

CORPORATION OF THE TOWN OF DESERONTO
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

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CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2016

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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Town. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

Date 26 SEPTEMBER 2017.

Acting CAO/Clerk-
Treasurer

Date 26/SEPT./2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Deseronto and its local boards, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Deseronto and its local boards as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 26, 2017

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investment (note 3)	1,449,762	49,190
Taxes receivable	391,228	414,863
Accounts receivable	859,578	2,913,277
TOTAL FINANCIAL ASSETS	2,700,568	3,377,330
LIABILITIES		
Accounts payable and accrued liabilities	749,816	2,278,569
Deferred revenue - obligatory reserve funds (note 4)	291,142	301,762
Deferred revenue - other (note 5)	192,996	44,054
Long term debt (note 6)	2,296,399	1,939,216
Liability for contaminated sites (note 7)	123,800	123,800
TOTAL LIABILITIES	3,654,153	4,687,401
NET FINANCIAL ASSETS/(LIABILITIES)	(953,585)	(1,310,071)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	16,230,054	16,738,363
Prepaid expenses	10,278	15,896
TOTAL NON-FINANCIAL ASSETS	16,240,332	16,754,259
ACCUMULATED SURPLUS (note 9)	15,286,747	15,444,188

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	1,379,373	1,395,171	1,340,642
User charges	1,565,613	1,582,755	1,484,655
Government of Canada	-	6,080	886,523
Province of Ontario	664,596	675,595	1,579,034
Other municipalities	45,000	45,000	45,000
Penalties and interest	53,500	61,384	66,933
Federal gas tax earned	100,000	177,252	109,416
Provincial gas tax earned	152,488	111,556	176,151
Investment income	15	2,060	2,260
Donations and fundraising	1,795	6,515	7,244
Mohawks of the Bay of Quinte	-	243,435	4,288,105
Other grants	216,500	34,500	44,333
Gain (loss) on disposal of tangible capital assets	-	(577,069)	-
TOTAL REVENUES	4,178,880	3,764,234	10,030,296
EXPENSES			
General government	389,672	367,689	350,400
Protection services	565,100	556,157	582,882
Transportation services	882,336	858,257	826,534
Environmental services	1,128,426	1,403,486	1,293,990
Health services	17,143	19,344	22,461
Recreation and cultural services	740,257	711,606	699,464
Planning and development	10,000	5,136	75,771
TOTAL EXPENSES	3,732,934	3,921,675	3,851,502
ANNUAL SURPLUS/(DEFICIT)	<u>445,946</u>	(157,441)	6,178,794
ACCUMULATED SURPLUS - beginning of year		15,444,188	9,265,394
ACCUMULATED SURPLUS - end of year		15,286,747	15,444,188

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	445,946	(157,441)	6,178,794
Amortization of tangible capital assets	498,263	777,068	498,263
Purchase of tangible capital assets	(586,296)	(903,693)	(8,134,652)
Loss on disposal of tangible capital assets	-	577,069	-
Proceeds on sale of tangible capital assets	-	57,865	-
Change in prepaid expenses	-	5,618	714
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	357,913	356,486	(1,456,881)
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	(1,310,071)	(1,310,071)	146,810
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(952,158)	(953,585)	(1,310,071)

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, 2016

	2016 \$	2015 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(157,441)	6,178,794
Items not involving cash		
Amortization of tangible capital assets	777,068	498,263
Loss on disposal of tangible capital assets	577,069	-
Liability for contaminated sites	-	123,800
Change in non-cash assets and liabilities		
Taxes receivable	23,635	7,111
Accounts receivable	2,053,699	(746,510)
Prepaid expenses	5,618	714
Accounts payable and accrued liabilities	(1,528,753)	972,905
Deferred revenue - obligatory reserve funds	(10,620)	(27,972)
Deferred revenue - other	148,942	(408,043)
Net change in cash from operating activities	1,889,217	6,599,062
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(903,693)	(8,134,652)
Proceeds on disposal of tangible capital assets	57,865	-
Net change in cash from capital activities	(845,828)	(8,134,652)
FINANCING ACTIVITIES		
Long term debt issued	495,000	1,358,868
Debt principal repayments	(137,817)	(202,485)
Net change in cash from financing activities	357,183	1,156,383
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,400,572	(379,207)
CASH AND CASH EQUIVALENTS - beginning of year	49,190	428,397
CASH AND CASH EQUIVALENTS - end of year	1,449,762	49,190

