101,974	6,811,887

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

During the year there were no write-downs of assets (2013 - \$Nil) and no interest capitalized (2013 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2014	2013
	\$	\$
General government	375,247	131,725
Protection services	256,148	275,855
Transportation services	1,124,121	967,798
Environmental services	4,453,630	2,629,835
Health services	45,971	46,910
Recreation and cultural services	2,846,857	2,759,764
	9,101,974	6,811,887

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Surplus/(Deficit)		
Town	(250,169)	(188,905)
Water and sewer system	648,290	317,702
Deseronto Public Library Board	16,989	13,707
Deseronto Cemetery Board	26,154	17,135
	<u>441,264</u>	<u>159,639</u>
Invested In Capital Assets		
Tangible capital assets - net book value	9,101,974	6,811,887
Long term debt	(782,833)	(622,806)
	<u>8,319,141</u>	<u>6,189,081</u>
Surplus	<u>8,760,405</u>	<u>6,348,720</u>
Reserves		
Working funds	321,276	302,713
Future capital assets	62,464	69,773
Water and sewer	110,043	190,978
Zoning	6,688	6,688
Library donations	4,518	59
	<u>504,989</u>	<u>570,211</u>
Total Reserves	<u>504,989</u>	<u>570,211</u>
	<u>9,265,394</u>	<u>6,918,931</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

10. EXPENSES BY OBJECT

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

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
Salaries and benefits	1,271,092	1,256,289	1,235,940
Interest charges	21,276	21,152	23,397
Materials	1,381,041	1,286,542	1,195,189
Contracted services	622,500	661,127	661,980
Rents and financial	10,015	8,591	14,490
External transfers	22,040	17,035	26,855
Amortization	428,650	476,855	429,588
Loss on disposal of tangible capital assets	-	32,162	26,627
	3,756,614	3,759,753	3,614,066

11. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2014 were \$64,970 (2013 - \$68,444).

12. TRUST FUNDS

Trust funds administered by the Town amounting to \$111,924 (2013 - \$107,490) 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 Town for the benefit of others, they are not presented as part of the Town's financial position or operations.

13. BUDGET FIGURES

The budget, approved by the Town, for 2014 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

14. CONTINGENT LIABILITIES

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

15. COMMITMENT

The Town has entered into a contract for the expansion of the water treatment plant for \$8,000,000. The remaining commitment at December 31, 2014 is \$6,150,000. The Mohawks of the Bay of Quinte have committed to funding 50% of the project. The Town plans to finance the remaining 50% of the project through government grants, user charges and long term debt.

16. SEGMENTED INFORMATION

The Town of Deseronto is a municipal government organization that provides a range of services to its residents. Town 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 Town and its programs and services.

Protection Services

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

Transportation Services

The activities of the transportation function include construction and maintenance of the Town's roads, winter control, street lighting and transit services.

Environmental Services

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

Health Services

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

16. SEGMENTED INFORMATION, continued

Recreation and Cultural Services

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

Planning and Development

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

17. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWN OF DESERONTO

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2014**

	General		Computer Hardware and Software	Infrastructure		Assets Under Construction	Totals		
	Land and Land Improvements	Buildings		Machinery and Equipment	Vehicles			Water and Sewer System	
	\$	\$	\$	\$	\$	\$	\$		
COST									
Balance, beginning of year	1,483,290	5,782,368	3,247,428	785,803	60,243	1,815,647	2,658,094	522,605	16,355,478
Add: additions during the year	435,842	692,719	163,049	-	23,261	80,784	79,375	1,332,637	2,807,667
Less: disposals during the year	65,548	43,582	16,038	11,000	4,935	-	-	-	141,103
Balance, end of year	1,853,584	6,431,505	3,394,439	774,803	78,569	1,896,431	2,737,469	1,855,242	19,022,042
ACCUMULATED AMORTIZATION									
Balance, beginning of year	824,388	3,108,122	1,860,374	462,021	53,864	1,607,601	1,627,221	-	9,543,591
Add: additions during the year	35,061	172,366	135,489	46,768	7,571	17,792	61,808	-	476,855
Less: disposals during the year	65,548	5,617	16,038	10,212	2,963	-	-	-	100,378
Balance, end of year	793,901	3,274,871	1,979,825	498,577	58,472	1,625,393	1,689,029	-	9,920,068
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,059,683	3,156,634	1,414,614	276,226	20,097	271,038	1,048,440	1,855,242	9,101,974

