

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2018

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 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 Town. Baker Tilly KDN LLP has full and free access to Council.

Mayor

Date

08/14/19

CAO/Clerk-Treasurer

Date

08/14/19

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Deseronto***Opinion*

We have audited the consolidated financial statements of the Corporation of the Town of Deseronto and its local boards (the Town), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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 Town as at December 31, 2018, 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 Town 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 financial statements of the Town as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 20, 2019

CORPORATION OF THE TOWN OF DESERONTO



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investment (note 3)	318,651	992,295
Taxes receivable	431,225	331,932
Accounts receivable	2,384,904	1,050,026
TOTAL FINANCIAL ASSETS	3,134,780	2,374,253
LIABILITIES		
Bank overdraft (note 10)	353,923	-
Accounts payable and accrued liabilities	1,013,695	616,461
Deferred revenue - obligatory reserve funds (note 4)	331,006	348,618
Deferred revenue - other (note 5)	74,301	58,838
Long term debt (note 6)	1,975,048	1,608,291
Liability for contaminated sites (note 7)	123,800	123,800
TOTAL LIABILITIES	3,871,773	2,756,008
NET FINANCIAL ASSETS/(LIABILITIES)	(736,993)	(381,755)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	19,572,664	16,268,371
Prepaid expenses	9,227	14,173
TOTAL NON-FINANCIAL ASSETS	19,581,891	16,282,544
ACCUMULATED SURPLUS (note 9)	18,844,898	15,900,789

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	1,384,000	1,366,676	1,381,782
User charges	1,594,179	1,499,460	1,695,075
Government of Canada	9,000	1,276,493	184,284
Province of Ontario	836,276	2,075,678	891,847
Other municipalities	42,550	42,200	42,200
Penalties and interest	55,000	53,558	44,910
Federal gas tax earned	110,000	50,000	52,509
Provincial gas tax earned	155,827	266,939	165,262
Investment income	2,715	8,331	3,423
Donations and fundraising	9,000	5,465	13,770
Mohawks of the Bay of Quinte	-	424,915	63,302
Other grants	98,204	44,565	173,847
Gain on disposal of tangible capital assets	-	-	18,112
TOTAL REVENUES	4,296,751	7,114,280	4,730,323
EXPENSES			
General government	395,782	409,144	367,777
Protection services	606,397	602,015	575,230
Transportation services	935,941	968,652	900,689
Environmental services	1,504,758	1,477,388	1,534,381
Health services	21,894	16,943	21,125
Recreation and cultural services	688,466	685,601	714,497
Planning and development	52,600	10,428	2,582
TOTAL EXPENSES	4,205,838	4,170,171	4,116,281
ANNUAL SURPLUS	<u>90,913</u>	2,944,109	614,042
ACCUMULATED SURPLUS - beginning of year		15,900,789	15,286,747
ACCUMULATED SURPLUS - end of year		18,844,898	15,900,789

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	90,913	2,944,109	614,042
Amortization of tangible capital assets	774,731	815,529	774,731
Purchase of tangible capital assets	(531,561)	(4,125,822)	(850,774)
Gain on disposal of tangible capital assets	-	-	(18,112)
Proceeds on sale of tangible capital assets	-	6,000	55,838
Change in prepaid expenses	-	4,946	(3,895)
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	334,083	(355,238)	571,830
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	(381,755)	(381,755)	(953,585)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(47,672)	(736,993)	(381,755)

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, 2018

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,944,109	614,042
Items not involving cash		
Amortization of tangible capital assets	815,529	774,731
Gain on disposal of tangible capital assets	-	(18,112)
Change in non-cash assets and liabilities		
Taxes receivable	(99,293)	59,296
Accounts receivable	(1,334,878)	(190,448)
Prepaid expenses	4,946	(3,895)
Accounts payable and accrued liabilities	397,234	(133,355)
Deferred revenue - obligatory reserve funds	(17,612)	57,476
Deferred revenue - other	15,463	(134,158)
Net change in cash from operating activities	2,725,498	1,025,577
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,125,822)	(850,774)
Proceeds on disposal of tangible capital assets	6,000	55,838
Net change in cash from capital activities	(4,119,822)	(794,936)
FINANCING ACTIVITIES		
Long term debt issued	531,314	-
Debt principal repayments	(164,557)	(688,108)
Net change in cash from financing activities	366,757	(688,108)
NET CHANGE IN CASH AND TEMPORARY INVESTMENT	(1,027,567)	(457,467)
CASH AND TEMPORARY INVESTMENTS - beginning of year	992,295	1,449,762
CASH AND TEMPORARY INVESTMENTS - end of year	(35,272)	992,295
Comprised of:		
Cash and temporary investment	318,651	992,295
Bank overdraft	(353,923)	-
	(35,272)	992,295

