

**CORPORATION OF THE TOWN OF DESERONTO**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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## CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2017

### 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

Sept. 11, 2018

CAO/Clerk-Treasurer

Date

Sept. 11, 2018

## 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, 2017, 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, 2017 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 11, 2018

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investment (note 3)	992,295	1,449,762
Taxes receivable	331,932	391,228
Accounts receivable	1,050,026	859,578
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,374,253</b>	<b>2,700,568</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	616,461	749,816
Deferred revenue - obligatory reserve funds (note 4)	348,618	291,142
Deferred revenue - other (note 5)	58,838	192,996
Long term debt (note 6)	1,608,291	2,296,399
Liability for contaminated sites (note 7)	123,800	123,800
<b>TOTAL LIABILITIES</b>	<b>2,756,008</b>	<b>3,654,153</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>(381,755)</b>	<b>(953,585)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	16,268,371	16,230,054
Prepaid expenses	14,173	10,278
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>16,282,544</b>	<b>16,240,332</b>
<b>ACCUMULATED SURPLUS (note 9)</b>	<b>15,900,789</b>	<b>15,286,747</b>

*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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Property taxation	1,382,950	1,381,782	1,395,171
User charges	1,571,640	1,695,075	1,582,755
Government of Canada	4,500	184,284	6,080
Province of Ontario	708,896	891,847	675,595
Other municipalities	42,200	42,200	45,000
Penalties and interest	59,500	44,910	61,384
Federal gas tax earned	100,000	52,509	177,252
Provincial gas tax earned	174,780	165,262	111,556
Investment income	1,015	3,423	2,060
Donations and fundraising	-	13,770	6,515
Mohawks of the Bay of Quinte	-	63,302	243,435
Other grants	39,100	173,847	34,500
Gain (loss) on disposal of tangible capital assets	-	18,112	(577,069)
<b>TOTAL REVENUES</b>	<b>4,084,581</b>	<b>4,730,323</b>	<b>3,764,234</b>
<b>EXPENSES</b>			
General government	385,477	367,777	367,689
Protection services	580,808	575,230	556,157
Transportation services	895,065	900,689	858,257
Environmental services	1,484,835	1,534,381	1,403,486
Health services	19,394	21,125	19,344
Recreation and cultural services	810,588	714,497	711,606
Planning and development	5,500	2,582	5,136
<b>TOTAL EXPENSES</b>	<b>4,181,667</b>	<b>4,116,281</b>	<b>3,921,675</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(97,086)</u></b>	<b>614,042</b>	<b>(157,441)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>15,286,747</b>	<b>15,444,188</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>15,900,789</b>	<b>15,286,747</b>

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(97,086)	614,042	(157,441)
Amortization of tangible capital assets	777,068	774,731	777,068
Purchase of tangible capital assets	(583,910)	(850,774)	(903,693)
Loss/(gain) on disposal of tangible capital assets	-	(18,112)	577,069
Proceeds on sale of tangible capital assets	-	55,838	57,865
Change in prepaid expenses	-	(3,895)	5,618
<b>CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)</b>	96,072	571,830	356,486
<b>NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year</b>	(953,585)	(953,585)	(1,310,071)
<b>NET FINANCIAL ASSETS/(LIABILITIES) - end of year</b>	(857,513)	(381,755)	(953,585)