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(345,645)	656,200	480,539	7,250	12,740	453,953	15,400	1,280,437
User charges	19,737	7,000	156,130	1,076,680	16,440	223,215	8,124	1,507,326
Government transfers - operating	666,380	-	-	4,409	-	9,398	-	680,187
Government transfers - capital	49,542	-	-	1,428,063	-	39,031	-	1,516,636
Other municipalities	-	-	30,000	200,000	-	-	-	230,000
Penalties and interest	66,906	-	-	3,508	-	-	-	70,414
Federal gas tax earned	-	-	261,536	-	-	22,387	-	283,923
Provincial gas tax earned	-	-	100,147	-	-	-	-	100,147
Investment income	-	-	-	891	680	1,786	-	3,357
Donations and fundraising	-	-	-	-	-	40,973	-	40,973
Other grants	-	-	35,000	313,932	-	5,417	2,000	356,349
Other	36,467	-	-	-	-	-	-	36,467
Total revenues	493,387	663,200	1,063,352	3,034,733	29,860	796,160	25,524	6,106,216
Expenses								
Salaries and benefits	215,770	49,676	428,693	257,489	-	249,766	54,895	1,256,289
Interest charges	1,322	3,451	1,579	2,856	-	11,944	-	21,152
Materials	89,495	66,021	298,916	512,820	2,468	295,048	21,774	1,286,542
Contracted services	58,095	492,148	1,102	93,858	10,100	5,824	-	661,127
Rents and financial	5,230	-	931	1,219	-	1,211	-	8,591
External transfers	5,009	12,826	(1,000)	-	-	200	-	17,035
Amortization	12,180	29,767	100,358	185,269	939	148,342	-	476,855
Loss on disposal of tangible capital assets	-	-	32,162	-	-	-	-	32,162
Internal transfers	(47,819)	-	(21,800)	60,119	9,500	-	-	-
Total expenses	339,282	653,889	840,941	1,113,630	23,007	712,335	76,669	3,759,753
Net surplus/(deficit)	154,105	9,311	222,411	1,921,103	6,853	83,825	(51,145)	2,346,463

CORPORATION OF THE TOWN OF DESERONTO

**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2013**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	81,276	155,068	484,850	44,089	13,500	354,364	83,941	1,217,088
User charges	15,124	8,585	131,551	1,032,954	9,235	205,432	2,850	1,405,731
Government transfers - operating	157,619	496,400	-	-	-	6,944	-	660,963
Government transfers - capital	-	-	458	138,159	-	31,722	-	170,339
Other municipalities	-	-	30,000	-	-	-	-	30,000
Penalties and interest	67,808	-	-	3,080	-	-	-	70,888
Federal gas tax earned	-	-	54,047	-	-	-	-	54,047
Provincial gas tax earned	-	-	78,705	-	-	-	-	78,705
Investment income	826	-	-	615	751	115	-	2,307
Donations and fundraising	-	-	-	-	-	55,750	-	55,750
Other grants	-	-	20,000	58,627	-	1,106	45,000	124,733
Other	34,255	-	-	-	-	-	-	34,255
Total revenues	356,908	660,053	799,611	1,277,524	23,486	655,433	131,791	3,904,806
Expenses								
Salaries and benefits	241,016	49,799	396,232	245,652	-	252,790	50,451	1,235,940
Interest charges	-	4,039	2,675	4,402	-	12,281	-	23,397
Materials	75,561	34,699	259,651	471,898	1,344	273,551	78,485	1,195,189
Contracted services	57,978	497,193	8,849	85,067	4,600	8,293	-	661,980
Rents and financial	8,885	-	53	848	-	4,704	-	14,490
External transfers	16,357	10,298	-	-	-	200	-	26,855
Amortization	7,087	32,841	97,774	153,417	938	137,531	-	429,588
Loss on disposal of tangible capital assets	-	-	26,627	-	-	-	-	26,627
Internal transfers	(45,950)	-	(19,250)	55,700	9,500	-	-	-
Total expenses	360,934	628,869	772,611	1,016,984	16,382	689,350	128,936	3,614,066
Net surplus/(deficit)	(4,026)	31,184	27,000	260,540	7,104	(33,917)	2,855	290,740