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, 2016

The Town of Deseronto is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned and controlled by the Town. These financial statements include:

- Deseronto Public Library Board
- Deseronto Cemetery Board

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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User fees 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 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, 2016

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- 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 2016, 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	257,398	308,641

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:

	2016 \$	2015 \$
Parkland Guaranteed Investment Certificate - interest at 0.6%, maturing March 10, 2017	9,721	9,672

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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:

	2016	2015
	\$	\$
Parkland	14,525	14,476
Lot levy	16,224	16,215
Federal gas tax	81,267	149,596
Provincial gas tax	179,126	121,475
	<u>291,142</u>	<u>301,762</u>

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

	2016	2015
	\$	\$
Balance - beginning of year	301,762	329,734
Add amounts received:		
Interest	58	426
Federal gas tax	108,923	106,266
Provincial gas tax	169,207	150,903
	<u>278,188</u>	<u>257,595</u>
Less transfer to operations:		
Federal gas tax	177,252	109,416
Provincial gas tax	111,556	176,151
	<u>288,808</u>	<u>285,567</u>
Balance - end of year	<u>291,142</u>	<u>301,762</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2016 \$	2015 \$
Source water protection grant	30,113	9,407
Library	6,646	2,500
Rental deposits	3,772	4,682
Arctic Gardens	27,465	27,465
Transit funding	125,000	-
	192,996	44,054

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:

	2016 \$	2015 \$
Long term bank loan with monthly principal payments of \$990 plus interest at prime rate, currently at 3.0%, due in 2022.	93,020	-
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	62,930	74,570
Long term bank loan with monthly payments of \$1,635 plus interest at prime, currently 3.0%, due in 2020.	65,200	84,820
Long term bank loan with monthly payments of \$4,592 plus interest at prime, currently 3.0%, due in 2019.	158,738	213,842
Lease purchase agreement with blended monthly payments of \$392 with interest at 8.5%, due in 2016.	-	2,294
Lease purchase agreement with blended monthly payments of \$486 with interest at 13.2%, due in 2018.	7,495	12,006
Lease purchase agreement with blended monthly payments of \$750 with interest at 4.0%, due in 2017.	8,400	16,334
Lease purchase agreement with blended monthly payments of \$3,039 with interest at 5.55%, due in 2020.	100,616	135,350
Advances from OCIF on construction of waste pollution control plant, terms to be finalized upon completion of construction.	1,800,000	1,400,000
	2,296,399	1,939,216

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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 \$116,511 related to capital leases (2015 - \$165,984).
- (d) The total interest charges reported on the Consolidated Schedules of Segment Disclosure of \$37,978 (2015 - \$34,180) include interest paid during the year on long term debt in the amount of \$33,808 (2015 - \$24,213) and imputed interest on capital leases in the amount of \$4,170 (2015 - \$9,967).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2017	143,561	15,962	159,523
2018	132,368	11,866	144,234
2019	123,444	4,938	128,382
2020	35,156	2,277	37,433
2021	23,520	1,533	25,053
2022 and subsequent years	38,350	1,015	39,365
Advances with terms to be determined	1,800,000	-	1,800,000
	2,296,399	37,591	2,333,990

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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

8. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
General		
Land and land improvements	1,191,827	1,101,374
Buildings	3,668,176	3,028,618
Machinery and equipment	9,411,859	1,452,906
Vehicles	264,631	328,995
Computer hardware and software	205,473	15,484
Infrastructure		
Roadways	510,692	386,009
Water and sewer system	924,975	986,659
	16,177,633	7,300,045
Assets under construction	52,421	9,438,318
	16,230,054	16,738,363

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

During the year there were no write-downs of assets (2015 - \$Nil) and no interest capitalized (2015 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2016	2015
	\$	\$
General government	387,209	407,152
Protection services	349,292	384,939
Transportation services	1,456,084	1,275,343
Environmental services	11,377,959	11,896,409
Health services	61,300	63,193
Recreation and cultural services	2,598,210	2,711,327
	16,230,054	16,738,363

The net book value of tangible capital assets above includes the calculated cost of capital leases in the amount of \$229,407 (2015 - \$229,407) and accumulated amortization of \$45,631 (2015 - \$28,423). In addition, the amortization reported on the Consolidated Schedules of Segment Disclosure includes amortization of capital leases in the amount of \$17,207 (2015 - \$17,207).