*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, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	614,042	(157,441)
Items not involving cash		
Amortization of tangible capital assets	774,731	777,068
Loss/(gain) on disposal of tangible capital assets	(18,112)	577,069
Change in non-cash assets and liabilities		
Taxes receivable	59,296	23,635
Accounts receivable	(190,448)	2,053,699
Prepaid expenses	(3,895)	5,618
Accounts payable and accrued liabilities	(133,355)	(1,528,753)
Deferred revenue - obligatory reserve funds	57,476	(10,620)
Deferred revenue - other	(134,158)	148,942
<b>Net change in cash from operating activities</b>	<b>1,025,577</b>	<b>1,889,217</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(850,774)	(903,693)
Proceeds on disposal of tangible capital assets	55,838	57,865
<b>Net change in cash from capital activities</b>	<b>(794,936)</b>	<b>(845,828)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	495,000
Debt principal repayments	(688,108)	(137,817)
<b>Net change in cash from financing activities</b>	<b>(688,108)</b>	<b>357,183</b>
<b>NET CHANGE IN CASH AND TEMPORARY INVESTMENT</b>	<b>(457,467)</b>	<b>1,400,572</b>
<b>CASH AND TEMPORARY INVESTMENT - beginning of year</b>	<b>1,449,762</b>	<b>49,190</b>
<b>CASH AND TEMPORARY INVESTMENT - end of year</b>	<b>992,295</b>	<b>1,449,762</b>

*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, 2017

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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, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Recognition of Revenues and Expenses

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

##### Taxation

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Town's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Town is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

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

##### Government Funding and Grants

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

##### Other Revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

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

#### (e) Non-financial Assets

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

#### (f) Reserves

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

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 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 2017, 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	248,176	310,671

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:

	2017 \$	2016 \$
Parkland Guaranteed Investment Certificate - interest at 0.6%, maturing March 10, 2018	9,779	9,721

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 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:

	2017	2016
	\$	\$
Parkland	14,535	14,525
Lot levy	16,233	16,224
Federal gas tax	138,724	81,267
Provincial gas tax	179,126	179,126
	348,618	291,142

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

	2017	2016
	\$	\$
Balance - beginning of year	291,142	301,762
Add amounts received:		
Interest	920	58
Federal gas tax	109,911	108,923
Provincial gas tax	164,416	169,207
	275,247	278,188
Less transfer to operations:		
Federal gas tax	52,509	177,252
Provincial gas tax	165,262	111,556
	217,771	288,808
Balance - end of year	348,618	291,142

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2017	2016
	\$	\$
Source water protection grant	21,228	30,113
Library	6,496	6,646
Rental deposits	3,649	3,772
Arctic Gardens	27,465	27,465
Transit funding	-	125,000
	<b>58,838</b>	<b>192,996</b>

### 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:

	2017	2016
	\$	\$
Long term bank loan with monthly principal payments of \$990 plus interest at prime rate, currently at 3.0%, due in 2022.	51,140	93,020
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	51,290	62,930
Long term bank loan with monthly payments of \$1,635 plus interest at prime, currently 3.0%, due in 2020.	45,580	65,200
Long term bank loan with monthly payments of \$4,592 plus interest at prime, currently 3.0%, due in 2019.	103,634	158,738
Lease purchase agreement with blended monthly payments of \$486 with interest at 13.2%, due in 2018.	2,351	7,495
Lease purchase agreement with blended monthly payments of \$750 with interest at 4.0%, due in 2017.	-	8,400
Lease purchase agreement with blended monthly payments of \$3,039 with interest at 5.55%, due in 2020.	68,843	100,616
Advances from OCIF on construction of waste pollution control plant, terms to be finalized upon completion of construction	-	1,800,000
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.	1,285,453	-
	<b>1,608,291</b>	<b>2,296,399</b>

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 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 \$68,843 related to capital leases (2016 - \$116,511).
- (d) The total interest charges reported on the Consolidated Schedules of Segment Disclosure of \$51,490 (2016 - \$37,978) include interest paid during the year on long term debt in the amount of \$45,515 (2016 - \$33,808) and imputed interest on capital leases in the amount of \$5,975 (2016 - \$4,170).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2018	157,999	55,038	213,037
2019	149,975	47,209	197,184
2020	62,620	43,616	106,236
2021	51,949	41,906	93,855
2022	37,779	40,330	78,109
2023 and subsequent years	1,147,969	553,950	1,701,919
	1,608,291	782,049	2,390,340

