

**CORPORATION OF THE
TOWN OF DESERONTO
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2008**

**CORPORATION OF THE
TOWN OF DESERONTO
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

TABLE OF CONTENTS

| | <u>Page Numbers</u> |
|---|--------------------------------|
| MANAGEMENT REPORT | 1 |
| AUDITORS' REPORT | 2 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Financial Activities | 4 |
| Statement of Changes in Financial Position | 5 |
| Notes to the Financial Statements | 6 to 13 |
| Schedule of Current Fund Operations | 14 |
| Schedule of Capital Fund Operations | 15 |
| Schedule of Reserves | 16 |
| Schedules of Segmented Disclosure | 17 to 18 |
| Schedules of Deseronto Water and Sewer System | 19 to 20 |
| TRUST FUNDS | 21 to 24 |
| LOCAL BOARDS | |
| Deseronto Public Library Board | 25 to 31 |
| Deseronto Cemetery Board | 32 to 41 |
| Deseronto Storm Junior "A" Hockey Club | 42 to 48 |
| Deseronto Development Corporation | 49 to 54 |



331 Main St. P.O. Box 310, Deseronto, ON K0K 1X0

Phone: 613.396.2440

Fax: 613.396.3141

THE CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2008

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 generally accepted accounting principles. 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 auditors, 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 external 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

23 June 2009

Treasurer

Date

24 June 2009

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the consolidated statement of financial position of the Corporation of the Town of Deseronto as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the Town as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2008

| | 2008 \$ | 2007 \$ |
|--|----------------|------------------|
| ASSETS | | |
| FINANCIAL ASSETS | | |
| Cash and temporary investments | 74,655 | 480,487 |
| Taxes and grants in lieu receivable | 365,816 | 339,233 |
| Accounts receivable | 477,162 | 184,413 |
| Other assets | 28,124 | 34,480 |
| TOTAL ASSETS | 945,757 | 1,038,613 |
| LIABILITIES AND MUNICIPAL POSITION | | |
| LIABILITIES | | |
| Accounts payable | 323,540 | 584,966 |
| Deferred revenue obligatory reserve funds (Note 4) | 179,595 | 126,796 |
| Other deferred revenues | 113,845 | 94,107 |
| Long term debt (Note 5) | 958,420 | 1,160,594 |
| Employee future benefits payable | - | 93,250 |
| | 1,575,400 | 2,059,713 |
| MUNICIPAL POSITION | | |
| Fund Balances (Note 6) | | |
| Current fund | (48,969) | (197,782) |
| Capital fund | (57,709) | (65,709) |
| Reserves (see Schedule page 16) | 435,455 | 496,235 |
| | 328,777 | 232,744 |
| Amounts To Be Recovered | | |
| Long term debt | (958,420) | (1,160,594) |
| Employee future benefits | - | (93,250) |
| | (958,420) | (1,253,844) |
| | (629,643) | (1,021,100) |
| TOTAL LIABILITIES AND MUNICIPAL POSITION | 945,757 | 1,038,613 |

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2008

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|---|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Property taxation | 1,050,175 | 1,052,349 | 962,834 |
| User charges | 1,369,459 | 1,433,790 | 1,312,779 |
| Government of Canada | - | 5,617 | 64,185 |
| Province of Ontario | 662,299 | 841,654 | 1,046,382 |
| Other municipalities | 95,910 | 57,648 | - |
| Penalties and interest on taxes | 38,000 | 51,835 | 43,430 |
| Investment income | 9,225 | 4,900 | 15,961 |
| Donations and fundraising | 4,300 | 10,799 | 4,971 |
| Other grants | - | 76,345 | - |
| TOTAL REVENUES | 3,229,368 | 3,534,937 | 3,450,542 |
| EXPENDITURES | | | |
| General government | 286,479 | 303,784 | 281,356 |
| Protection to persons and property | 586,986 | 560,364 | 630,814 |
| Transportation services | 466,359 | 697,616 | 506,018 |
| Environmental services | 871,388 | 879,509 | 1,270,664 |
| Health services | 14,315 | 18,372 | 18,058 |
| Recreation and cultural services | 649,019 | 617,036 | 851,930 |
| Planning and development | 88,367 | 66,799 | 55,494 |
| TOTAL EXPENDITURES | 2,962,913 | 3,143,480 | 3,614,334 |
| NET REVENUES/(EXPENDITURES) | 266,455 | 391,457 | (163,792) |
| INCREASE (DECREASE) IN AMOUNTS TO BE RECOVERED | | | |
| Long term debt forgiven | - | (167,234) | - |
| Long term debt repaid | (151,940) | (151,940) | (191,818) |
| Long term debt issued | - | 117,000 | - |
| Employee future benefits payable | - | (93,250) | 93,250 |
| | (151,940) | (295,424) | (98,568) |
| INCREASE (DECREASE) IN FUND BALANCES | 114,515 | 96,033 | (262,360) |
| OPENING FUND BALANCES | 232,744 | 232,744 | 495,104 |
| CLOSING FUND BALANCES | 347,259 | 328,777 | 232,744 |