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 consolidated financial statements include:

- Deseronto Public Library Board
- Deseronto Cemetery Board

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

(b) Tangible Capital Assets

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

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

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.

Property 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.

Government funding and grants

Government funding and grants are 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, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal and Provincial gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(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

Certain amounts, as approved by Council, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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) 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 Town'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 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;
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances; and
- The amount recorded for liability for contaminated sites is based on estimates of future costs.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2018, 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	240,463	312,453

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

3. CASH AND TEMPORARY INVESTMENT

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

	2018 \$	2017 \$
Parkland Guaranteed Investment Certificate - interest at 0.6%, maturing March 10, 2019	9,831	9,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

4. 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:

	2018	2017
	\$	\$
Parkland	14,548	14,535
Lot levy	16,242	16,233
Federal gas tax	202,466	138,724
Provincial gas tax	97,750	179,126
	331,006	348,618

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

	2018	2017
	\$	\$
Balance - beginning of year	348,618	291,142
Add amounts received:		
Interest	2,185	920
Federal gas tax	111,580	109,911
Provincial gas tax	185,562	164,416
	299,327	275,247
Less transfer to operations:		
Federal gas tax	50,000	52,509
Provincial gas tax	266,939	165,262
	316,939	217,771
Balance - end of year	331,006	348,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
Source water protection	1,637	21,228
Main street revitalization	39,200	-
Rental deposits	2,503	3,649
Arctic Gardens	27,465	27,465
Library	3,496	6,496
	74,301	58,838

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:

	2018	2017
	\$	\$
Long term bank loan with monthly principal payments of \$990 plus interest at prime rate, currently at 3.0%, due in 2022.	39,260	51,140
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	39,650	51,290
Long term bank loan with monthly payments of \$1,635 plus interest at prime, currently 3.0%, due in 2020.	25,960	45,580
Long term bank loan with monthly payments of \$4,592 plus interest at prime, currently 3.0%, due in 2019.	48,530	103,634
Lease purchase agreement with blended monthly payments of \$486 with interest at 13.2%, due in 2018.	-	2,351
Lease purchase agreement with blended monthly payments of \$1,370 with interest at 14.69%, due in 2020.	24,756	-
Lease purchase agreement with blended monthly payments of \$3,039 with interest at 5.55%, due in 2020.	37,069	68,843
Ontario Infrastructure and Lands Corporation due May 1, 2047, repayable in blended monthly payments of \$5,809 and bearing interest at 3.46% per annum.	1,259,823	1,285,453
Advances from OILC on construction of water treatment plant, terms to be finalized upon completion of construction.	500,000	-
	1,975,048	1,608,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. LONG TERM DEBT, continued

- (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) The long term debt in (a) includes \$61,825 related to capital leases (2017 - \$71,194).
- (d) The total interest charges reported on the Consolidated Schedules of Segment Disclosure of \$57,350 (2017 - \$51,490) include interest paid during the year on long term debt in the amount of \$52,002 (2017 - \$45,515) and imputed interest on capital leases in the amount of \$5,348 (2017 - \$5,975).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2019	164,121	49,506	213,627
2020	73,229	45,339	118,568
2021	51,949	41,906	93,855
2022	37,779	40,330	78,109
2023	30,463	39,240	69,703
2024 and subsequent years	1,117,507	553,950	1,671,457
Advances with terms to be determined	500,000	-	500,000
	1,975,048	770,271	2,745,319

7. LIABILITY FOR CONTAMINATED SITES

The Town has recorded a liability for a piece of property with known contamination. The liability has been recorded in these financial statements based on a consultant's estimate of the costs to clean up the site. The Town has a reserve of \$27,465 for the cleanup of this site and the balance will be funded in the future from taxation.