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Surplus/(Deficit)		
Town	(86,951)	(155,605)
Unfunded remediation costs of contaminated sites	(123,800)	(123,800)
Deseronto Public Library Board	21,020	14,317
Deseronto Cemetery Board	22,581	15,833
	(167,150)	(249,255)
Invested In Capital Assets		
Tangible capital assets - net book value	16,230,054	16,738,363
Long term debt	(2,296,399)	(1,939,216)
	13,933,655	14,799,147
Surplus	13,766,505	14,549,892
Reserves		
Working funds	448,840	331,875
Future capital assets	73,058	67,913
Water and sewer	981,808	483,302
Zoning	6,688	6,688
Library donations	9,848	4,518
Total Reserves	1,520,242	894,296
	15,286,747	15,444,188

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 01-16. At December 31, 2016 there was no balance outstanding (2015 - \$Nil).

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

11. EXPENSES BY OBJECT

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

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	1,335,039	1,289,733	1,322,497
Interest charges	6,000	37,978	34,180
Materials	1,314,794	1,213,826	1,260,727
Contracted services	544,973	557,420	688,207
Rents and financial	5,015	10,184	9,231
External transfers	28,850	35,466	38,397
Amortization	498,263	777,068	498,263
	<u>3,732,934</u>	<u>3,921,675</u>	<u>3,851,502</u>

12. 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 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$64,272 (2015 - \$69,385).

13. TRUST FUNDS

Trust funds administered by the Town amounting to \$117,799 (2015 - \$115,062) 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

14. BUDGET FIGURES

The budget, approved by the Town, for 2016 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:

	Revenue	Expenses
	\$	\$
Council approved budget:		
Operating	4,876,081	4,293,881
Capital	-	582,200
Total Council approved budget	4,876,081	4,876,081
Less: Tangible capital assets capitalized	-	(586,296)
Add: Amortization of tangible capital assets	-	498,263
Less: Principal repayment of long term debt	-	(160,440)
Less: Transfers to/from reserves	(70,000)	(267,473)
Less: County and School Board levies	(560,143)	(560,143)
Internal charges	(85,009)	(85,009)
Revenues and expenses netted for reporting purposes	(7,955)	(7,955)
Library budget excluding Town contribution	23,406	23,406
Cemetery budget excluding Town contribution	2,500	2,500
Adjusted budget per Consolidated Statement of Operations	4,178,880	3,732,934

15. 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.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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.

17. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2016

	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	1,932,422	6,476,279	3,568,743	879,250	78,569	1,959,828	2,737,469	9,438,318	27,070,878
Add: additions during the year	29,846	27,816	150,473	-	1,282	154,985	-	539,291	903,693
Less: disposals during the year	8,061	923,000	1,097,945	87,564	-	26,897	-	-	2,143,467
Internal transfers	111,144	1,000,299	8,609,980	-	203,765	-	-	(9,925,188)	-
Balance, end of year	2,065,351	6,581,394	11,231,251	791,686	283,616	2,087,916	2,737,469	52,421	25,831,104
ACCUMULATED AMORTIZATION									
Balance, beginning of year	831,048	3,447,661	2,115,837	550,255	63,085	1,573,819	1,750,810	-	10,332,515
Add: additions during the year	42,476	161,691	422,605	43,252	15,058	30,302	61,684	-	777,068
Less: disposals during the year	-	696,134	719,050	66,452	-	26,897	-	-	1,508,533
Balance, end of year	873,524	2,913,218	1,819,392	527,055	78,143	1,577,224	1,812,494	-	9,601,050
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	1,191,827	3,668,176	9,411,859	264,631	205,473	510,692	924,975	52,421	16,230,054

