

**CORPORATION OF THE TOWN OF
DESERONTO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

**CORPORATION OF THE TOWN OF
DESERONTO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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, 2022

MANAGEMENT REPORT

The accompanying consolidated financial statements of 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 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



Treasurer

February 14, 2024



Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

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 Town of Deseronto and its local boards (the Town), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2022, 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.

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.

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.

Peterborough

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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
February 14, 2024



CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and short term investment (note 3)	3,509,301	2,356,700
Taxes receivable	135,172	110,693
Accounts receivable	489,140	482,401
TOTAL FINANCIAL ASSETS	4,133,613	2,949,794
LIABILITIES		
Accounts payable and accrued liabilities	489,765	734,786
Deferred revenue - obligatory reserve funds (note 5)	821,693	761,584
Deferred revenue - other (note 6)	323,662	144,644
Long term debt (note 7)	2,788,700	2,151,995
Liability for contaminated sites (note 8)	123,800	123,800
TOTAL LIABILITIES	4,547,620	3,916,809
NET DEBT	(414,007)	(967,015)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	21,023,643	21,433,997
Prepaid expenses	13,552	9,498
TOTAL NON-FINANCIAL ASSETS	21,037,195	21,443,495
ACCUMULATED SURPLUS (note 10)	20,623,188	20,476,480

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	1,519,287	1,538,230	1,506,302
User charges	1,549,813	1,786,146	1,553,567
Government of Canada	269,220	26,000	-
Province of Ontario	1,335,654	1,021,490	869,608
Other municipalities	27,200	27,200	27,200
Penalties and interest on taxes	24,000	21,512	19,290
Investment income	18,350	43,759	15,719
Contributed capital	-	176,938	-
Canada Community-Building Fund earned	-	40,107	20,000
Provincial gas tax earned	148,417	76,825	102,960
Gain on disposal of tangible capital assets	43,000	40,700	(11,130)
Other	17,200	68,343	35,323
TOTAL REVENUES	4,952,141	4,867,250	4,138,839
EXPENSES			
General government	585,578	596,120	481,088
Protection services	701,989	696,102	673,748
Transportation services	1,056,177	1,029,350	955,973
Environmental services	1,917,192	1,800,851	1,798,468
Health services	21,894	16,898	28,515
Recreation and cultural services	581,126	536,795	494,001
Planning and development	46,300	44,426	77,926
TOTAL EXPENSES	4,910,256	4,720,542	4,509,719
ANNUAL SURPLUS/(DEFICIT)	41,885	146,708	(370,880)
ACCUMULATED SURPLUS - beginning of year		20,476,480	20,847,360
ACCUMULATED SURPLUS - end of year		20,623,188	20,476,480

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	41,885	146,708	(370,880)
Amortization of tangible capital assets	1,029,526	1,041,318	1,029,526
Purchase of tangible capital assets	(1,583,400)	(456,326)	(701,243)
Loss/(gain) on disposal of tangible capital assets	-	(40,700)	11,130
Proceeds on sale of tangible capital assets	-	43,000	-
Contributed capital assets	-	(176,938)	-
Change in prepaid expenses	-	(4,054)	742
CHANGE IN NET DEBT	(511,989)	553,008	(30,725)
NET DEBT - beginning of year	(967,015)	(967,015)	(936,290)
NET DEBT - end of year	(1,479,004)	(414,007)	(967,015)

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	146,708	(370,880)
Items not involving cash		
Amortization of tangible capital assets	1,041,318	1,029,526
Loss/(gain) on disposal of tangible capital assets	(40,700)	11,130
Contributed capital assets	(176,938)	-
Change in non-cash assets and liabilities		
Taxes receivable	(24,479)	154,013
Accounts receivable	(6,739)	490,814
Prepaid expenses	(4,054)	742
Accounts payable and accrued liabilities	(245,021)	277,681
Deferred revenue - obligatory reserve funds	60,109	249,647
Deferred revenue - other	179,018	10,368
Net change in cash from operating activities	929,222	1,853,041
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(456,326)	(701,243)
Proceeds on disposal of tangible capital assets	43,000	-
Net change in cash from capital activities	(413,326)	(701,243)
FINANCING ACTIVITIES		
Long term debt issued	714,284	-
Debt principal repayments	(77,579)	(74,596)
Net change in cash from financing activities	636,705	(74,596)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,152,601	1,077,202
CASH AND CASH EQUIVALENTS - beginning of year	2,356,700	1,279,498
CASH AND CASH EQUIVALENTS - end of year	3,509,301	2,356,700