The Town has another property that may be contaminated that it is currently investigating. No amounts relating to this site have been recorded in these financial statements as the amounts are not determinable at this time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land and land improvements	1,137,835	1,182,848
Buildings	3,355,994	3,506,485
Machinery and equipment	8,738,254	9,034,447
Vehicles	397,533	255,756
Computer hardware and software	176,324	190,898
Infrastructure		
Roadways	627,054	584,167
Water and sewer system	801,607	863,291
	15,234,601	15,617,892
Assets under construction	4,338,063	650,479
	19,572,664	16,268,371

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	346,845	358,728
Protection services	279,701	313,645
Transportation services	1,713,333	1,611,716
Environmental services	14,836,847	11,465,592
Health services	57,512	59,406
Recreation and cultural services	2,338,426	2,459,284
	19,572,664	16,268,371

The net book value of tangible capital assets above includes the calculated cost of capital leases in the amount of \$281,072 (2017 - \$229,407) and accumulated amortization of \$74,879 (2017 - \$45,631). In addition, the amortization reported on the Consolidated Schedules of Segment Disclosure includes amortization of capital leases in the amount of \$22,374 (2017 - \$17,207).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Town	(138,804)	-
Unfunded remediation costs of contaminated sites	(123,800)	(123,800)
Deseronto Public Library Board	36,070	28,560
Deseronto Cemetery Board	52,413	38,160
	(174,121)	(57,080)
Invested In Capital Assets		
Tangible capital assets - net book value	19,572,664	16,268,371
Long term debt	(1,975,048)	(1,608,291)
Unfunded capital - water treatment plant	(406,688)	(117,561)
	17,190,928	14,542,519
Surplus	17,016,807	14,485,439
Reserves		
Working funds	680,575	680,575
Future capital assets	393,725	186,187
Water and sewer	733,552	531,952
Zoning	6,688	6,688
Library donations	13,551	9,948
Total Reserves	1,828,091	1,415,350
	18,844,898	15,900,789

10. 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 02-18. At December 31, 2018 there was an overdraft balance outstanding of \$353,923 (2017 - \$Nil).

11. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

12. EXPENSES BY OBJECT

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	1,338,139	1,388,107	1,268,226
Interest charges	46,100	57,350	51,490
Materials	1,399,218	1,283,668	1,411,908
Contracted services	621,250	593,497	571,522
Rents and financial	10,800	8,735	11,157
External transfers	15,600	23,285	27,247
Amortization	774,731	815,529	774,731
	4,205,838	4,170,171	4,116,281

13. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 Town does not recognize any share of the OMERS pension surplus or deficit.

The Town's required contributions to OMERS in 2018 were \$67,560 (2017 - \$64,335).

14. TRUST FUNDS

Trust funds administered by the Town amounting to \$122,985 (2017 - \$121,626) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

15. BUDGET FIGURES

The budget, approved by the Town, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). The budget 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.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	4,538,927	4,538,927
Total Council approved budget	4,538,927	4,538,927
Less: Tangible capital assets capitalized	-	(531,561)
Add: Amortization of tangible capital assets	-	774,731
Less: Principal repayment of long term debt	-	(177,000)
Less: Transfers to/from reserves	(239,586)	(396,669)
Internal charges	(94,900)	(94,900)
Revenues and expenses netted for reporting purposes	71,000	71,000
Library budget excluding Town contribution	21,310	21,310
Adjusted budget per Consolidated Statement of Operations	4,296,751	4,205,838

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.

16. SEGMENTED INFORMATION, continued

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.

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. COMMITMENTS

The Town has entered into a contract for the expansion of the water treatment plant for \$7,345,000. The remaining commitment at December 31, 2018 is \$3,535,447. The Mohawks of the Bay of Quinte have committed to funding 11.67% of the total project. The Town plans to finance the remaining 88.33% of the project through government grants, user charges and long term debt.

During 2018, the Town entered into a multi year agreement until December 31, 2022 for the collection of waste and recycling. The cost for 2018 was \$68,250 plus HST with annual adjustments based on consumer price index. The agreement includes landfill disposal costs of \$94 per metric ton of waste and \$50 per metric ton of e-waste as well as other per use costs.