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2008

| | 2008 \$ | 2007 \$ |
|---|------------------|----------------|
| OPERATIONS | | |
| Net revenues/(expenditures) | 391,457 | (163,792) |
| (Uses) Sources: | | |
| (Increase) decrease in taxes receivable | (26,583) | 86 |
| (Increase) decrease in trade and other receivables | (292,749) | 368,015 |
| (Increase) decrease in other assets | 6,356 | 87,173 |
| Increase (decrease) in accounts payable | (261,426) | 126,330 |
| Increase in deferred revenue - obligatory reserve funds | 52,799 | 44,402 |
| Increase in other deferred revenues | 19,738 | 49,661 |
| Increase (decrease) in employee future benefits payable | (93,250) | 93,250 |
| | | |
| Net increase in cash from operations | (203,658) | 605,125 |
| FINANCING | | |
| Long term debt forgiven | (167,234) | - |
| Long term debt repaid | (151,940) | (191,818) |
| Long term debt issued | 117,000 | - |
| | (202,174) | (191,818) |
| | | |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (405,832) | 413,307 |
| | | |
| OPENING CASH AND CASH EQUIVALENTS | 480,487 | 67,180 |
| | | |
| CLOSING CASH AND CASH EQUIVALENTS | 74,655 | 480,487 |

The accompanying notes are an integral part of this financial statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

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 Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances 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 or controlled by the Town. The financial statements include:

Deseronto Water and Sewer System
Deseronto Community Recreation Centre
Deseronto Public Library Board
Deseronto Cemetery Board
Deseronto Storm Junior "A" Hockey Club
Deseronto Development Corporation

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

Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

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

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures 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.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the period incurred.

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.

Deferred Revenue

Deferred revenues represent 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

..... 2

1. SIGNIFICANT ACCOUNTING POLICIES - (Continued)**Government Funding**

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

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 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 processed by the Town upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as employee future benefits. 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 expenditures during the period and are based on the Town's best information and judgment. Actual results could differ from these estimates.

Financial Instruments

The Town's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivable, accounts receivable, accounts payable and long term debt. The Town's long term debt has outstanding obligations with a variable rate of interest and as such represents a credit risk to the Town should interest rates fluctuate. The Town does not have any other significant concentration of currency or other credit risks.

2. FUTURE ACCOUNTING CHANGE**Tangible Capital Assets**

Tangible capital assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the Town, along with all other local governments, will be required to recognize tangible capital assets on the consolidated statement of financial position and any amortization, gains or losses on disposal or impairments on the consolidated statement of financial activities. This change in accounting standards will require recognition of tangible capital assets on the consolidated statement of financial position, that were previously recorded as an expenditure in the consolidated statement of financial activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

.....3

2. FUTURE ACCOUNTING CHANGE - (Continued)

Tangible Capital Assets

The Town has undertaken an inventory of all its tangible capital assets and has identified the following major categories:

- Land and land improvements
- Buildings
- Linear assets
- Machinery and equipment
- Vehicles
- Capital works in progress

The Town has prepared draft accounting policies for tangible capital assets and is in the process of reviewing and approving these policies. The approval and implementation of these accounting policies will be completed in adequate time to allow for recognition of the Town's tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2009.

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2008, 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 \$ |
|-----------------------------------|------------------------|--------------|
| Amount requisitioned and remitted | 246,762 | 262,525 |

These amounts have not been included in the Consolidated Statement of Financial Activities.