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, 2022

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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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 - 50 years
Buildings	20 - 50 years
Roadways	10 - 50 years
Water and sewer system	30 - 50 years
Vehicles	10 - 15 years
Machinery and equipment	7 - 20 years
Computer hardware and software	5 - 10 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

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

Taxation

Property tax billings are prepared by the 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.

Investment income is recorded when earned.

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

(d) 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.

(e) 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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.

(g) 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 of tangible capital assets are based on estimates of useful life and residual values;
- 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 2022, 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	224,359	355,771

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

3. CASH AND SHORT TERM INVESTMENT

Cash and short term investments includes the following investment recorded at cost:

	2022 \$	2021 \$
Parkland Guaranteed Investment Certificate - interest at 2.0%, maturing September 2, 2023	9,946	9,946

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 01-22. At December 31, 2022 there was no balance outstanding (2021 - \$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:

	2022	2021
	\$	\$
Parkland	16,805	16,650
Lot levy	16,995	16,564
Canada Community-Building Fund	622,405	536,314
Provincial gas tax	165,488	192,056
	821,693	761,584

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

	2022	2021
	\$	\$
Balance - beginning of year	761,584	511,937
Add amounts received:		
Interest	29,858	5,937
Canada Community-Building Fund	110,079	218,253
Provincial gas tax	37,104	148,417
	177,041	372,607
Less transfer to operations:		
Canada Community-Building Fund earned	40,107	20,000
Provincial gas tax earned	76,825	102,960
	116,932	122,960
Balance - end of year	821,693	761,584

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022	2021
	\$	\$
Province of Ontario	280,070	101,053
Other	16,127	16,126
Arctic Gardens	27,465	27,465
	<u>323,662</u>	<u>144,644</u>

The continuity of deferred revenue - other is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	144,644	134,276
Add amounts received:		
Province of Ontario - OCIF	173,633	50,000
Interest and other	6,385	1,368
	<u>180,018</u>	<u>51,368</u>
Less transfer to operations:		
New horizon	-	25,000
Safe restart	-	16,000
	<u>-</u>	<u>41,000</u>
Balance - end of year	<u>324,662</u>	<u>144,644</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

7. LONG TERM DEBT

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

	2022	2021
	\$	\$
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.	1,147,969	1,177,398
Ontario Infrastructure and Lands Corporation due March 2, 2050, repayable in blended semi-annual payments of \$24,106 and bearing interest at 2.6% per annum.	943,007	966,247
Ontario Infrastructure and Lands Corporation due May 2, 2042, repayable in blended monthly payments of \$2,042 and bearing interest at 3.77% per annum.	336,997	-
Ontario Infrastructure and Lands Corporation due May 2, 2047, repayable in blended monthly payments of \$1,249 and bearing interest at 3.82% per annum.	237,754	-
Ontario Infrastructure and Lands Corporation due May 2, 2032, repayable in blended monthly payments of \$1,280 and bearing interest at 3.52% per annum.	122,973	-
Long term bank loan due May 2022, repayable in monthly payments of \$970 plus interest at prime, currently at 3.00%.	-	4,730
Long term bank loan due April 2022, repayable in monthly payments of \$990 plus interest at prime, currently at 3.00%.	-	3,620
	<u>2,788,700</u>	<u>2,151,995</u>

- (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 \$80,815 (2021 - \$67,354).

