

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2021

MANAGEMENT REPORT

The accompanying consolidated financial statements of Town of Deseronto are the responsibility of management and have been approved by Council.

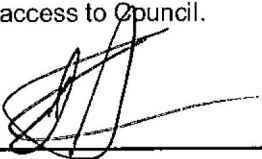
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Town's assets are appropriately accounted for and adequately safeguarded.

The Town's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

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

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



Mayor



Treasurer

April 12, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Town of Deseronto and its local boards (the Town), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 26, 2023

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investment (note 3)	2,356,700	1,279,498
Taxes receivable	110,693	264,706
Accounts receivable	482,401	973,215
TOTAL FINANCIAL ASSETS	2,949,794	2,517,419
LIABILITIES		
Accounts payable and accrued liabilities	734,786	457,105
Deferred revenue - obligatory reserve funds (note 5)	761,584	511,937
Deferred revenue - other (note 6)	144,644	134,276
Long term debt (note 7)	2,151,995	2,226,591
Liability for contaminated sites (note 8)	123,800	123,800
TOTAL LIABILITIES	3,916,809	3,453,709
NET DEBT	(967,015)	(936,290)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	21,433,997	21,773,410
Prepaid expenses	9,498	10,240
TOTAL NON-FINANCIAL ASSETS	21,443,495	21,783,650
ACCUMULATED SURPLUS (note 10)	20,476,480	20,847,360

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	1,489,526	1,506,302	1,482,058
User charges	1,614,709	1,553,567	1,538,791
Government of Canada	294,220	-	90,928
Province of Ontario	1,237,695	869,608	985,257
Other municipalities	27,200	27,200	69,700
Penalties and interest on taxes	35,000	19,290	21,929
Investment income	20,300	15,719	11,142
Mohawks of the Bay of Quinte	-	-	935
Federal gas tax earned	-	20,000	-
Provincial gas tax earned	148,417	102,960	104,410
Gain on disposal of tangible capital assets	-	-	883
Other	38,500	35,323	53,816
TOTAL REVENUES	4,905,567	4,149,969	4,359,849
EXPENSES			
General government	518,516	481,088	563,115
Protection services	688,818	673,748	651,130
Transportation services	1,040,521	967,103	951,739
Environmental services	1,827,925	1,798,468	1,789,457
Health services	21,894	28,515	20,777
Recreation and cultural services	627,951	494,001	671,271
Planning and development	36,000	77,926	16,263
TOTAL EXPENSES	4,761,625	4,520,849	4,663,752
ANNUAL SURPLUS/(DEFICIT)	<u>143,942</u>	(370,880)	(303,903)
ACCUMULATED SURPLUS - beginning of year		20,847,360	21,151,263
ACCUMULATED SURPLUS - end of year		20,476,480	20,847,360

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	143,942	(370,880)	(303,903)
Amortization of tangible capital assets	1,025,230	1,029,526	1,025,230
Purchase of tangible capital assets	(2,309,050)	(701,243)	(363,973)
Loss/(gain) on disposal of tangible capital assets	(30,000)	11,130	(883)
Proceeds on sale of tangible capital assets	-	-	4,500
Change in prepaid expenses	-	742	9,112
CHANGE IN NET DEBT	(1,169,878)	(30,725)	370,083
NET DEBT - beginning of year	(936,290)	(936,290)	(1,306,373)
NET DEBT - end of year	(2,106,168)	(967,015)	(936,290)

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(370,880)	(303,903)
Items not involving cash		
Amortization of tangible capital assets	1,029,526	1,025,230
Loss/(gain) on disposal of tangible capital assets	11,130	(883)
Change in non-cash assets and liabilities		
Taxes receivable	154,013	57,744
Accounts receivable	490,814	72,094
Prepaid expenses	742	9,112
Accounts payable and accrued liabilities	277,681	(205,129)
Deferred revenue - obligatory reserve funds	249,647	168,466
Deferred revenue - other	10,368	85,920
Net change in cash from operating activities	1,853,041	908,651
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(701,243)	(363,973)
Proceeds on disposal of tangible capital assets	-	4,500
Net change in cash from capital activities	(701,243)	(359,473)
FINANCING ACTIVITIES		
Debt principal repayments	(74,596)	(84,336)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,077,202	464,842
CASH AND CASH EQUIVALENTS - beginning of year	1,279,498	814,656
CASH AND CASH EQUIVALENTS - end of year	2,356,700	1,279,498