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other 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.

| | 2008 \$ | 2007 \$ |
|--------------------------|------------|------------|
| . parkland | 14,189 | 13,923 |
| . lot levy | 16,151 | 16,142 |
| . federal gas tax rebate | 149,255 | 96,731 |
| | 179,595 | 126,796 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

..... 4

5. LONG TERM DEBT

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following: | | |
| Loan from Province of Ontario - Financial Integrity Fund Fund. Both principal and interest were forgiven in 2008. | - | 167,234 |
| Long term bank loan, with principal payments of \$4,760 per month plus interest at prime currently 6.00%, due in 2008. | - | 9,680 |
| Debenture payable with annual instalments of varying amounts plus interest at variable amounts ranging from 7.00% to 7.50%, due in 2012. | 433,000 | 524,000 |
| Long term loan from Ontario Strategic Infrastructure Financing Authority, with semi-annual payments of \$21,140 principal and interest at 4.04%, due in 2015. | 255,564 | 286,576 |
| Long term bank loan with monthly payments of \$1,675 plus interest at prime currently 3.50% , due in 2017. | 174,970 | 159,650 |
| Lease purchase agreement with monthly payments of \$398 principal and interest with interest at 10.235%, due 2011. | 9,886 | 13,454 |
| Long term bank loan with monthly payments of \$710 plus interest at prime, currently 3.50%, due in 2018. | 85,000 | - |
| | 958,420 | 1,160,594 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

..... 5

5. LONG TERM DEBT - (Cont'd)

(b) Future long term debt payments are as follows:

| | Principal \$ | Interest \$ | Total \$ |
|--------------|-----------------|----------------|-------------|
| 2009 | 161,848 | 47,928 | 209,776 |
| 2010 | 170,589 | 37,948 | 208,537 |
| 2011 | 177,146 | 27,233 | 204,379 |
| 2012 | 185,012 | 16,070 | 201,082 |
| 2013 | 66,498 | 9,083 | 75,581 |
| 2014 to 2018 | 761,093 | 138,262 | 899,355 |
| | 197,327 | 12,950 | 210,277 |
| | 958,420 | 151,212 | 1,109,632 |

(c) The long term debt in (a) issued in the name of the municipality 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.

(d) Total charges for the year for long term debt which are reported on the Consolidated Statement of Financial Activities are as follows:

| | 2008 \$ | 2007 \$ |
|--------------------|------------|------------|
| Principal payments | 151,940 | 191,818 |
| Interest | 55,269 | 79,464 |
| | 207,209 | 271,282 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

..... 6

6. MUNICIPAL POSITION AT THE END OF THE YEAR

The municipal position is comprised of the following:

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| Current Fund | | |
| For general reduction (increase) of taxation and user charges | | |
| . Town | 6,643 | (120,042) |
| . Water and sewer system | 4,043 | (54,306) |
| . Public Library board | 11,401 | 12,143 |
| . Cemetery Board | 165 | (9,716) |
| . Storm Junior "A" Hockey Club | (58,873) | (25,861) |
| . Deseronto Development Corporation | (12,348) | - |
| | (48,969) | (197,782) |
| Capital Fund | | |
| . Transportation services | (57,709) | (65,709) |
| Reserves | | |
| | 435,455 | 496,235 |
| | 328,777 | 232,744 |

7. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2008 were \$21,617 (2007 - \$21,928).

8. TRUST FUNDS

Trust funds administered by the Town amounting to \$93,443 (2007 - \$91,297) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

.....7

9. EXPENDITURES BY OBJECT

The operating expenditures for the year reported on the Consolidated Schedule of Current Fund operations by object are as follows:

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|---------------------------------------|----------------------|----------------------|----------------------|
| Salaries, wages and employee benefits | 801,960 | 715,730 | 891,118 |
| Debt interest charges | 60,160 | 55,269 | 79,464 |
| Materials | 875,168 | 919,758 | 885,788 |
| Contracted services | 1,101,743 | 1,134,060 | 1,125,335 |
| Rents and financial expenses | 42,925 | 45,920 | 60,489 |
| External transfers | 24,457 | 33,233 | 35,360 |
| | 2,906,413 | 2,903,970 | 3,077,554 |

10. BUDGET FIGURES

Budgets established for capital funds and reserves are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts they have been reflected on the Consolidated Statement of Financial Activities. Budget figures are not subject to audit.

11. SEGMENTED INFORMATION

The Town of Deseronto is a municipal government 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 expenditures 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 and certain unconditional government transfers are apportioned based on each segment's net requirements.

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

..... 8

11. SEGMENTED INFORMATION – (Continued)

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 Segmented Disclosure.