### 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, 2017

### 8. TANGIBLE CAPITAL ASSETS

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

	2017	2016
	\$	\$
General		
Land and land improvements	1,182,848	1,191,827
Buildings	3,506,485	3,668,176
Machinery and equipment	9,034,447	9,411,859
Vehicles	255,756	264,631
Computer hardware and software	190,898	205,473
Infrastructure		
Roadways	584,167	510,692
Water and sewer system	863,291	924,975
	15,617,892	16,177,633
Assets under construction	650,479	52,421
	16,268,371	16,230,054

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

During the year there were no write-downs of assets (2016 - \$Nil) and no interest capitalized (2016 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2017	2016
	\$	\$
General government	358,728	387,209
Protection services	313,645	349,292
Transportation services	1,611,716	1,456,084
Environmental services	11,465,592	11,377,959
Health services	59,406	61,300
Recreation and cultural services	2,459,284	2,598,210
	16,268,371	16,230,054

The net book value of tangible capital assets above includes the calculated cost of capital leases in the amount of \$229,407 (2016 - \$229,407) and accumulated amortization of \$62,838 (2016 - \$45,631). In addition, the amortization reported on the Consolidated Schedules of Segment Disclosure includes amortization of capital leases in the amount of \$17,207 (2016 - \$17,207).

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
<b>Surplus/(Deficit)</b>		
Town	-	(86,951)
Unfunded remediation costs of contaminated sites	(123,800)	(123,800)
Deseronto Public Library Board	28,560	21,020
Deseronto Cemetery Board	38,160	22,581
	(57,080)	(167,150)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	16,268,371	16,230,054
Long term debt	(1,608,291)	(2,296,399)
Unfunded capital - water treatment plant	(117,561)	-
	14,542,519	13,933,655
<b>Surplus</b>	14,485,439	13,766,505
<b>Reserves</b>		
Working funds	680,575	448,840
Future capital assets	186,187	73,058
Water and sewer	531,952	981,808
Zoning	6,688	6,688
Library donations	9,948	9,848
<b>Total Reserves</b>	1,415,350	1,520,242
	15,900,789	15,286,747

### 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 01-17. At December 31, 2017 there was no balance outstanding (2016 - \$Nil).

### 11. CONTINGENT LIABILITIES

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



# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 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 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	1,324,064	1,268,226	1,289,388
Interest charges	62,582	51,490	37,978
Materials	1,435,857	1,411,908	1,214,171
Contracted services	560,868	571,522	557,420
Rents and financial	7,015	11,157	10,184
External transfers	14,213	27,247	35,466
Amortization	777,068	774,731	777,068
	4,181,667	4,116,281	3,921,675

### 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 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$64,335 (2016 - \$64,272).

### 14. TRUST FUNDS

Trust funds administered by the Town amounting to \$121,626 (2016 - \$117,799) 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, 2017

### 15. BUDGET FIGURES

The budget, approved by the Town, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	4,787,793	4,183,643
Capital	-	602,000
<b>Total Council approved budget</b>	<b>4,787,793</b>	<b>4,785,643</b>
Less: Tangible capital assets capitalized	-	(583,910)
Add: Amortization of tangible capital assets	-	777,068
Less: Principal repayment of long term debt	-	(157,018)
Less: Transfers to/from reserves	(70,000)	(9,054)
Less: County and School Board levies	(552,822)	(552,822)
Internal charges	(97,251)	(97,251)
Library budget excluding Town contribution	16,511	16,511
Cemetery budget excluding Town contribution	2,500	2,500
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>4,086,731</b>	<b>4,181,667</b>

### 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.

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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### 16. SEGMENTED INFORMATION, continued

#### **Protection Services**

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

#### **Transportation Services**

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

#### **Environmental Services**

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

#### **Health Services**

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

#### **Recreation and Cultural Services**

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

#### **Planning and Development**

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

### 17. COMMITMENT

The Town has entered into a contract for the expansion of the water treatment plant for \$7,345,000. The remaining commitment at December 31, 2017 is \$6,802,409. The Mohawks of the Bay of Quinte have committed to funding 11.67% of the total project. The Town plans to finance the remaining 88.33% of the project through government grants, user charges and long term debt.