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(198,612)	588,481	477,710	22,097	12,750	483,245	9,500	1,395,171
User charges	17,110	115	127,383	1,191,430	10,870	234,737	1,110	1,582,755
Government transfers - operating	631,800	9,199	-	-	-	9,596	-	650,595
Government transfers - capital	-	-	31,080	-	-	-	-	31,080
Other municipalities	-	-	45,000	-	-	-	-	45,000
Penalties and interest	56,850	-	-	4,534	-	-	-	61,384
Federal gas tax earned	-	-	177,252	-	-	-	-	177,252
Provincial gas tax earned	-	-	111,556	-	-	-	-	111,556
Investment income	917	-	-	624	459	60	-	2,060
Donations and fundraising	-	-	-	-	-	6,515	-	6,515
Mohawks of the Bay of Quinte	-	-	-	243,435	-	-	-	243,435
Other grants	-	-	34,500	-	-	-	-	34,500
Gain (loss) on disposal of tangible capital assets	7,404	-	(24,504)	(559,969)	-	-	-	(577,069)
Total revenues	515,469	597,795	979,977	902,151	24,079	734,153	10,610	3,764,234
Expenses								
Salaries and benefits	246,801	58,167	459,888	258,050	-	266,827	-	1,289,733
Interest charges	1,318	3,781	434	24,344	-	8,101	-	37,978
Materials	94,139	43,692	287,818	503,162	3,125	276,754	5,136	1,213,826
Contracted services	47,284	386,263	4,988	102,164	7,325	9,396	-	557,420
Rents and financial	7,772	-	322	2,090	-	-	-	10,184
External transfers	7,567	27,689	-	-	-	210	-	35,466
Amortization	11,882	35,647	126,278	454,958	1,894	146,409	-	777,068
Internal transfers	(49,074)	918	(21,471)	58,718	7,000	3,909	-	-
Total expenses	367,689	556,157	858,257	1,403,486	19,344	711,606	5,136	3,921,675
Net surplus/(deficit)	147,780	41,638	121,720	(501,335)	4,735	22,547	5,474	(157,441)

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(346,921)	672,112	508,579	23,900	13,250	389,972	79,750	1,340,642
User charges	15,582	1,550	145,385	1,093,834	13,015	212,970	2,319	1,484,655
Government transfers - operating	631,800	31,322	55	-	-	10,082	-	673,259
Government transfers - capital	-	-	25,000	1,767,298	-	-	-	1,792,298
Other municipalities	-	-	45,000	-	-	-	-	45,000
Penalties and interest	61,232	-	-	5,701	-	-	-	66,933
Federal gas tax earned	-	-	109,416	-	-	-	-	109,416
Provincial gas tax earned	-	-	176,151	-	-	-	-	176,151
Investment income	1,185	-	-	387	595	93	-	2,260
Donations and fundraising	-	-	-	-	-	7,244	-	7,244
Mohawks of the Bay of Quinte	-	-	-	4,288,105	-	-	-	4,288,105
Other grants	-	-	34,750	-	-	9,583	-	44,333
Total revenues	362,878	704,984	1,044,336	7,179,225	26,860	629,944	82,069	10,030,296
Expenses								
Salaries and benefits	221,656	64,433	448,069	259,375	-	277,135	51,829	1,322,497
Interest charges	1,873	9,544	465	11,851	-	10,447	-	34,180
Materials	102,139	43,215	275,660	555,485	4,368	255,918	23,942	1,260,727
Contracted services	49,491	394,905	4,525	225,093	6,700	7,493	-	688,207
Rents and financial	7,881	-	-	1,350	-	-	-	9,231
External transfers	3,736	34,461	-	-	-	200	-	38,397
Amortization	11,882	35,419	118,956	185,071	1,893	145,042	-	498,263
Internal transfers	(48,258)	905	(21,141)	55,765	9,500	3,229	-	-
Total expenses	350,400	582,882	826,534	1,293,990	22,461	699,464	75,771	3,851,502
Net surplus/(deficit)	12,478	122,102	217,802	5,885,235	4,399	(69,520)	6,298	6,178,794

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Deseronto as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 26, 2017