CORPORATION OF THE TOWN OF DESERONTO



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2018

	General					Infrastructure			Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Computer Hardware and Software \$	Roadways \$	Water and Sewer System \$	Assets Under Construction \$	
COST									
Balance, beginning of year	2,099,482	6,581,394	11,248,840	809,688	283,616	2,194,353	2,737,469	650,479	26,605,321
Add: additions during the year	-	11,586	132,802	211,206	-	82,644	-	3,687,584	4,125,822
Less: disposals during the year	-	-	7,518	15,773	-	10,634	-	-	33,925
Balance, end of year	2,099,482	6,592,980	11,374,124	1,005,121	283,616	2,266,363	2,737,469	4,338,063	30,697,218
ACCUMULATED AMORTIZATION									
Balance, beginning of year	916,634	3,074,909	2,214,393	553,932	92,718	1,610,186	1,874,178	-	10,336,950
Add: additions during the year	45,013	162,077	428,995	63,429	14,574	39,757	61,684	-	815,529
Less: disposals during the year	-	-	7,518	9,773	-	10,634	-	-	27,925
Balance, end of year	961,647	3,236,986	2,635,870	607,588	107,292	1,639,309	1,935,862	-	11,124,554
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	1,137,835	3,355,994	8,738,254	397,533	176,324	627,054	801,607	4,338,063	19,572,664

CORPORATION OF THE TOWN OF DESERONTO



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(340,224)	627,000	555,400	36,000	20,000	456,300	12,200	1,366,676
User charges	5,377	9,168	115,727	1,193,922	8,244	167,007	15	1,499,460
Government transfers - operating	717,680	-	53,509	-	-	10,276	-	781,465
Government transfers - capital	-	-	50,000	2,520,706	-	-	-	2,570,706
Other municipalities	-	-	42,200	-	-	-	-	42,200
Penalties and interest	47,916	-	-	5,642	-	-	-	53,558
Federal gas tax earned	-	-	50,000	-	-	-	-	50,000
Provincial gas tax earned	-	-	266,939	-	-	-	-	266,939
Investment income	4,525	-	-	2,284	1,058	464	-	8,331
Donations and fundraising	-	-	162	-	-	5,303	-	5,465
Mohawks of the Bay of Quinte	-	-	-	424,915	-	-	-	424,915
Other grants	-	9,047	35,518	-	-	-	-	44,565
Total revenues	435,274	645,215	1,169,455	4,183,469	29,302	639,350	12,215	7,114,280
Expenses								
Salaries and benefits	289,378	56,305	503,296	297,228	-	241,900	-	1,388,107
Interest charges	89	5,988	2,195	44,683	-	4,395	-	57,350
Materials	102,345	55,503	323,114	504,553	1,974	285,751	10,428	1,283,668
Contracted services	48,710	427,669	4,396	101,098	6,075	5,549	-	593,497
Rents and financial	5,959	-	-	2,776	-	-	-	8,735
External transfers	1,624	21,661	-	-	-	-	-	23,285
Amortization	11,882	33,944	164,406	457,631	1,894	145,772	-	815,529
Internal transfers	(50,843)	945	(28,755)	69,419	7,000	2,234	-	-
Total expenses	409,144	602,015	968,652	1,477,388	16,943	685,601	10,428	4,170,171
Net surplus/(deficit)	26,130	43,200	200,803	2,706,081	12,359	(46,251)	1,787	2,944,109