INDEPENDENT AUDITORS' REPORT**To the Board of Directors of Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2014, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Deseronto as at December 31, 2014 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Peterborough, Ontario
July 9, 2015

CORPORATION OF THE TOWN OF DESERONTO

**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2014 Total \$	2013 Total \$
FINANCIAL ASSETS					
Cash	34,558	-	2,213	36,771	33,763
Investments (note 2)	70,202	1,000	-	71,202	71,202
Due from Cemetery Board	5,798	-	-	5,798	4,377
Accrued interest	303	63	-	366	360
Due from Town	-	-	1,300	1,300	1,301
	110,861	1,063	3,513	115,437	111,003
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Due to Province of Ontario	-	-	3,513	3,513	3,513
FUND BALANCES					
Capital	110,861	1,000	-	111,861	107,435
Income	-	63	-	63	55
	110,861	1,063	-	111,924	107,490
	110,861	1,063	3,513	115,437	111,003

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2014**

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2014 Total \$	2013 Total \$
BALANCES - beginning of year	106,435	1,055	-	107,490	104,477
RECEIPTS					
Interest earned	578	8	1	587	632
Care and maintenance receipts	4,410	-	-	4,410	2,990
	4,988	8	1	4,997	3,622
EXPENSES					
Transfer to Cemetery Board current fund	562	-	-	562	607
Transfer to Town	-	-	1	1	2
	562	-	1	563	609
BALANCES - end of year	110,861	1,063	-	111,924	107,490

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. 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 Funds financial instruments consist of cash, investments, accrued interest, due from Cemetery Board, due from Town and due to Province of Ontario. 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 Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Town's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

The investments held in the trusts at the end of the year are as follows:

	Market Value \$	2014 Cost \$	2013 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.8%, maturing May 26, 2015	61,202	61,202	61,202
- interest at 0.8%, maturing November 16, 2015	9,000	9,000	9,000
- interest at 0.9%, maturing January 14, 2015	1,000	1,000	1,000
	<hr/> 71,202	<hr/> 71,202	<hr/> 71,202

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

3. ONTARIO HOME RENEWAL PROGRAM LOANS

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

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

4. CEMETERY PERPETUAL CARE

These trust funds represent a portion of the sale of cemetery plots and monument foundations at the Deseronto Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the Cemetery.

CORPORATION OF THE TOWN OF DESERONTO
DESERONTO PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT**To the Members of the Deseronto Public Library Board, the Members of Council,
Inhabitants and Ratepayers of the Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying financial statements of the Deseronto Public Library Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2014, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Board derives revenue from user charges, donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to revenues, assets and accumulated surplus.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Public Library Board as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLPChartered Professional Accountants
Peterborough, Ontario
July 9, 2015

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	20,712	15,050
Accounts receivable	865	798
HST receivable	3,342	3,198
TOTAL FINANCIAL ASSETS	24,919	19,046
LIABILITIES		
Accounts payable	3,412	5,280
NET FINANCIAL ASSETS	21,507	13,766
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	30,356	33,358
ACCUMULATED SURPLUS (note 3)	51,863	47,124