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

7. LONG TERM DEBT, continued

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

	Principal \$	Interest \$	Total \$
2023	83,539	89,230	172,769
2024	86,330	86,439	172,769
2025	89,215	83,554	172,769
2026	92,199	80,570	172,769
2027	95,285	77,484	172,769
2028 and subsequent years	2,342,132	808,165	3,150,297
	2,788,700	1,225,442	4,014,142

8. 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 \$35,345 (2021 - \$35,345) 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

9. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land and land improvements	1,010,306	1,051,881
Buildings	6,253,737	6,357,924
Machinery and equipment	11,424,977	11,708,931
Vehicles	245,317	306,508
Computer hardware and software	135,572	142,637
Infrastructure		
Roadways	1,016,899	939,153
Water and sewer system	936,835	926,963
	21,023,643	21,433,997

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	451,361	360,363
Protection services	158,342	188,974
Transportation services	2,471,151	2,340,335
Environmental services	15,980,731	16,517,938
Health services	49,937	51,831
Recreation and cultural services	1,912,121	1,974,556
	21,023,643	21,433,997

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Town	45,145	(229,571)
Unfunded remediation costs of contaminated sites	(123,800)	(123,800)
Deseronto Public Library Board	51,845	59,146
Deseronto Cemetery Board	116,634	89,086
	<u>89,824</u>	<u>(205,139)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	21,023,643	21,433,997
Long term debt	(2,788,700)	(2,151,995)
Unfunded capital - water treatment plant	-	(343,794)
Unfunded capital - roads	-	(241,156)
	<u>18,234,943</u>	<u>18,697,052</u>
Surplus	<u>18,324,767</u>	<u>18,491,913</u>
Reserves		
Working funds	695,222	678,723
Future capital assets	775,616	678,301
Water and sewer	763,897	602,169
Zoning	-	6,688
Library donations	63,686	18,686
Total Reserves	<u>2,298,421</u>	<u>1,984,567</u>
	<u>20,623,188</u>	<u>20,476,480</u>

11. CONTINGENT LIABILITIES

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	1,472,089	1,409,155	1,234,082
Interest charges	77,375	80,815	67,354
Materials	1,577,618	1,442,529	1,383,666
Contracted services	735,911	726,148	776,941
Rents and financial	5,000	5,444	4,839
External transfers	12,737	15,133	13,311
Amortization	1,029,526	1,041,318	1,029,526
	4,910,256	4,720,542	4,509,719

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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$71,940 (2021 - \$60,409).

14. TRUST FUNDS

Trust funds administered by the Town amounting to \$132,982 (2021 - \$127,921) 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.

15. BUDGET FIGURES

The budget, approved by the Town, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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.

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.

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2022

	General					Infrastructure		Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Computer Hardware and Software \$	Roadways \$	Water and Sewer System \$	
COST								
Balance, beginning of year	2,153,048	9,361,880	15,601,970	1,129,494	229,015	2,693,989	3,040,852	34,210,248
Add: additions during the year	4,855	144,460	263,000	-	3,904	150,000	67,045	633,264
Less: disposals during the year	-	-	120,852	-	10,773	14,387	-	146,012
Balance, end of year	2,157,903	9,506,340	15,744,118	1,129,494	222,146	2,829,602	3,107,897	34,697,500
ACCUMULATED AMORTIZATION								
Balance, beginning of year	1,101,167	3,003,956	3,893,039	822,986	86,378	1,754,836	2,113,889	12,776,251
Add: additions during the year	46,430	248,647	544,654	61,191	10,969	72,254	57,173	1,041,318
Less: disposals during the year	-	-	118,552	-	10,773	14,387	-	143,712
Balance, end of year	1,147,597	3,252,603	4,319,141	884,177	86,574	1,812,703	2,171,062	13,673,857
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,010,306	6,253,737	11,424,977	245,317	135,572	1,016,899	936,835	21,023,643