CORPORATION OF THE TOWN OF DESERONTO



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	596,455	203,665	38,125	15,000	524,137	4,400	1,381,782
User charges	12,655	200	134,024	1,313,620	19,369	214,007	1,200	1,695,075
Government transfers - operating	250,012	-	401,588	-	-	12,803	-	664,403
Government transfers - capital	-	-	50,000	361,728	-	-	-	411,728
Other municipalities	-	-	42,200	-	-	-	-	42,200
Penalties and interest	40,505	-	-	4,405	-	-	-	44,910
Federal gas tax earned	-	-	52,509	-	-	-	-	52,509
Provincial gas tax earned	-	-	165,262	-	-	-	-	165,262
Investment income	3,423	-	-	-	-	-	-	3,423
Donations and fundraising	-	-	-	-	-	13,770	-	13,770
Mohawks of the Bay of Quinte	-	-	-	63,302	-	-	-	63,302
Other grants	-	-	161,500	8,885	-	3,462	-	173,847
Gain (loss) on disposal of tangible capital assets	15,238	-	2,874	-	-	-	-	18,112
Total revenues	321,833	596,655	1,213,622	1,790,065	34,369	768,179	5,600	4,730,323
Expenses								
Salaries and benefits	243,045	58,870	458,021	272,457	-	235,833	-	1,268,226
Interest charges	686	6,298	1,886	36,574	-	6,046	-	51,490
Materials	104,923	47,022	337,297	597,457	3,156	319,471	2,582	1,411,908
Contracted services	44,284	403,845	4,731	102,274	9,075	7,313	-	571,522
Rents and financial	8,828	-	-	2,329	-	-	-	11,157
External transfers	4,180	22,767	-	-	-	300	-	27,247
Amortization	11,882	35,647	127,119	454,958	1,894	143,231	-	774,731
Internal transfers	(50,051)	781	(28,365)	68,332	7,000	2,303	-	-
Total expenses	367,777	575,230	900,689	1,534,381	21,125	714,497	2,582	4,116,281
Net surplus/(deficit)	(45,944)	21,425	312,933	255,684	13,244	53,682	3,018	614,042

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Town of Deseronto (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2018, and the continuity of the Trust Funds 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 Funds 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 Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

Those charged with governance are responsible for overseeing the Trust Funds' 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 Funds' 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 Funds' 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 Funds 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
August 20, 2019

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	48,673	-	48,673	44,849
Investments (note 2)	70,202	1,000	71,202	71,202
Due from Cemetery Board	2,793	-	2,793	5,320
Accrued interest	228	-	228	171
Due from Town of Deseronto	-	89	89	84
	121,896	1,089	122,985	121,626
FUND BALANCES				
Capital	121,896	1,000	122,896	121,542
Income	-	89	89	84
	121,896	1,089	122,985	121,626

TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	120,542	1,084	121,626	117,799
RECEIPTS				
Interest earned	397	5	402	371
Care and maintenance receipts	1,330	-	1,330	3,800
	1,727	5	1,732	4,171
EXPENSES				
Transfer to Cemetery Board current fund	373	-	373	344
BALANCES - end of year	121,896	1,089	122,985	121,626

The accompanying notes are an integral part of these financial statements

TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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) 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:

	2018	2017
	Cost	Cost
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 0.6%, maturing May 27, 2019	61,202	61,202
- interest at 0.6%, maturing November 15, 2019	9,000	9,000
- interest at 0.55%, maturing January 16, 2019	1,000	1,000
	71,202	71,202

3. CEMETERY PERPETUAL CARE AND MAINTENANCE

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 at the Deseronto Cemetery. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S 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****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

We have audited the financial statements of the Deseronto Public Library Board of the Corporation of the Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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 Board'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 Board'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 Board 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
August 20, 2019

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	53,199	45,800
HST receivable	3,420	2,597
TOTAL FINANCIAL ASSETS	56,619	48,397
LIABILITIES		
Accounts payable	1,952	1,893
Deferred revenue	3,496	6,496
Due to Town of Deseronto	1,550	1,500
TOTAL LIABILITIES	6,998	9,889
NET FINANCIAL ASSETS	49,621	38,508
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	23,933	23,773
ACCUMULATED SURPLUS (note 3)	73,554	62,281

The accompanying notes are an integral part of these financial statements

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Contribution from Town of Deseronto	114,500	114,500	110,000
Grants	11,895	10,748	11,002
User charges	1,100	2,607	2,551
Donations and fundraising	500	4,348	4,677
Investment income	15	464	179
Rent	7,800	7,800	7,800
TOTAL REVENUES	135,810	140,467	136,209
EXPENSES			
Salaries and benefits	90,290	83,753	86,413
Utilities	9,700	8,398	8,689
Administration	4,800	4,198	6,335
Insurance	1,694	1,817	1,649
Professional fees	4,550	4,050	5,100
Repairs and maintenance	2,200	2,939	1,787
Computers and automation	11,601	12,899	9,976
Other	3,000	3,311	4,314
Amortization	7,761	7,829	7,761
TOTAL EXPENSES	135,596	129,194	132,024
ANNUAL SURPLUS	<u>214</u>	11,273	4,185
ACCUMULATED SURPLUS - beginning of year		62,281	58,096
ACCUMULATED SURPLUS - end of year		73,554	62,281