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, 2021

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Deseronto Public Library Board
- Deseronto Cemetery Board

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

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 - 50 years
Buildings	20 - 50 years
Roadways	10 - 50 years
Water and sewer system	30 - 50 years
Vehicles	10 - 15 years
Machinery and equipment	7 - 20 years
Computer hardware and software	5 - 10 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

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

Taxation

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

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

Government funding and grants

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, 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, lot levies and parkland fees are recognized in the period in which the related expenditures are recorded.

(d) Non-financial Assets

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

(e) Reserves and Reserve Funds

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(g) Use of Estimates

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

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

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2021, requisitions were made by the County of Hastings and School Boards requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	224,490	344,864

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:

	2021 \$	2020 \$
Parkland Guaranteed Investment Certificate - interest at 2.0%, maturing September 2, 2022	9,946	9,946



CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

4. CREDIT FACILITY AGREEMENT

The Town has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$650,000 via an overdraft or demand note. Any balance borrowed will accrue interest at the bank's prime lending rate up to \$500,000 and at the bank's prime lending rate plus 1% per annum thereafter up to the credit limit. Council authorized the temporary borrowing limit by By-law 06-21. At December 31, 2021 there was no balance outstanding (2020 - \$Nil).

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	2021	2020
	\$	\$
Parkland	16,650	16,594
Lot levy	16,564	16,405
Federal gas tax	536,314	333,876
Provincial gas tax	192,056	145,062
	<u>761,584</u>	<u>511,937</u>

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

	2021	2020
	\$	\$
Balance - beginning of year	511,937	343,471
Add amounts received:		
Interest	5,937	4,027
Federal gas tax	218,253	107,633
Provincial gas tax	148,417	159,292
Parkland	-	1,924
	<u>372,607</u>	<u>272,876</u>
Less transfer to operations:		
Federal gas tax earned	20,000	-
Provincial gas tax earned	102,960	104,410
	<u>122,960</u>	<u>104,410</u>
Balance - end of year	<u>761,584</u>	<u>511,937</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2021	2020
	\$	\$
Province of Ontario	101,053	66,183
Other	16,126	15,628
Arctic Gardens	27,465	27,465
Library:		
Government of Canada	-	25,000
	144,644	134,276

7. LONG TERM DEBT

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

	2021	2020
	\$	\$
Long term bank loan with monthly principal payments of \$990 plus interest at prime rate, currently at 3.0%, due in 2022.	3,620	15,500
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	4,730	16,370
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.	1,177,398	1,205,827
Ontario Infrastructure and Lands Corporation due March 2, 2050, repayable in blended semi-annual payments of \$24,106 and bearing interest at 2.6% per annum.	966,247	988,894
	2,151,995	2,226,591

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

7. 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) Interest paid during the year on long term debt amounted to \$67,354 (2020 - \$61,963).

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

	Principal \$	Interest \$	Total \$
2022	61,019	65,303	126,322
2023	54,311	63,604	117,915
2024	56,006	61,909	117,915
2025	57,756	60,160	117,916
2026	59,560	58,355	117,915
2027 and subsequent years	1,863,343	692,747	2,556,090
	2,151,995	1,002,078	3,154,073

8. LIABILITY FOR CONTAMINATED SITES

The Town has recorded a liability for a piece of property with known contamination. The liability has been recorded in these financial statements based on a consultant's estimate of the costs to clean up the site. The Town has a reserve of \$35,345 (2020 - \$35,345) for the cleanup of this site and the balance will be funded in the future from taxation.