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2016

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2016 Total \$	2015 Total \$
FINANCIAL ASSETS					
Cash	42,117	-	2,215	44,332	41,201
Investments (note 2)	70,202	1,000	-	71,202	71,202
Due from Cemetery Board	4,193	-	-	4,193	4,538
Accrued interest	209	78	-	287	335
Due from Town of Deseronto	-	-	1,298	1,298	1,299
	116,721	1,078	3,513	121,312	118,575
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Province of Ontario	-	-	3,513	3,513	3,513
FUND BALANCES					
Capital	116,721	1,000	-	117,721	114,990
Income	-	78	-	78	72
	116,721	1,078	-	117,799	115,062
	116,721	1,078	3,513	121,312	118,575

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2016

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2016 Total \$	2015 Total \$
BALANCES - beginning of year	113,990	1,072	-	115,062	111,924
RECEIPTS					
Interest earned	448	6	1	455	552
Care and maintenance receipts	2,710	-	-	2,710	3,110
	3,158	6	1	3,165	3,662
EXPENSES					
Transfer to Cemetery Board current fund	427	-	-	427	523
Transfer to Town of Deseronto	-	-	1	1	1
	427	-	1	428	524
BALANCES - end of year	116,721	1,078	-	117,799	115,062

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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:

	Market Value \$	2016 Cost \$	2015 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.55%, maturing May 25, 2017	61,202	61,202	61,202
- interest at 0.5%, maturing November 15, 2017	9,000	9,000	9,000
- interest at 0.55%, maturing January 16, 2017	1,000	1,000	1,000
	<u>71,202</u>	<u>71,202</u>	<u>71,202</u>

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, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Public Library Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

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

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Public Library Board as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 26, 2017

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	33,390	20,963
Accounts receivable	-	1,193
HST receivable	7,328	4,020
TOTAL FINANCIAL ASSETS	40,718	26,176
LIABILITIES		
Accounts payable	3,204	4,841
Deferred revenue	6,646	2,500
TOTAL LIABILITIES	9,850	7,341
NET FINANCIAL ASSETS	30,868	18,835
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	27,228	30,434
ACCUMULATED SURPLUS (note 3)	58,096	49,269

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Contribution from Town of Deseronto	108,000	108,000	106,604
Grants	11,096	12,681	11,018
User charges	1,000	2,527	1,448
Donations and fundraising	3,495	8,082	8,312
Investment income	15	67	93
Rent	7,800	7,800	7,200
TOTAL REVENUES	131,406	139,157	134,675
EXPENSES			
Salaries and benefits	87,600	85,686	84,127
Utilities	9,600	8,388	9,150
Administration	5,515	6,158	6,626
Insurance	1,700	1,712	1,689
Professional fees	5,150	5,100	5,100
Repairs and maintenance	2,600	1,848	2,827
Computers and automation	10,850	10,927	12,520
Other	4,295	1,828	5,796
Amortization	9,434	8,683	9,434
TOTAL EXPENSES	136,744	130,330	137,269
ANNUAL SURPLUS/(DEFICIT)	(5,338)	8,827	(2,594)
ACCUMULATED SURPLUS - beginning of year		49,269	51,863
ACCUMULATED SURPLUS - end of year		58,096	49,269

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(5,338)	8,827	(2,594)
Amortization of tangible capital assets	9,434	8,683	9,434
Acquisition of tangible capital assets	(4,096)	(5,477)	(9,512)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	12,033	(2,672)
NET FINANCIAL ASSETS - beginning of year	18,835	18,835	21,507
NET FINANCIAL ASSETS - end of year	18,835	30,868	18,835

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	8,827	(2,594)
Items not involving cash		
Amortization of tangible capital assets	8,683	9,434
Change in non-cash assets and liabilities		
Accounts receivable	1,193	(328)
Increase in HST receivable	(3,308)	(678)
Accounts payable	(1,637)	1,429
Deferred revenue	4,146	2,500
Net change in cash from operating activities	17,904	9,763
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,477)	(9,512)
NET CHANGE IN CASH	12,427	251
CASH - beginning of year	20,963	20,712
CASH - end of year	33,390	20,963

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, 2016

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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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.