The accompanying notes are an integral part of these financial statements

DESERONTO PUBLIC LIBRARY BOARD
 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	214	11,273	4,185
Amortization of tangible capital assets	7,761	7,829	7,761
Acquisition of tangible capital assets	(7,975)	(7,989)	(4,306)
INCREASE IN NET FINANCIAL ASSETS	-	11,113	7,640
NET FINANCIAL ASSETS - beginning of year	38,508	38,508	30,868
NET FINANCIAL ASSETS - end of year	38,508	49,621	38,508

The accompanying notes are an integral part of these financial statements

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	11,273	4,185
Items not involving cash		
Amortization of tangible capital assets	7,829	7,761
Change in non-cash assets and liabilities		
HST receivable	(823)	4,731
Accounts payable	59	189
Deferred revenue	(3,000)	(150)
Due to Town of Deseronto	50	-
Net change in cash from operating activities	15,388	16,716
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,989)	(4,306)
NET CHANGE IN CASH	7,399	12,410
CASH - beginning of year	45,800	33,390
CASH - end of year	53,199	45,800

The accompanying notes are an integral part of these financial statements

DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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.

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.

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

Donations and fundraising revenue is recognized when the amounts are received.

(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) 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.

(d) 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.

DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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) 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.

(g) Inter-Entity Transactions

The Deseronto Public Library Board is a Board of the Town of Deseronto and is consolidated with the Town's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Town.

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Computers \$	2018 Totals \$	2017 Totals \$
COST				
Balance, beginning of year	54,128	17,242	71,370	74,437
Add: additions during the year	7,989	-	7,989	4,306
Less: disposals during the year	7,518	-	7,518	7,373
Balance, end of year	54,599	17,242	71,841	71,370
ACCUMULATED AMORTIZATION				
Balance, beginning of year	35,899	11,698	47,597	47,209
Add: additions during the year	7,573	256	7,829	7,761
Less: disposals during the year	7,518	-	7,518	7,373
Balance, end of year	35,954	11,954	47,908	47,597
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,645	5,288	23,933	23,773

DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus		
Operations	36,070	28,560
Invested In Capital Assets		
Tangible capital assets - net book value	23,933	23,773
Surplus	60,003	52,333
Reserve		
Donations	13,551	9,948
	73,554	62,281

4. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 5.

**DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Town of Deseronto.

As part of the budgeting process, the Town approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the intery-entity transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Insurance	1,817	1,649
Professional fees	1,550	1,500
Water and sewer	945	939
	4,312	4,088

In addition, the Town provides rental of library building to the Board at no cost.

All balances with the Town of Deseronto have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

6. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 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.

7. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT**To the Members of the Deseronto Cemetery Board, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Deseronto***Opinion*

We have audited the financial statements of the Deseronto Cemetery Board of the Corporation of the Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and the results of its operations and 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 Financial Statements section of our report. We are independent of the Board 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 Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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
August 20, 2019

DESERONTO CEMETERY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	46,493	33,382
Due from Town of Deseronto	10,584	12,355
TOTAL FINANCIAL ASSETS	57,077	45,737
LIABILITIES		
Accounts payable	1,871	2,257
Due to trust fund	2,793	5,320
TOTAL LIABILITIES	4,664	7,577
NET FINANCIAL ASSETS	52,413	38,160
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	57,512	59,406
ACCUMULATED SURPLUS (note 4)	109,925	97,566