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(618,770)	695,644	904,364	12,455	20,758	512,570	11,209	1,538,230
User charges	21,673	92,600	45,956	1,522,754	16,690	83,848	2,625	1,786,146
Government transfers - operating	837,039	758	157,263	17,177	-	35,253	-	1,047,490
Other municipalities	-	-	27,200	-	-	-	-	27,200
Penalties and interest on taxes	21,512	-	-	-	-	-	-	21,512
Investment income	11,756	-	-	25,802	5,860	341	-	43,759
Contributed capital	-	-	109,893	67,045	-	-	-	176,938
Canada Community-Building Fund earned	-	-	40,107	-	-	-	-	40,107
Provincial gas tax earned	-	-	76,825	-	-	-	-	76,825
Gain/(loss) on disposal of langible capital assets	-	-	40,700	-	-	-	-	40,700
Other	-	-	19,500	-	-	48,843	-	68,343
Total revenues	273,210	789,002	1,421,808	1,645,233	43,308	680,855	13,834	4,867,250
Expenses								
Salaries and benefits	410,917	71,050	488,056	271,411	-	167,721	-	1,409,155
Interest charges	5,342	-	2,676	72,743	-	54	-	80,815
Materials	136,234	65,660	355,387	616,656	2,578	221,588	44,426	1,442,529
Contracted services	72,742	514,221	9,580	116,520	5,426	7,659	-	726,148
Rents and financial	3,556	-	-	1,385	-	503	-	5,444
External transfers	1,635	13,541	-	-	-	(43)	-	15,133
Amortization	9,696	30,632	210,256	653,463	1,894	135,377	-	1,041,318
Internal transfers	(44,002)	998	(36,605)	68,673	7,000	3,936	-	-
Total expenses	596,120	696,102	1,029,350	1,800,851	16,898	536,795	44,426	4,720,542
Net surplus/(deficit)	(322,910)	92,900	392,458	(155,618)	26,410	144,060	(30,592)	146,708

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(605,926)	681,205	885,593	12,196	20,327	501,931	10,976	1,506,302
User charges	7,346	17,090	37,739	1,443,590	9,168	37,134	1,500	1,553,567
Government transfers - operating	753,127	6,063	87,685	15,817	-	6,916	-	869,608
Other municipalities	-	-	27,200	-	-	-	-	27,200
Penalties and interest on taxes	19,290	-	-	-	-	-	-	19,290
Investment income	2,328	-	-	10,317	2,672	402	-	15,719
Canada Community-Building Fund earned	-	-	20,000	-	-	-	-	20,000
Provincial gas tax earned	-	-	102,960	-	-	-	-	102,960
Gain/(loss) on disposal of tangible capital assets	-	-	(11,130)	-	-	-	-	(11,130)
Other	-	-	31,250	-	-	4,073	-	35,323
Total revenues	176,165	704,358	1,181,297	1,481,920	32,167	550,456	12,476	4,138,839
Expenses								
Salaries and benefits	324,929	62,746	427,709	271,961	-	146,737	-	1,234,082
Interest charges	-	-	246	66,839	-	269	-	67,354
Materials	130,142	61,864	344,993	619,541	12,471	205,687	8,968	1,383,666
Contracted services	68,029	503,809	6,206	116,180	7,150	6,609	68,958	776,941
Rents and financial	3,570	-	-	1,192	-	77	-	4,839
External transfers	375	12,936	-	-	-	-	-	13,311
Amortization	6,945	31,395	204,458	653,007	1,894	131,827	-	1,029,526
Internal transfers	(52,902)	998	(27,639)	69,748	7,000	2,795	-	-
Total expenses	481,088	673,748	955,973	1,798,468	28,515	494,001	77,926	4,509,719
Net surplus/(deficit)	(304,923)	30,610	225,324	(316,548)	3,652	56,455	(65,450)	(370,880)

**CORPORATION OF THE TOWN OF
DESERONTO**

DESERONTO PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Qualified Opinion

We have audited the financial statements of the Deseronto Public Library Board of Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

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
February 14, 2024

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	123,221	80,468
Accounts receivable	6,509	989
HST receivable	7,627	3,316
TOTAL FINANCIAL ASSETS	137,357	84,773
LIABILITIES		
Accounts payable	17,991	5,391
Due to Town of Deseronto (note 4)	3,835	1,550
TOTAL LIABILITIES	21,826	6,941
NET FINANCIAL ASSETS	115,531	77,832
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	95,722	37,492
ACCUMULATED SURPLUS (note 3)	211,253	115,324