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS

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

	2021	2020
	\$	\$
General		
Land and land improvements	1,051,881	1,098,833
Buildings	6,357,924	6,035,989
Machinery and equipment	11,708,931	11,868,123
Vehicles	306,508	376,484
Computer hardware and software	142,637	154,391
Infrastructure		
Roadways	939,153	939,937
Water and sewer system	926,963	982,102
	21,433,997	21,455,859
Assets under construction	-	317,551
	21,433,997	21,773,410

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2021	2020
	\$	\$
General government	360,363	368,876
Protection services	188,974	213,847
Transportation services	2,340,335	2,239,666
Environmental services	16,517,938	16,806,495
Health services	51,831	53,725
Recreation and cultural services	1,974,556	2,090,801
	21,433,997	21,773,410

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus/(Deficit)		
Town	(229,571)	(192,161)
Unfunded remediation costs of contaminated sites	(123,800)	(123,800)
Deseronto Public Library Board	59,146	48,450
Deseronto Cemetery Board	89,086	83,867
	(205,139)	(183,644)
Invested In Capital Assets		
Tangible capital assets - net book value	21,433,997	21,773,410
Long term debt	(2,151,995)	(2,226,591)
Unfunded capital - water treatment plant	(343,794)	(353,922)
Unfunded capital - roads	(241,156)	-
	18,697,052	19,192,897
Surplus	18,491,913	19,009,253
Reserves		
Working funds	678,723	680,575
Future capital assets	678,301	529,989
Water and sewer	602,169	602,169
Zoning	6,688	6,688
Library donations	18,686	18,686
Total Reserves	1,984,567	1,838,107
	20,476,480	20,847,360

11. CONTINGENT LIABILITIES

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	1,451,495	1,234,082	1,400,694
Interest charges	72,825	67,354	61,963
Materials	1,517,083	1,383,666	1,480,055
Contracted services	704,536	776,941	677,025
Rents and financial	6,000	4,839	6,058
External transfers	14,456	13,311	12,727
Amortization	1,025,230	1,029,526	1,025,230
Loss (gain) on disposal of tangible capital assets	(30,000)	11,130	-
	4,761,625	4,520,849	4,663,752

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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 Township does not recognize any share of the OMERS pension surplus or deficit.

The Town's required contributions to OMERS in 2021 were \$60,409 (2020 - \$73,216).

14. TRUST FUNDS

Trust funds administered by the Town amounting to \$127,921 (2020 - \$126,121) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or operations.

15. BUDGET FIGURES

The budget, approved by the Town, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

16. SEGMENTED INFORMATION

The Town of Deseronto is a municipal government organization that provides a range of services to its residents. Town services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Town and its programs and services.

Protection Services

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

Transportation Services

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

Environmental Services

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

Health Services

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

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

17. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Town's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Town's operations. The extent of the impact of this outbreak and related containment measures on the Town's operations cannot be reliably estimated at this time.

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2021

	General					Infrastructure			Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Computer Hardware and Software \$	Roadways \$	Water and Sewer System \$	Assets Under Construction \$	
COST									
Balance, beginning of year	2,153,048	8,810,996	15,229,343	1,129,494	265,575	2,651,912	3,040,852	317,551	33,598,771
Add: additions during the year	-	574,792	380,031	-	-	63,971	-	(317,551)	701,243
Less: disposals during the year	-	23,908	7,404	-	36,560	21,894	-	-	89,766
Balance, end of year	2,153,048	9,361,880	15,601,970	1,129,494	229,015	2,693,989	3,040,852	-	34,210,248
ACCUMULATED AMORTIZATION									
Balance, beginning of year	1,054,215	2,775,007	3,361,220	753,010	111,184	1,711,975	2,058,750	-	11,825,361
Add: additions during the year	46,952	243,294	539,223	69,976	10,188	64,754	55,139	-	1,029,526
Less: disposals during the year	-	14,345	7,404	-	34,994	21,893	-	-	78,636
Balance, end of year	1,101,167	3,003,956	3,893,039	822,986	86,378	1,754,836	2,113,889	-	12,776,251
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	1,051,881	6,357,924	11,708,931	306,508	142,637	939,153	926,963	-	21,433,997