Functions disclosed separately in the segmented information are as follows:

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 and bridges, winter control, and street lighting.

Environmental Services

The environmental function is responsible for water and sewer, waste collection, waste disposal, and recycling.

Health Services

The health services function consists of cemeteries.

Recreation and Cultural Services

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

Planning and Development Services

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

12. 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 rate plus 1% per annum thereafter up to the credit limit. Council authorized the temporary borrowing limit for 2008 by By-law 01-08. At December 31, 2008 there was a balance outstanding of \$Nil.

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS

For The Year Ended December 31, 2008

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|---------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Property taxation | 1,050,175 | 1,052,349 | 962,834 |
| User charges | 1,369,459 | 1,433,790 | 1,312,779 |
| Government of Canada | - | 5,617 | 36,632 |
| Province of Ontario | 624,667 | 803,654 | 687,794 |
| Other municipalities | 95,910 | 57,648 | - |
| Penalties and interest on taxes | 38,000 | 51,835 | 43,430 |
| Investment income | 9,225 | 4,900 | 15,961 |
| Donations and fundraising | 4,300 | 10,799 | 4,971 |
| TOTAL REVENUES | 3,191,736 | 3,420,592 | 3,064,401 |
| EXPENDITURES | | | |
| General government | 269,479 | 292,628 | 265,678 |
| Protection to persons and property | 580,986 | 557,741 | 619,394 |
| Transportation services | 466,359 | 497,284 | 451,175 |
| Environmental services | 844,388 | 870,230 | 896,935 |
| Health services | 14,315 | 18,372 | 18,058 |
| Recreation and cultural services | 642,519 | 600,916 | 770,820 |
| Planning and development | 88,367 | 66,799 | 55,494 |
| TOTAL EXPENDITURES | 2,906,413 | 2,903,970 | 3,077,554 |
| NET REVENUES/(EXPENDITURES) | 285,323 | 516,622 | (13,153) |
| FINANCING AND TRANSFERS | | | |
| Long term debt forgiven | - | (167,234) | - |
| Long term debt repaid | (151,940) | (151,940) | (191,818) |
| Transfer (to) from reserves | 48,059 | 56,959 | 34,105 |
| Transfer to capital fund | (56,500) | (12,344) | (118,639) |
| Employee future benefits payable | - | (93,250) | 93,250 |
| NET FINANCING AND TRANSFERS | (160,381) | (367,809) | (183,102) |
| CHANGE IN CURRENT FUND BALANCE | 124,942 | 148,813 | (196,255) |
| OPENING CURRENT FUND BALANCE | (197,782) | (197,782) | (1,527) |
| CLOSING CURRENT FUND BALANCE | (72,840) | (48,969) | (197,782) |



CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
For The Year Ended December 31, 2008

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|---------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Government of Canada | - | - | 27,553 |
| Province of Ontario | 37,632 | 38,000 | 358,588 |
| Other grants | - | 76,345 | - |
| TOTAL REVENUES | 37,632 | 114,345 | 386,141 |
| EXPENDITURES | | | |
| General government | 17,000 | 11,156 | 15,678 |
| Protection to persons and property | 6,000 | 2,623 | 11,420 |
| Transportation services | - | 200,332 | 54,843 |
| Environmental services | 27,000 | 9,279 | 373,729 |
| Recreation and cultural services | 6,500 | 16,120 | 81,110 |
| TOTAL EXPENDITURES | 56,500 | 239,510 | 536,780 |
| NET REVENUES/(EXPENDITURES) | (18,868) | (125,165) | (150,639) |
| FINANCING AND TRANSFERS | | | |
| Transfers from current fund | 56,500 | 12,344 | 118,639 |
| Transfer from reserves | 3,821 | 3,821 | 40,000 |
| Long term debt issued | - | 117,000 | - |
| NET FINANCING AND TRANSFERS | 60,321 | 133,165 | 158,639 |
| CHANGE IN CAPITAL FUND BALANCE | 41,453 | 8,000 | 8,000 |
| OPENING CAPITAL FUND BALANCE | (65,709) | (65,709) | (73,709) |
| CLOSING CAPITAL FUND BALANCE | (24,256) | (57,709) | (65,709) |

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF RESERVES
For The Year Ended December 31, 2008