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, 2022**

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Contribution from Town of Deseronto (note 4)	153,079	150,812	119,000
Grants	7,855	37,178	8,785
User charges	-	365	1,206
Donations and fundraising	1,300	50,065	2,866
Investment income	350	341	402
Rent	7,800	7,800	7,800
TOTAL REVENUES	170,384	246,561	140,059
EXPENSES			
Salaries and benefits	123,729	105,303	83,147
Utilities	9,661	8,638	8,526
Administration	2,950	6,693	2,872
Insurance	2,450	2,087	2,158
Professional fees	6,700	6,327	4,719
Repairs and maintenance	4,000	2,900	3,456
Computers and automation	4,894	5,402	7,123
New Horizons project	-	-	1,780
Amortization	8,743	13,282	8,743
TOTAL EXPENSES	163,127	150,632	122,524
ANNUAL SURPLUS	<u>7,257</u>	95,929	17,535
ACCUMULATED SURPLUS - beginning of year		115,324	97,789
ACCUMULATED SURPLUS - end of year		211,253	115,324

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	7,257	95,929	17,535
Amortization of tangible capital assets	8,743	13,282	8,743
Acquisition of tangible capital assets	(16,000)	(71,512)	(15,582)
INCREASE IN NET FINANCIAL ASSETS	-	37,699	10,696
NET FINANCIAL ASSETS - beginning of year	77,832	77,832	67,136
NET FINANCIAL ASSETS - end of year	77,832	115,531	77,832

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	95,929	17,535
Items not involving cash		
Amortization of tangible capital assets	13,282	8,743
Change in non-cash assets and liabilities		
Accounts receivable	(5,520)	(32)
HST receivable	(4,311)	(814)
Accounts payable	12,600	(3,795)
Deferred revenue	-	(25,000)
Due to Town of Deseronto	2,285	-
Net change in cash from operating activities	114,265	(3,363)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(71,512)	(15,582)
NET CHANGE IN CASH	42,753	(18,945)
CASH - beginning of year	80,468	99,413
CASH - end of year	123,221	80,468

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, 2022

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 of tangible capital assets are based on estimates of useful life and residual values.

(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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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
Leasehold improvements	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.

(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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

2. TANGIBLE CAPITAL ASSETS

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

	Leasehold improvements \$	Books \$	Computer software and hardware \$	2022 Totals \$	2021 Totals \$
COST					
Balance, beginning of year	-	56,373	36,994	93,367	85,189
Add: additions during the year	56,891	10,718	3,903	71,512	15,582
Less: disposals during the year	-	4,324	10,773	15,097	7,404
Balance, end of year	56,891	62,767	30,124	149,782	93,367
ACCUMULATED AMORTIZATION					
Balance, beginning of year	-	24,962	30,913	55,875	54,536
Add: additions during the year	2,845	9,656	781	13,282	8,743
Less: disposals during the year	-	4,324	10,773	15,097	7,404
Balance, end of year	2,845	30,294	20,921	54,060	55,875
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	54,046	32,473	9,203	95,722	37,492

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus		
Operations	51,845	59,146
Invested In Capital Assets		
Tangible capital assets - net book value	95,722	37,492
Surplus	147,567	96,638
Reserve		
Donations	63,686	18,686
	211,253	115,324

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

4. 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 inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Insurance	2,087	2,158
Professional fees	2,000	1,710
Water and sewer	1,415	832
	<u>5,502</u>	<u>4,700</u>

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.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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, 2022



Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

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 Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

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.