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(605,926)	681,205	885,593	12,196	20,327	501,931	10,976	1,506,302
User charges	7,346	17,090	37,739	1,443,590	9,168	37,134	1,500	1,553,567
Government transfers - operating	753,127	6,063	87,685	15,817	-	6,916	-	869,608
Other municipalities	-	-	27,200	-	-	-	-	27,200
Penalties and interest on taxes	19,290	-	-	-	-	-	-	19,290
Investment income	2,328	-	-	10,317	2,672	402	-	15,719
Federal gas tax earned	-	-	20,000	-	-	-	-	20,000
Provincial gas tax earned	-	-	102,960	-	-	-	-	102,960
Other	-	-	31,250	-	-	4,073	-	35,323
Total revenues	176,165	704,358	1,192,427	1,481,920	32,167	550,456	12,476	4,149,969
Expenses								
Salaries and benefits	324,929	62,746	427,709	271,961	-	146,737	-	1,234,082
Interest charges	-	-	246	66,839	-	269	-	67,354
Materials	130,142	61,864	344,993	619,541	12,471	205,687	8,968	1,383,666
Contracted services	68,029	503,809	6,206	116,180	7,150	6,609	68,958	776,941
Rents and financial	3,570	-	-	1,192	-	77	-	4,839
External transfers	375	12,936	-	-	-	-	-	13,311
Amortization	6,945	31,395	204,458	653,007	1,894	131,827	-	1,029,526
Loss (gain) on disposal of tangible capital assets	-	-	11,130	-	-	-	-	11,130
Internal transfers	(52,902)	998	(27,639)	69,748	7,000	2,795	-	-
Total expenses	481,088	673,748	967,103	1,798,468	28,515	494,001	77,926	4,520,849
Net surplus/(deficit)	(304,923)	30,610	225,324	(316,548)	3,652	56,455	(65,450)	(370,880)

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(596,175)	670,241	871,339	12,000	20,000	493,853	10,800	1,482,058
User charges	6,204	13,168	57,128	1,358,571	11,685	90,685	1,350	1,538,791
Government transfers - operating	769,700	6,263	89,206	15,698	-	10,962	-	891,829
Government transfers - capital	-	-	184,356	-	-	-	-	184,356
Other municipalities	-	-	69,700	-	-	-	-	69,700
Penalties and interest on taxes	21,929	-	-	-	-	-	-	21,929
Investment income	2,832	-	-	4,599	3,085	626	-	11,142
Mohawks of the Bay of Quinte	-	-	-	935	-	-	-	935
Provincial gas tax earned	-	-	104,410	-	-	-	-	104,410
Gain/(loss) on disposal of tangible capital assets	-	-	-	883	-	-	-	883
Other	-	-	35,006	-	-	17,510	1,300	53,816
Total revenues	204,490	689,672	1,411,145	1,392,686	34,770	613,636	13,450	4,359,849
Expenses								
Salaries and benefits	351,768	61,925	454,028	269,224	-	263,749	-	1,400,694
Interest charges	-	824	(369)	60,885	-	623	-	61,963
Materials	213,614	53,358	324,989	624,063	4,956	242,812	16,263	1,480,055
Contracted services	38,142	488,766	5,016	124,272	6,725	14,104	-	677,025
Rents and financial	4,480	-	-	1,376	202	-	-	6,058
External transfers	375	12,352	-	-	-	-	-	12,727
Amortization	7,466	32,927	197,597	638,100	1,894	147,246	-	1,025,230
Internal transfers	(52,730)	978	(29,522)	71,537	7,000	2,737	-	-
Total expenses	563,115	651,130	951,739	1,789,457	20,777	671,271	16,263	4,663,752
Net surplus/(deficit)	(358,625)	38,542	459,406	(396,771)	13,993	(57,635)	(2,813)	(303,903)

**CORPORATION OF THE TOWN OF
DESERONTO**

DESERONTO PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of the Deseronto Public Library Board of Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 26, 2023

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	80,468	99,413
Accounts receivable	989	957
HST receivable	3,316	2,502
TOTAL FINANCIAL ASSETS	84,773	102,872
LIABILITIES		
Accounts payable	5,391	9,186
Deferred revenue	-	25,000
Due to Town of Deseronto (note 4)	1,550	1,550
TOTAL LIABILITIES	6,941	35,736
NET FINANCIAL ASSETS	77,832	67,136
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	37,492	30,653
ACCUMULATED SURPLUS (note 3)	115,324	97,789