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2017

	General			Infrastructure		Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles and Hardware and Software	Roadways		
	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>							
Balance, beginning of year	2,065,351	6,581,394	11,231,251	791,686	2,087,916	2,737,469	25,831,104
Add: additions during the year	50,731	-	59,834	35,714	54,016	-	850,774
Less: disposals during the year	16,600	-	42,245	17,712	-	-	76,557
Internal transfers	-	-	-	-	52,421	-	(52,421)
Balance, end of year	2,099,482	6,581,394	11,248,840	809,688	2,194,353	2,737,469	26,605,321
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	873,524	2,913,218	1,819,392	527,055	1,577,224	1,812,494	9,601,050
Add: additions during the year	43,110	161,691	419,810	40,899	32,962	61,684	774,731
Less: disposals during the year	-	-	24,809	14,022	-	-	38,831
Balance, end of year	916,634	3,074,909	2,214,393	553,932	1,610,186	1,874,178	10,336,950
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>							
	1,182,848	3,506,485	9,034,447	255,756	584,167	863,291	16,268,371

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2017

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

# 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 \$
<b>Revenues</b>								
Property taxation	-	588,481	279,098	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	433,188	9,199	198,612	-	-	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)
<b>Total revenues</b>	<b>521,984</b>	<b>597,795</b>	<b>979,977</b>	<b>902,151</b>	<b>24,079</b>	<b>727,638</b>	<b>10,610</b>	<b>3,764,234</b>
<b>Expenses</b>								
Salaries and benefits	246,801	58,167	459,888	258,050	-	266,827	(345)	1,289,388
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	5,481	1,214,171
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	-	-
<b>Total expenses</b>	<b>367,689</b>	<b>556,157</b>	<b>858,257</b>	<b>1,403,486</b>	<b>19,344</b>	<b>711,606</b>	<b>5,136</b>	<b>3,921,675</b>
<b>Net surplus/(deficit)</b>	<b>154,295</b>	<b>41,638</b>	<b>121,720</b>	<b>(501,335)</b>	<b>4,735</b>	<b>16,032</b>	<b>5,474</b>	<b>(157,441)</b>

## **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, 2017, 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, 2017 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 11, 2018

# CORPORATION OF THE TOWN OF DESERONTO

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2017

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	2017 Total \$	2016 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	44,849	-	44,849	44,332
Investments (note 2)	70,202	1,000	71,202	71,202
Due from Cemetery Board	5,320	-	5,320	4,193
Accrued interest	171	-	171	287
Due from Town of Deseronto	-	84	84	1,298
	120,542	1,084	121,626	121,312
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Province of Ontario	-	-	-	3,513
<b>FUND BALANCES</b>				
Capital	120,542	1,000	121,542	117,721
Income	-	84	84	78
	120,542	1,084	121,626	117,799
	120,542	1,084	121,626	121,312

*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, 2017**

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	2017 Total \$	2016 Total \$
<b>BALANCES - beginning of year</b>	116,721	1,078	117,799	115,062
<b>RECEIPTS</b>				
Interest earned	365	6	371	455
Care and maintenance receipts	3,800	-	3,800	2,710
	4,165	6	4,171	3,165
<b>EXPENSES</b>				
Transfer to Cemetery Board current fund	344	-	344	427
Transfer to Town of Deseronto	-	-	-	1
	344	-	344	428
<b>BALANCES - end of year</b>	120,542	1,084	121,626	117,799

*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, 2017

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### 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:

	2017	2016
	Cost	Cost
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 0.45%, maturing May 25, 2018	61,202	61,202
- interest at 0.45%, maturing November 15, 2018	9,000	9,000
- interest at 0.55%, maturing January 16, 2018	1,000	1,000
	<hr/>	<hr/>
	71,202	71,202