Peterborough

Cambridge

Lindsay

Orangeville

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
February 14, 2024

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	124,715	87,230
Accounts receivable	-	1,441
Due from trust fund	-	2,212
TOTAL FINANCIAL ASSETS	124,715	90,883
LIABILITIES		
Accounts payable	3,230	1,797
Due to trust fund	4,851	-
TOTAL LIABILITIES	8,081	1,797
NET FINANCIAL ASSETS	116,634	89,086
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	49,936	51,830
ACCUMULATED SURPLUS (note 3)	166,570	140,916

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Contribution from Town of Deseronto (note 4)	20,000	20,000	20,000
Burial fees	-	4,925	7,413
Sale of plots	-	11,765	1,755
Investment income	-	2,412	803
Transfer from Care and Maintenance Trust	-	3,449	1,869
TOTAL REVENUES	20,000	42,551	31,840
EXPENSES			
Grounds maintenance (note 4)	7,000	7,000	7,000
Interments	5,000	3,925	5,650
Administration	3,000	3,480	2,801
Repairs	5,000	598	11,170
Amortization	1,894	1,894	1,894
TOTAL EXPENSES	21,894	16,897	28,515
ANNUAL SURPLUS/(DEFICIT)	(1,894)	25,654	3,325
ACCUMULATED SURPLUS - beginning of year		140,916	137,591
ACCUMULATED SURPLUS - end of year		166,570	140,916

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(1,894)	25,654	3,325
Amortization of tangible capital assets	1,894	1,894	1,894
INCREASE IN NET FINANCIAL ASSETS	-	27,548	5,219
NET FINANCIAL ASSETS - beginning of year	89,086	89,086	83,867
NET FINANCIAL ASSETS - end of year	89,086	116,634	89,086

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	25,654	3,325
Items not involving cash		
Amortization of tangible capital assets	1,894	1,894
Change in non-cash assets and liabilities		
Accounts receivable	1,441	(1,441)
Due from trust fund	7,063	(1,869)
Accounts payable	1,433	(3,613)
NET CHANGE IN CASH	37,485	(1,704)
CASH - beginning of year	87,230	88,934
CASH - end of year	124,715	87,230

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, 2022

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 of tangible capital assets are based on estimates of useful life and residual values.

(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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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 - 50 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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2022 Totals \$	2021 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	-	16,748	16,748	14,854
Add: additions during the year	-	1,894	1,894	1,894
Balance, end of year	-	18,642	18,642	16,748
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,723	31,213	49,936	51,830

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus		
Operations	116,634	89,086
Invested In Capital Assets		
Tangible capital assets - net book value	49,936	51,830
	166,570	140,916

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

4. 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 inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Insurance	916	827
Professional fees	1,500	1,500
Grounds maintenance	7,000	7,000
	<u>9,416</u>	<u>9,327</u>

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.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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.

6. TRUST FUND

Trust funds administered by the Board amounting to \$132,982 (2021 - \$127,921) 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.



Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

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 - Care and Maintenance Trust Fund (the Trust Fund), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

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.

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Peterborough

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Lindsay

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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
February 14, 2024

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	4,532	4,090
Investments (note 2)	122,140	125,878
Due from Cemetery Board	4,851	-
Accrued interest	1,459	165
	<u>132,982</u>	<u>130,133</u>
LIABILITIES AND TRUST FUND BALANCES		
CURRENT LIABILITIES		
Due to Cemetery Board	-	2,212
FUND BALANCE	<u>132,982</u>	<u>127,921</u>
	<u>132,982</u>	<u>130,133</u>

DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	2022	2021
	\$	\$
BALANCE - beginning of year	<u>127,921</u>	<u>126,121</u>
RECEIPTS		
Interest income	1,757	1,869
Care and maintenance fund	6,753	1,800
	<u>8,510</u>	<u>3,669</u>
EXPENSES		
Transfer to Cemetery Board	3,449	1,869
BALANCE - end of year	<u>132,982</u>	<u>127,921</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 4.0%, maturing March 14, 2024	122,140	122,140

3. CARE AND MAINTENANCE FUNDS

The Care and Maintenance Funds administered by the Board are funded by the sale of cemetery plots and markers. These funds are invested and earnings derived there from are used to perform care and maintenance for the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

4. COMPARATIVE FIGURES

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