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Contribution from Town of Deseronto (note 4)	119,000	119,000	119,000
Grants	36,855	8,785	12,821
User charges	1,200	1,206	1,840
Donations and fundraising	-	2,866	2,671
Investment income	300	402	626
Rent	7,800	7,800	7,800
TOTAL REVENUES	165,155	140,059	144,758
EXPENSES			
Salaries and benefits	95,995	83,147	96,003
Utilities	9,041	8,526	8,522
Administration	2,950	2,872	2,743
Insurance	1,970	2,158	1,967
Professional fees	1,500	4,719	1,500
Repairs and maintenance	5,440	3,456	3,553
Computers and automation	34,259	7,123	8,387
New Horizons project	-	1,780	-
Amortization	9,075	8,743	9,075
TOTAL EXPENSES	160,230	122,524	131,750
ANNUAL SURPLUS	<u>4,925</u>	17,535	13,008
ACCUMULATED SURPLUS - beginning of year		97,789	84,781
ACCUMULATED SURPLUS - end of year		115,324	97,789

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	4,925	17,535	13,008
Amortization of tangible capital assets	9,075	8,743	9,075
Acquisition of tangible capital assets	(11,000)	(15,582)	(9,703)
INCREASE IN NET FINANCIAL ASSETS	3,000	10,696	12,380
NET FINANCIAL ASSETS - beginning of year	67,136	67,136	54,756
NET FINANCIAL ASSETS - end of year	70,136	77,832	67,136

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	17,535	13,008
Items not involving cash		
Amortization of tangible capital assets	8,743	9,075
Change in non-cash assets and liabilities		
Accounts receivable	(32)	(854)
HST receivable	(814)	1,090
Accounts payable	(3,795)	6,353
Deferred revenue	(25,000)	21,504
Net change in cash from operating activities	(3,363)	50,176
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(15,582)	(9,703)
NET CHANGE IN CASH	(18,945)	40,473
CASH - beginning of year	99,413	58,940
CASH - end of year	80,468	99,413

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

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

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

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
Computer equipment	5 years

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-Financial Assets

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

(f) Reserves

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

(g) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Computers and equipment \$	2021 Totals \$	2020 Totals \$
COST				
Balance, beginning of year	48,195	36,994	85,189	81,477
Add: additions during the year	15,582	-	15,582	9,703
Less: disposals during the year	7,404	-	7,404	5,991
Balance, end of year	56,373	36,994	93,367	85,189
ACCUMULATED AMORTIZATION				
Balance, beginning of year	24,313	30,223	54,536	51,452
Add: additions during the year	8,053	690	8,743	9,075
Less: disposals during the year	7,404	-	7,404	5,991
Balance, end of year	24,962	30,913	55,875	54,536
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	31,411	6,081	37,492	30,653

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus		
Operations	59,146	48,450
Invested In Capital Assets		
Tangible capital assets - net book value	37,492	30,653
Surplus	96,638	79,103
Reserve		
Donations	18,686	18,686
	115,324	97,789

4. INTER-ENTITY TRANSACTIONS

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

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

Details of the inter-entity expense transactions are as follows:

	2021	2020
	\$	\$
Allocated costs:		
Insurance	2,158	1,967
Professional fees	1,710	1,500
Water and sewer	832	1,312
	4,700	4,779

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

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

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

**CORPORATION OF THE TOWN OF
DESERONTO**

DESERONTO CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Deseronto Cemetery Board of Town of Deseronto (the Board), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 26, 2023

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	87,230	88,934
Accounts receivable	1,441	-
Due from trust fund	2,212	343
TOTAL FINANCIAL ASSETS	90,883	89,277
LIABILITIES		
Accounts payable	1,797	5,410
NET FINANCIAL ASSETS	89,086	83,867
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	51,830	53,724
ACCUMULATED SURPLUS (note 3)	140,916	137,591