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|--|----------------------|----------------------|----------------------|
| TRANSFERS FROM/(TO) OTHER FUNDS | | | |
| Current fund | (48,059) | (56,959) | (34,105) |
| Capital fund | (3,821) | (3,821) | (40,000) |
| TOTAL NET TRANSFERS | (51,880) | (60,780) | (74,105) |
| CHANGE IN RESERVES BALANCE | (51,880) | (60,780) | (74,105) |
| OPENING BALANCE | 496,235 | 496,235 | 570,340 |
| CLOSING BALANCE | 444,355 | 435,455 | 496,235 |

ANALYZED AS FOLLOWS:

Reserves set aside for specific purposes
by Council

| | | |
|-------------------------------|----------------|----------------|
| . working funds | 178,446 | 178,446 |
| . general capital expenditure | 59,284 | 73,963 |
| . water and sewer | 190,978 | 190,978 |
| . water and sewer debenture | - | 42,280 |
| . library donations | 59 | 3,880 |
| . zoning | 6,688 | 6,688 |
| TOTAL RESERVES | 435,455 | 496,235 |



TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2008

| | General Government | Protection Services | Transportation Services | Water and Sewer | Other Environmental Services | Health Services | Recreation and Cultural Services | Planning and Development | Consolidated |
|---|--------------------|---------------------|-------------------------|------------------|------------------------------|-----------------|----------------------------------|--------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | |
| Property taxation | 241,162 | 451,865 | 114,001 | 27,024 | 23,699 | 14,466 | 147,975 | 32,157 | 1,052,349 |
| User charges | 20,385 | 1,313 | 70,635 | 915,770 | 59,098 | 11,398 | 352,302 | 2,889 | 1,433,790 |
| Government of Canada | - | - | - | - | - | - | 1,117 | 4,500 | 5,617 |
| Province of Ontario | 242,094 | 136,608 | 264,385 | - | - | - | 188,977 | 9,590 | 841,654 |
| Other municipalities | - | - | 40,000 | - | - | - | - | 17,648 | 57,648 |
| Penalties and interest | 51,835 | - | - | - | - | - | - | - | 51,835 |
| Investment income | 1,537 | - | - | 734 | - | 2,389 | 240 | - | 4,900 |
| Donations | - | - | - | - | - | - | 10,799 | - | 10,799 |
| Other grants | - | - | 76,345 | - | - | - | - | - | 76,345 |
| Total revenues | 557,013 | 589,786 | 565,366 | 943,528 | 82,797 | 28,253 | 701,410 | 66,784 | 3,534,937 |
| Expenditures | | | | | | | | | |
| Salaries and benefits | 184,945 | 58,157 | 249,114 | - | - | - | 191,371 | 32,143 | 715,730 |
| Interest charges | - | - | - | 46,447 | - | - | 8,822 | - | 55,269 |
| Materials | 68,121 | 37,250 | 234,314 | 257,446 | - | 1,074 | 299,245 | 22,308 | 919,758 |
| Contracted services | 47,291 | 448,179 | 7,905 | 462,045 | 83,741 | 17,291 | 55,260 | 12,348 | 1,134,060 |
| Rentis and financial expenses | 8,234 | 4,800 | 5,951 | 551 | - | 7 | 26,377 | - | 45,920 |
| External transfers | 4,037 | 9,355 | - | - | - | - | 19,841 | - | 33,233 |
| Internal transfers | (20,000) | - | - | 20,000 | - | - | - | - | - |
| Capital expenditures | 11,156 | 2,623 | 200,332 | 9,279 | - | - | 16,120 | - | 239,510 |
| Total expenditures | 303,784 | 560,364 | 697,616 | 795,768 | 83,741 | 18,372 | 617,036 | 66,799 | 3,143,480 |
| Net revenues (expenditures) | 253,229 | 29,422 | (132,250) | 147,760 | (944) | 9,881 | 84,374 | (15) | 391,457 |
| Increase (decrease) in amounts to be recovered | (135,234) | - | 85,000 | (131,692) | - | - | (113,498) | - | (295,424) |
| Increase (decrease) in fund balances | 117,995 | 29,422 | (47,250) | 16,068 | (944) | 9,881 | (29,124) | (15) | 96,033 |

TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2007

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Water and Sewer \$ | Other Environmental Services \$ | Health Services \$ | Recreation and Cultural Services \$ | Planning and Development \$ | Consolidated \$ |
|---|-----------------------------|------------------------------|----------------------------------|--------------------------|--|-----------------------|--|-----------------------------------|--------------------|
| Revenues | | | | | | | | | |
| Property taxation | 91,892 | 489,406 | 173,504 | 26,937 | 39,400 | 4,000 | 120,594 | 17,101 | 962,834 |
| User charges | 7,708 | 2,435 | 37,502 | 887,743 | 50,537 | 10,439 | 314,588 | 1,827 | 1,312,779 |
| Government of Canada | - | 7,553 | - | 20,000 | - | - | 833 | 35,799 | 64,185 |
| Province of Ontario | 100,121 | 130,452 | 300,259 | 300,000 | - | - | 215,550 | - | 1,046,382 |
| Penalties and interest | 43,430 | - | - | - | - | - | - | - | 43,430 |
| Investment income | 12,011 | - | - | 922 | - | 2,409 | 619 | - | 15,961 |
| Donations | - | - | - | - | - | - | 4,971 | - | 4,971 |
| Total revenues | 255,162 | 629,846 | 511,265 | 1,235,602 | 89,937 | 16,848 | 657,155 | 54,727 | 3,450,542 |
| Expenditures | | | | | | | | | |
| Salaries and benefits | 184,466 | 52,122 | 230,913 | - | - | - | 392,710 | 30,907 | 891,118 |
| Interest charges | 11,372 | - | - | 56,250 | - | - | 11,842 | - | 79,464 |
| Materials | 63,251 | 57,310 | 187,677 | 255,722 | - | 386 | 297,128 | 24,314 | 885,788 |
| Contracted services | 39,097 | 495,089 | 5,019 | 456,643 | 83,368 | 17,672 | 28,447 | - | 1,125,335 |
| Rents and financial expenses | 3,142 | 4,800 | 566 | 29,952 | - | - | 21,993 | 36 | 60,489 |
| External transfers | 1,350 | 10,073 | - | - | - | - | 23,700 | 237 | 35,360 |
| Internal transfers | (37,000) | - | 27,000 | 15,000 | - | - | (5,000) | - | - |
| Capital expenditures | 15,678 | 11,420 | 54,843 | 373,729 | - | - | 81,110 | - | 536,780 |
| Total expenditures | 281,356 | 630,814 | 506,018 | 1,187,296 | 83,368 | 18,058 | 851,930 | 55,494 | 3,614,334 |
| Net revenues (expenditures) | (26,194) | (968) | 5,247 | 48,306 | 6,569 | (1,210) | (194,775) | (767) | (163,792) |
| Increase (decrease) in amounts to be recovered | - | - | - | (171,916) | - | - | 73,348 | - | (98,568) |
| Increase (decrease) in fund balances | (26,194) | (968) | 5,247 | (123,610) | 6,569 | (1,210) | (121,427) | (767) | (262,360) |

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO WATER AND SEWER SYSTEM
 SCHEDULE OF FINANCIAL POSITION
 At December 31, 2008**

| | 2008 \$ | 2007 \$ |
|---|----------------|----------------|
| FINANCIAL ASSETS | | |
| Cash | 240,508 | 54,509 |
| Accounts receivable | 96,478 | 40,425 |
| Other assets | 25,554 | 25,749 |
| Due from Town | - | 84,769 |
| TOTAL ASSETS | 362,540 | 205,452 |
| LIABILITIES AND MUNICIPAL POSITION | | |
| LIABILITIES | | |
| Accounts payable | 26,500 | 26,500 |
| Due to Town | 141,019 | - |
| Long term debt | 688,564 | 820,256 |
| | 856,083 | 846,756 |
| MUNICIPAL POSITION | | |
| Fund Balances | | |
| Current fund | 4,043 | (54,306) |
| Reserve | 190,978 | 233,258 |
| | 195,021 | 178,952 |
| Amount To Be Recovered | | |
| Long term debt | (688,564) | (820,256) |
| | (493,543) | (641,304) |
| TOTAL LIABILITIES AND MUNICIPAL POSITION | 362,540 | 205,452 |