### 3. CEMETERY PERPETUAL CARE AND MAINTENANCE

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

**CORPORATION OF THE TOWN OF DESERONTO**  
**DESERONTO PUBLIC LIBRARY BOARD**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

## 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, 2017, 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, 2017 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 11, 2018

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash	45,800	33,390
HST receivable	2,597	7,328
<b>TOTAL FINANCIAL ASSETS</b>	<b>48,397</b>	<b>40,718</b>
<b>LIABILITIES</b>		
Accounts payable	3,393	3,204
Deferred revenue	6,496	6,646
<b>TOTAL LIABILITIES</b>	<b>9,889</b>	<b>9,850</b>
<b>NET FINANCIAL ASSETS</b>	<b>38,508</b>	<b>30,868</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	23,773	27,228
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>62,281</b>	<b>58,096</b>

*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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Contribution from Town of Deseronto	110,000	110,000	108,000
Grants	9,535	11,002	12,681
User charges	1,000	2,551	2,527
Donations and fundraising	1,700	4,677	8,082
Investment income	15	179	67
Rent	7,800	7,800	7,800
<b>TOTAL REVENUES</b>	<b>130,050</b>	<b>136,209</b>	<b>139,157</b>
<b>EXPENSES</b>			
Salaries and benefits	87,700	86,413	85,686
Utilities	9,600	8,689	8,388
Administration	5,515	6,335	6,158
Insurance	1,715	1,649	1,712
Professional fees	5,150	5,100	5,100
Repairs and maintenance	2,200	1,787	1,848
Computers and automation	9,560	9,976	10,927
Other	4,200	4,314	1,828
Amortization	8,683	7,761	8,683
<b>TOTAL EXPENSES</b>	<b>134,323</b>	<b>132,024</b>	<b>130,330</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(4,273)</u></b>	<b>4,185</b>	<b>8,827</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>58,096</b>	<b>49,269</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>62,281</b>	<b>58,096</b>

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(4,273)	4,185	8,827
Amortization of tangible capital assets	8,683	7,761	8,683
Acquisition of tangible capital assets	(4,410)	(4,306)	(5,477)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	7,640	12,033
<b>NET FINANCIAL ASSETS - beginning of year</b>	30,868	30,868	18,835
<b>NET FINANCIAL ASSETS - end of year</b>	30,868	38,508	30,868

*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, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	4,185	8,827
Items not involving cash		
Amortization of tangible capital assets	7,761	8,683
Change in non-cash assets and liabilities		
Accounts receivable	-	1,193
HST receivable	4,731	(3,308)
Accounts payable	189	(1,637)
Deferred revenue	(150)	4,146
<b>Net change in cash from operating activities</b>	<b>16,716</b>	<b>17,904</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,306)	(5,477)
<b>NET CHANGE IN CASH</b>	<b>12,410</b>	<b>12,427</b>
<b>CASH - beginning of year</b>	<b>33,390</b>	<b>20,963</b>
<b>CASH - end of year</b>	<b>45,800</b>	<b>33,390</b>

*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, 2017

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### 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, 2017

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### 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	2017	2016
	\$	\$	Totals	Totals
			\$	\$
<b>COST</b>				
Balance, beginning of year	57,195	17,242	74,437	80,211
Add: additions during the year	4,306	-	4,306	5,477
Less: disposals during the year	7,373	-	7,373	11,251
Balance, end of year	54,128	17,242	71,370	74,437
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	35,767	11,442	47,209	49,777
Add: additions during the year	7,505	256	7,761	8,683
Less: disposals during the year	7,373	-	7,373	11,251
Balance, end of year	35,899	11,698	47,597	47,209
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>18,229</b>	<b>5,544</b>	<b>23,773</b>	<b>27,228</b>

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
<b>Surplus</b>		
Operations	28,560	21,020
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	23,773	27,228
<b>Surplus</b>	52,333	48,248
<b>Reserve</b>		
Donations	9,948	9,848
	62,281	58,096

### 4. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 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, 2017**

## 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, 2017, 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, 2017 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 11, 2018