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Contribution from Town of Deseronto (note 4)	20,000	20,000	20,000
Burial fees	-	7,413	7,300
Sale of plots	-	1,755	4,385
Investment income	-	803	855
Transfer from Care and Maintenance Trust	-	1,869	2,230
TOTAL REVENUES	20,000	31,840	34,770
EXPENSES			
Grounds maintenance (note 4)	7,000	7,000	7,000
Interments	5,000	5,650	5,225
Administration	3,000	2,801	2,994
Repairs	5,000	11,170	3,664
Amortization	1,894	1,894	1,894
TOTAL EXPENSES	21,894	28,515	20,777
ANNUAL SURPLUS/(DEFICIT)	<u>(1,894)</u>	3,325	13,993
ACCUMULATED SURPLUS - beginning of year		137,591	123,598
ACCUMULATED SURPLUS - end of year		140,916	137,591

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(1,894)	3,325	13,993
<u>Amortization of tangible capital assets</u>	1,894	1,894	1,894
INCREASE IN NET FINANCIAL ASSETS	-	5,219	15,887
NET FINANCIAL ASSETS - beginning of year	83,867	83,867	67,980
NET FINANCIAL ASSETS - end of year	83,867	89,086	83,867

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,325	13,993
Items not involving cash		
Amortization of tangible capital assets	1,894	1,894
Change in non-cash assets and liabilities		
Due from Town of Deseronto	-	1,029
Accounts receivable	(1,441)	-
Due from trust fund	(1,869)	(343)
Accounts payable	(3,613)	3,220
Due to trust fund	-	(2,999)
NET CHANGE IN CASH	(1,704)	16,794
CASH - beginning of year	88,934	72,140
CASH - end of year	87,230	88,934

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 - 50 years
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(d) Non-Financial Assets

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

(e) Inter-Entity Transactions

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

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

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

(f) Trust Funds

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

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2021 Totals \$	2020 Totals \$
COST				
Balance, beginning of year	18,723	49,855	68,578	68,578
Balance, end of year	18,723	49,855	68,578	68,578
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	14,854	14,854	12,960
Add: additions during the year	-	1,894	1,894	1,894
Balance, end of year	-	16,748	16,748	14,854
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,723	33,107	51,830	53,724

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021 \$	2020 \$
Surplus		
Operations	89,086	83,867
Invested In Capital Assets		
Tangible capital assets - net book value	51,830	53,724
	140,916	137,591

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

4. INTER-ENTITY TRANSACTIONS

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

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

Details of the inter-entity expense transactions are as follows:

	2021	2020
	\$	\$
Allocated costs:		
Insurance	827	756
Professional fees	1,500	1,500
Grounds maintenance	7,000	7,000
	9,327	9,256

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

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

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

6. TRUST FUND

Trust funds administered by the Board amounting to \$127,921 (2020 - \$126,121) 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.

7. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

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

We have audited the financial statements of the Deseronto Cemetery Board - Care and Maintenance Trust Fund (the Trust Fund), which comprise the statement of financial position as at December 31, 2021, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2021, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 26, 2023

CORPORATION OF THE TOWN OF DESERONTO



**DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST
FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2021**

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	4,090	2,290
Investments (note 2)	125,878	122,140
Accrued interest	165	2,034
	130,133	126,464
LIABILITIES AND TRUST FUND BALANCES		
CURRENT LIABILITIES		
Due to Cemetery Board	2,212	343
FUND BALANCE	127,921	126,121
	130,133	126,464

**DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST
FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2021**

	2021	2020
	\$	\$
BALANCE - beginning of year	126,121	123,831
RECEIPTS		
Interest income	1,869	2,230
Care and maintenance fund	1,800	2,290
	3,669	4,520
EXPENSES		
Transfer to Cemetery Board	1,869	2,230
BALANCE - end of year	127,921	126,121

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD - CARE AND MAINTENANCE TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
CIBC Guaranteed Investment Certificates		
- interest at 2.0%, maturing September 2, 2021	125,878	122,140

3. CARE AND MAINTENANCE FUNDS

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