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Computers \$	2016 Totals \$	2015 Totals \$
COST				
Balance, beginning of year	64,251	15,960	80,211	80,204
Add: additions during the year	4,195	1,282	5,477	9,512
Less: disposals during the year	11,251	-	11,251	9,505
Balance, end of year	57,195	17,242	74,437	80,211
ACCUMULATED AMORTIZATION				
Balance, beginning of year	39,487	10,290	49,777	49,848
Add: additions during the year	7,531	1,152	8,683	9,434
Less: disposals during the year	11,251	-	11,251	9,505
Balance, end of year	35,767	11,442	47,209	49,777
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	21,428	5,800	27,228	30,434

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Surplus		
Operations	21,020	14,317
Invested In Capital Assets		
Tangible capital assets - net book value	27,228	30,434
Surplus	48,248	44,751
Reserve		
Donations	9,848	4,518
	58,096	49,269

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2016 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, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Cemetery Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Cemetery Board as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 26, 2017

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	29,144	22,019
LIABILITIES		
Accounts payable	2,370	1,648
Due to trust fund	4,193	4,538
TOTAL LIABILITIES	6,563	6,186
NET FINANCIAL ASSETS	22,581	15,833
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	61,300	63,193
ACCUMULATED SURPLUS (note 3)	83,881	79,026

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Contribution from Town of Deseronto	12,750	12,750	13,250
Burial fees	2,500	7,363	6,250
Sale of plots	-	3,507	6,765
Investment income	-	31	72
Perpetual care interest	-	427	523
Other	-	119	2,502
TOTAL REVENUES	15,250	24,197	29,362
EXPENSES			
Maintenance contract	9,500	7,000	9,500
Interments	-	5,825	4,550
Administration	3,250	2,690	4,125
Repairs	2,500	1,934	2,393
Amortization	1,893	1,893	1,893
TOTAL EXPENSES	17,143	19,342	22,461
ANNUAL SURPLUS/(DEFICIT)	<u>(1,893)</u>	4,855	6,901
ACCUMULATED SURPLUS - beginning of year		79,026	72,125
ACCUMULATED SURPLUS - end of year		83,881	79,026

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(1,893)	4,855	6,901
Amortization of tangible capital assets	1,893	1,893	1,893
Acquisition of tangible capital assets	-	-	(19,115)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	6,748	(10,321)
NET FINANCIAL ASSETS - beginning of year	15,833	15,833	26,154
NET FINANCIAL ASSETS - end of year	15,833	22,581	15,833

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	4,855	6,901
Items not involving cash		
Amortization of tangible capital assets	1,893	1,893
Change in non-cash assets and liabilities		
Accounts payable	722	333
Due to trust fund	(345)	(1,261)
Net change in cash from operating activities	7,125	7,866
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(19,115)
NET CHANGE IN CASH	7,125	(11,249)
CASH - beginning of year	22,019	33,268
CASH - end of year	29,144	22,019

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, 2016

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) 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, 2016

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2016 Totals \$	2015 Totals \$
COST				
Balance, beginning of year	18,723	49,855	68,578	49,463
Add: additions during the year	-	-	-	19,115
Balance, end of year	18,723	49,855	68,578	68,578
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	5,385	5,385	3,492
Add: additions during the year	-	1,893	1,893	1,893
Balance, end of year	-	7,278	7,278	5,385
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,723	42,577	61,300	63,193

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016 \$	2015 \$
Surplus		
Operations	22,581	15,833
Invested In Capital Assets		
Tangible capital assets - net book value	61,300	63,193
	83,881	79,026

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2016 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 NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

5. TRUST FUND

Trust funds administered by the Board amounting to \$116,721 (2015 - \$113,990) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

INDEPENDENT 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

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Cemetery Board Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Deseronto Cemetery Board as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 26, 2017

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	42,117	38,987
Investments (note 2)	70,202	70,202
Due from Cemetery Board	4,193	4,538
Accrued interest	209	263
	116,721	113,990
FUND BALANCE	116,721	113,990

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2016

	2016	2015
	\$	\$
BALANCE - beginning of year	113,990	110,862
RECEIPTS		
Interest income	448	541
Care and maintenance fund	2,710	3,110
	3,158	3,651
EXPENSES		
Transfer to Cemetery Board	427	523
BALANCE - end of year	116,721	113,990

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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:

	Market Value \$	2016 Cost \$	2015 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.55%, maturing May 25, 2017	61,202	61,202	61,202
- interest at 0.5%, maturing November 15, 2017	9,000	9,000	9,000
	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>

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.