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	33,382	29,144
Due from Town of Deseronto	12,355	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>45,737</b>	<b>29,144</b>
<b>LIABILITIES</b>		
Accounts payable	2,257	2,370
Due to trust fund	5,320	4,193
<b>TOTAL LIABILITIES</b>	<b>7,577</b>	<b>6,563</b>
<b>NET FINANCIAL ASSETS</b>	<b>38,160</b>	<b>22,581</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	59,406	61,300
<b>ACCUMULATED SURPLUS (note 4)</b>	<b>97,566</b>	<b>83,881</b>

*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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Contribution from Town of Deseronto	12,750	15,000	12,750
Burial fees	2,500	9,786	7,363
Sale of plots	-	9,583	3,507
Investment income	-	96	31
Perpetual care interest	-	344	427
Other	-	-	119
<b>TOTAL REVENUES</b>	<b>15,250</b>	<b>34,809</b>	<b>24,197</b>
<b>EXPENSES</b>			
Maintenance contract	9,500	7,000	7,000
Interments	-	7,575	5,825
Administration	3,250	2,646	2,690
Repairs	2,500	2,009	1,934
Amortization	1,893	1,894	1,893
<b>TOTAL EXPENSES</b>	<b>17,143</b>	<b>21,124</b>	<b>19,342</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(1,893)</u></b>	<b>13,685</b>	<b>4,855</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>83,881</b>	<b>79,026</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>97,566</b>	<b>83,881</b>

*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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(1,893)	13,685	4,855
Amortization of tangible capital assets	1,893	1,894	1,893
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	15,579	6,748
<b>NET FINANCIAL ASSETS - beginning of year</b>	22,581	22,581	15,833
<b>NET FINANCIAL ASSETS - end of year</b>	22,581	38,160	22,581

*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, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	13,685	4,855
Items not involving cash		
Amortization of tangible capital assets	1,894	1,893
Change in non-cash assets and liabilities		
Due from Town of Deseronto	(12,355)	-
Accounts payable	(113)	722
Due to trust fund	1,127	(345)
<b>NET CHANGE IN CASH</b>	<b>4,238</b>	<b>7,125</b>
<b>CASH - beginning of year</b>	<b>29,144</b>	<b>22,019</b>
<b>CASH - end of year</b>	<b>33,382</b>	<b>29,144</b>

*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, 2017

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### 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.

### 2. TRUST FUND

Trust funds administered by the Board amounting to \$120,542 (2016 - \$116,721) 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.

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 3. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2017 Totals \$	2016 Totals \$
<b>COST</b>				
Balance, beginning of year	18,723	49,855	68,578	68,578
Balance, end of year	18,723	49,855	68,578	68,578
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	-	7,278	7,278	5,385
Add: additions during the year	-	1,894	1,894	1,893
Balance, end of year	-	9,172	9,172	7,278
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	18,723	40,683	59,406	61,300

### 4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017 \$	2016 \$
<b>Surplus</b>		
Operations	38,160	22,581
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	59,406	61,300
	97,566	83,881

### 5. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

## INDEPENDENT AUDITOR'S REPORT

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

#### *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, 2017, 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, 2017 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 11, 2018

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	44,849	42,117
Investments (note 2)	70,202	70,202
Due from Cemetery Board	5,320	4,193
Accrued interest	171	209
	120,542	116,721
<b>FUND BALANCE</b>	120,542	116,721

*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, 2017

	2017	2016
	\$	\$
<b>BALANCE - beginning of year</b>	116,721	113,990
<b>RECEIPTS</b>		
Interest income	365	448
Care and maintenance fund	3,800	2,710
	4,165	3,158
<b>EXPENSES</b>		
Transfer to Cemetery Board	344	427
<b>BALANCE - end of year</b>	120,542	116,721

*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, 2017

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### 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:

	2017	2016
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 0.45%, maturing May 25, 2018	61,202	61,202
- interest at 0.45%, maturing November 15, 2018	9,000	9,000
	<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.