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2014**

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Contribution from Town	95,000	102,500	97,923
Grants	10,176	10,185	8,914
User charges	1,000	2,119	1,804
Donations and fundraising	1,700	7,061	8,019
Investment income	15	148	115
Rent	7,200	7,200	6,875
TOTAL REVENUES	115,091	129,213	123,650
EXPENSES			
Salaries and benefits	75,350	74,814	79,232
Utilities	9,030	8,653	8,379
Administration	5,315	7,673	5,349
Insurance	1,650	1,628	1,005
Professional fees	5,150	5,100	4,500
Repairs and maintenance	8,150	2,825	4,192
Other	-	2,474	3,006
Computers and automation	10,841	10,901	10,767
Amortization	11,903	10,406	11,903
TOTAL EXPENSES	127,389	124,474	128,333
ANNUAL SURPLUS/(DEFICIT)	(12,298)	4,739	(4,683)
ACCUMULATED SURPLUS - beginning of year	47,124	47,124	51,807
ACCUMULATED SURPLUS - end of year	34,826	51,863	47,124

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2014**

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS/(DEFICIT)	(12,298)	4,739	(4,683)
Amortization of tangible capital assets	11,903	10,406	11,903
Acquisition of tangible capital assets	(7,105)	(7,404)	(5,990)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(7,500)	7,741	1,230
NET FINANCIAL ASSETS - beginning of year	13,766	13,766	12,536
NET FINANCIAL ASSETS - end of year	6,266	21,507	13,766

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014**

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	4,739	(4,683)
Increase in accounts receivable	(67)	(798)
Increase in HST receivable	(144)	(685)
Increase/(decrease) in accounts payable	(1,868)	2,018
Non-cash charges to operations		
Amortization of tangible capital assets	10,406	11,903
Net increase in cash from operating transactions	13,066	7,755
CAPITAL		
Acquisition of tangible capital assets	(7,404)	(5,990)
INCREASE IN CASH	5,662	1,765
CASH - beginning of year	15,050	13,285
CASH - end of year	20,712	15,050

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. 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. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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.

(b) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, HST receivable and accounts payable. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

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

Books	7 years
Computer equipment	5 years

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

(e) Non-Financial Assets

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

(f) 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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Reserves

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

2. TANGIBLE CAPITAL ASSETS

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

	Books	Computers	2014	2013
	\$	\$	Totals	Totals
			\$	\$
COST				
Balance, beginning of year	78,066	10,772	88,838	86,581
Add: additions during the year	7,404	-	7,404	5,990
Less: disposals during the year	16,038	-	16,038	3,733
Balance, end of year	69,432	10,772	80,204	88,838
ACCUMULATED AMORTIZATION				
Balance, beginning of year	46,801	8,679	55,480	47,310
Add: additions during the year	9,278	1,128	10,406	11,903
Less: disposals during the year	16,038	-	16,038	3,733
Balance, end of year	40,041	9,807	49,848	55,480
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	29,391	965	30,356	33,358

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Surplus		
Operations	16,989	13,707
Invested In Capital Assets		
Tangible capital assets - net book value	30,356	33,358
Reserves		
Donations	4,518	59
	<u>51,863</u>	<u>47,124</u>

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2014 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWN OF DESERONTO
DESERONTO CEMETERY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT**To the Members of the Deseronto Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying financial statements of the Deseronto Cemetery Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2014, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Cemetery Board as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
July 9, 2015

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	33,268	21,359
HST receivable	-	2,588
Accounts receivable	-	339
TOTAL FINANCIAL ASSETS	33,268	24,286
LIABILITIES		
Accounts payable	1,315	850
Due to trust fund	5,799	4,377
Due to Town	-	1,924
TOTAL LIABILITIES	7,114	7,151
NET FINANCIAL ASSETS	26,154	17,135
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	45,971	46,910
ACCUMULATED SURPLUS (note 3)	72,125	64,045