The accompanying notes are an integral part of these financial statements

DESERONTO CEMETERY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Contribution from Town of Deseronto	20,000	20,000	15,000
Burial fees	-	6,075	9,786
Sale of plots	-	2,169	9,583
Investment income	-	685	96
Perpetual care interest	-	373	344
TOTAL REVENUES	20,000	29,302	34,809
EXPENSES			
Maintenance contract	7,000	7,000	7,000
Interments	5,000	4,575	7,575
Administration	3,000	2,800	2,646
Repairs	5,000	674	2,009
Amortization	1,894	1,894	1,894
TOTAL EXPENSES	21,894	16,943	21,124
ANNUAL SURPLUS/(DEFICIT)	<u>(1,894)</u>	12,359	13,685
ACCUMULATED SURPLUS - beginning of year		97,566	83,881
ACCUMULATED SURPLUS - end of year		109,925	97,566

The accompanying notes are an integral part of these financial statements

DESERONTO CEMETERY BOARD
 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(1,894)	12,359	13,685
Amortization of tangible capital assets	1,894	1,894	1,894
INCREASE IN NET FINANCIAL ASSETS	-	14,253	15,579
NET FINANCIAL ASSETS - beginning of year	38,160	38,160	22,581
NET FINANCIAL ASSETS - end of year	38,160	52,413	38,160

The accompanying notes are an integral part of these financial statements

DESERONTO CEMETERY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	12,359	13,685
Items not involving cash		
Amortization of tangible capital assets	1,894	1,894
Change in non-cash assets and liabilities		
Due from Town of Deseronto	1,771	(12,355)
Accounts payable	(386)	(113)
Due to trust fund	(2,527)	1,127
NET CHANGE IN CASH	13,111	4,238
CASH - beginning of year	33,382	29,144
CASH - end of year	46,493	33,382

The accompanying notes are an integral part of these financial statements

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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.

Burial fees and plot sales are recognized as revenue in the year the goods and services are provided.

(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) 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.

(d) 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.

(e) Inter-Entity Transactions

The Deseronto Cemetery Board is a Board of the Town of Deseronto and is consolidated with the Town's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Town.

(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.

DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. TRUST FUND

Trust funds administered by the Board amounting to \$121,896 (2017 - \$120,542) 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.

3. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2018 Totals \$	2017 Totals \$
COST				
Balance, beginning of year	18,723	49,855	68,578	68,578
Balance, end of year	18,723	49,855	68,578	68,578
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	9,172	9,172	7,278
Add: additions during the year	-	1,894	1,894	1,894
Balance, end of year	-	11,066	11,066	9,172
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,723	38,789	57,512	59,406

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus		
Operations	52,413	38,160
Invested In Capital Assets		
Tangible capital assets - net book value	57,512	59,406
	109,925	97,566

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 6.

6. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Town of Deseronto.

As part of the budgeting process, the Town approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the related party expense transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Insurance	630	563
Professional fees	1,500	1,500
Grounds maintenance	7,000	7,000
	9,130	9,063

In addition, the Town provides accounting and administrative services to the Board at no cost.

All balances with the Town of Deseronto have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

7. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 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.

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Deseronto Cemetery Board, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Deseronto**

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Town of Deseronto (the Trust Fund), which comprise the statement of financial position as at December 31, 2018, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2018, 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 as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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
August 20, 2019

CORPORATION OF THE TOWN OF DESERONTO



**DESERONTO CEMETERY BOARD - PERPETUAL CARE AND
MAINTENANCE TRUST FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	48,673	44,849
Investments (note 2)	70,202	70,202
Due from Cemetery Board	2,793	5,320
Accrued interest	228	171
	121,896	120,542
FUND BALANCE	121,896	120,542

**DESERONTO CEMETERY BOARD - PERPETUAL CARE AND
MAINTENANCE TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
BALANCE - beginning of year	120,542	116,721
RECEIPTS		
Interest income	397	365
Care and maintenance fund	1,330	3,800
	1,727	4,165
EXPENSES		
Transfer to Cemetery Board	373	344
BALANCE - end of year	121,896	120,542

The accompanying notes are an integral part of these financial statements

**DESERONTO CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUND
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2018**

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) 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:

	2018	2017
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 0.6%, maturing May 27, 2019	61,202	61,202
- interest at 0.6%, maturing November 15, 2019	9,000	9,000
	70,202	70,202

3. CEMETERY PERPETUAL CARE AND MAINTENANCE

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.