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2014**

	Actual 2014 \$	Actual 2013 \$
REVENUES		
Contribution from Town	12,740	13,500
Burial fees	9,525	5,650
Sale of plots	6,915	3,585
Investment income	118	143
Perpetual care interest	562	607
Other revenue	1,227	-
TOTAL REVENUES	31,087	23,485
EXPENSES		
Maintenance contract	9,500	9,500
Interments	8,600	3,160
Administration	3,237	2,040
Repairs	731	743
Amortization	939	937
TOTAL EXPENSES	23,007	16,380
ANNUAL SURPLUS	8,080	7,105
ACCUMULATED SURPLUS - beginning of year	64,045	56,940
ACCUMULATED SURPLUS - end of year	72,125	64,045

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2014**

	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS	8,080	7,105
Amortization of tangible capital assets	939	937
Acquisition of tangible capital assets	-	(19,970)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	9,019	(11,928)
NET FINANCIAL ASSETS - beginning of year	17,135	29,063
NET FINANCIAL ASSETS - end of year	26,154	17,135

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014**

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	8,080	7,105
Decrease in due from Town	-	9,247
(Increase)/decrease in HST receivable	2,588	(1,418)
(Increase)/decrease in accounts receivable	339	(339)
Increase in accounts payable	465	-
Increase/(decrease) in due to trust fund	1,422	(1,333)
Increase/(decrease) in due to Town	(1,924)	1,924
Non-cash charges to operations		
Amortization of tangible capital assets	939	937
Net increase in cash from operating transactions	11,909	16,123
CAPITAL		
Acquisition of tangible capital assets	-	(19,970)
INCREASE/(DECREASE) IN CASH	11,909	(3,847)
CASH - beginning of year	21,359	25,206
CASH - end of year	33,268	21,359

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. 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. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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.

(b) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Financial Instruments

The Board's financial instruments consist of cash, accounts payable and due to trust fund. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board's tangible capital assets include land which is not amortized and land improvements which are amortized on a straight-line basis over 20 years.

(e) Non-Financial Assets

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

(f) Trust Funds

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

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2014 Totals \$	2013 Totals \$
COST				
Balance, beginning of year	18,723	30,740	49,463	29,493
Add: additions during the year	-	-	-	19,970
Balance, end of year	18,723	30,740	49,463	49,463
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	2,553	2,553	1,616
Add: additions during the year	-	939	939	937
Balance, end of year	-	3,492	3,492	2,553
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,723	27,248	45,971	46,910

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014 \$	2013 \$
Surplus		
Operations	26,154	17,135
Invested In Capital Assets		
Tangible capital assets - net book value	45,971	46,910
	72,125	64,045

4. TRUST FUND

Trust funds administered by the Board amounting to \$110,862 (2013 - \$106,435) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

INDEPENDENT AUDITORS' REPORT**To the Members of the Deseronto Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying financial statements of the Deseronto Cemetery Board Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2014, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Deseronto Cemetery Board as at December 31, 2014 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
July 9, 2015

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
PERPETUAL CARE TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	34,558	31,551
Investments (note 2)	70,202	70,202
Due from Cemetery Board	5,799	4,377
Accrued interest	303	305
	<u>110,862</u>	<u>106,435</u>
FUND BALANCE	<u>110,862</u>	<u>106,435</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
PERPETUAL CARE TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2014**

	2014	2013
	\$	\$
BALANCE - beginning of year	106,435	103,431
RECEIPTS		
Interest income	579	621
Care and maintenance fund	4,410	2,990
	4,989	3,611
EXPENSES		
Transfer to Cemetery Board	562	607
BALANCE - end of year	110,862	106,435

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD PERPETUAL CARE TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. 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 Funds' financial instruments consist of cash, investments, due from Cemetery Board and accrued interest. 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 Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

The investments held in the trust at the end of the year at cost are as follows:

	Market Value \$	2014 Cost \$	2013 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.8%, maturing May 26, 2015	61,202	61,202	61,202
- interest at 0.8%, maturing November 16, 2015	9,000	9,000	9,000
	70,202	70,202	70,202

3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.