**DESERONTO WATER AND SEWER SYSTEM
SCHEDULE OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2008**

| | Budget 2008 \$ | Current Fund \$ | Capital Fund \$ | Reserves \$ | Actual 2008 \$ | Actual 2007 \$ |
|---|----------------------|-----------------------|-----------------------|-----------------|----------------------|----------------------|
| REVENUES | | | | | | |
| User charges | 895,558 | 906,640 | - | - | 906,640 | 877,234 |
| Government of Canada | - | - | - | - | - | 20,000 |
| Ontario grants | - | - | - | - | - | 300,000 |
| Sewer frontage charges | 26,800 | 27,023 | - | - | 27,023 | 26,937 |
| Penalties and interest on user charges | 10,000 | 9,131 | - | - | 9,131 | 10,509 |
| Other | 1,287 | 734 | - | - | 734 | 922 |
| TOTAL REVENUES | 933,645 | 943,528 | - | - | 943,528 | 1,235,602 |
| EXPENDITURES | | | | | | |
| Plant and system operations | 659,980 | 695,730 | - | - | 695,730 | 683,086 |
| Bad debt provision | - | - | - | - | - | 29,304 |
| Billing and collection | 35,000 | 24,311 | - | - | 24,311 | 29,927 |
| Town administration fee | 20,000 | 20,000 | - | - | 20,000 | 15,000 |
| Long term debt interest | 47,000 | 46,447 | - | - | 46,447 | 56,250 |
| System improvements | 27,000 | - | 9,279 | - | 9,279 | 373,729 |
| TOTAL EXPENDITURES | 788,980 | 786,488 | 9,279 | - | 795,767 | 1,187,296 |
| NET REVENUES/ (EXPENDITURES) | 144,665 | 157,040 | (9,279) | - | 147,761 | 48,306 |
| FINANCING AND TRANSFERS | | | | | | |
| Interfund transfers | - | 33,001 | 9,279 | (42,280) | - | - |
| Debt principal repayment | (132,500) | (131,692) | - | - | (131,692) | (171,916) |
| | (132,500) | (98,691) | 9,279 | (42,280) | (131,692) | (171,916) |
| CHANGE IN FUND BALANCES | 12,165 | 58,349 | - | (42,280) | 16,069 | (123,610) |
| OPENING FUND BALANCES | 178,952 | (54,306) | - | 233,258 | 178,952 | 302,562 |
| CLOSING FUND BALANCES | 191,117 | 4,043 | - | 190,978 | 195,021 | 178,952 |

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the statement of financial position of the Trust Funds of the Corporation of the Town of Deseronto as at December 31, 2008 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Town as at December 31, 2008 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2008

| | Cemetery Perpetual and Care Maintenance \$ | Memorial Scholarship \$ | Ontario Home Renewal Program \$ | Total \$ |
|--------------------------------------|--|-------------------------------|--|---------------|
| ASSETS | | | | |
| Cash | 14,900 | - | 2,206 | 17,106 |
| Investments (Note 2) | 70,202 | 1,000 | - | 71,202 |
| Due from Cemetery Board | 2,568 | - | - | 2,568 |
| Accrued interest | 822 | - | - | 822 |
| Loans receivable (Note 3) | - | - | 3,698 | 3,698 |
| TOTAL ASSETS | 88,492 | 1,000 | 5,904 | 95,396 |
| LIABILITIES AND FUND BALANCES | | | | |
| CURRENT LIABILITIES | | | | |
| Due to Town | - | - | 1,953 | 1,953 |
| FUND BALANCES | | | | |
| Capital | 88,492 | 1,000 | 3,951 | 93,443 |
| | 88,492 | 1,000 | 5,904 | 95,396 |

The accompanying notes are an integral part of this financial statement.

TRUST FUNDS
STATEMENT OF CONTINUITY
For The Year Ended December 31, 2008

| | Cemetery Perpetual and Care Maintenance \$ | Memorial Scholarship \$ | Ontario Home Renewal Program \$ | Total \$ |
|---|--|-------------------------------|--|-------------|
| BALANCE AT THE BEGINNING OF THE YEAR | 86,350 | 1,000 | 3,947 | 91,297 |
| REVENUES | | | | |
| Interest earned | 1,889 | 28 | 4 | 1,921 |
| Care and maintenance receipts | 2,600 | - | - | 2,600 |
| TOTAL REVENUES | 4,489 | 28 | 4 | 4,521 |
| EXPENDITURES | | | | |
| Bank charges | 9 | - | - | 9 |
| Transfer to Cemetery Board current fund | 2,338 | - | - | 2,338 |
| Transfer to Town | - | 28 | - | 28 |
| TOTAL EXPENDITURES | 2,347 | 28 | - | 2,375 |
| BALANCE AT THE END OF THE YEAR | 88,492 | 1,000 | 3,951 | 93,443 |

The accompanying notes are an integral part of this financial statement.

TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Basis of Accounting

Revenues and expenditures are recorded on the accrual basis of accounting.

2. INVESTMENTS

The investments held in the trust at the end of the year are as follows:

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| CIBC Guaranteed Investment Certificates | | |
| - interest at 2.15%, maturing May 25, 2009 | 61,202 | 61,202 |
| - interest at 1.65%, maturing November 13, 2009 | 9,000 | 9,000 |
| - interest at 3.00%, maturing January 12, 2009 | 1,000 | 1,000 |
| | 71,202 | 71,202 |
| Market Value | 71,202 | 71,202 |

3. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

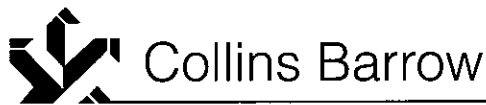
Ontario Home Renewal Program loans receivable at December 31, 2008 are comprised of repayable loans of \$3,698 (2007 \$3,698).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.

4. CEMETERY PERPETUAL CARE TRUST

These trust funds represent a portion of the sale of cemetery plots and monument foundations at the Deseronto Cemetery. The capital amounts are to be kept intact in perpetuity, with investment income earned on these funds used to maintain the Cemetery.

CORPORATION OF THE TOWN OF DESERONTO
DESERONTO PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
AT DECEMBER 31, 2008



Collins Barrow

Chartered Accountants

Collins Barrow Kawarthas LLP
418 Sheridan Street
Peterborough, Ontario
K9H 3J9

T. 705.742.3418

F. 705.742.9775

email: peterborough@collinsbarrow.com

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO PUBLIC LIBRARY BOARD MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the statement of financial position of the Deseronto Public Library Board of the Corporation of the Town of Deseronto as at December 31, 2008 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Board derives revenue from user charges, donations and fundraising, the completeness of which is not susceptible to 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 user charges, donations and fundraising revenues, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of user charges, donations and fundraising revenues referred to in the preceding paragraph, these financial statements presents fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2008

| | 2008 \$ | 2007 \$ |
|---|---------------|---------------|
| FINANCIAL ASSETS | | |
| Cash | 5,858 | 16,558 |
| Accounts receivable | 12,990 | 5,138 |
| TOTAL ASSETS | 18,848 | 21,696 |
| LIABILITIES AND FINANCIAL POSITION | | |
| LIABILITIES | | |
| Accounts payable | 1,998 | 2,202 |
| Deferred revenue | 594 | 2,906 |
| Due to Town | 4,796 | 565 |
| | 7,388 | 5,673 |
| FINANCIAL POSITION | | |
| Fund Balances | | |
| Current fund | 11,401 | 12,143 |
| Reserve | 59 | 3,880 |
| | 11,460 | 16,023 |
| TOTAL LIABILITIES AND FINANCIAL POSITION | 18,848 | 21,696 |

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2008

| | Budget 2008 \$ | Current Fund \$ | Capital Fund \$ | Reserve \$ | Actual 2008 \$ | Actual 2007 \$ |
|--------------------------------------|----------------------|-----------------------|-----------------------|----------------|----------------------|----------------------|
| REVENUES | | | | | | |
| Municipal Contributions | | | | | | |
| Town of Deseronto | 82,406 | 82,406 | - | - | 82,406 | 88,000 |
| Grants | | | | | | |
| Province of Ontario | 4,969 | 5,808 | - | - | 5,808 | 18,016 |
| User charges | - | 5,331 | - | - | 5,331 | 2,875 |
| Donations and fundraising | 4,300 | 12,711 | - | - | 12,711 | 4,816 |
| Investment income | - | 240 | - | - | 240 | 619 |
| Rent | 4,908 | 4,856 | - | - | 4,856 | 3,600 |
| Other | - | - | - | - | - | 723 |
| TOTAL REVENUES | 96,583 | 111,352 | - | - | 111,352 | 118,649 |
| EXPENDITURES | | | | | | |
| Salaries and benefits | 62,823 | 61,669 | - | - | 61,669 | 57,701 |
| Books, periodicals and audio-visuals | 7,600 | 9,505 | - | - | 9,505 | 16,684 |
| Utilities | 7,500 | 7,565 | - | - | 7,565 | 7,019 |
| Administration | 3,325 | 5,748 | - | - | 5,748 | 3,562 |
| Insurance | 1,285 | 1,360 | - | - | 1,360 | 1,285 |
| Professional fees | 1,500 | 1,500 | - | - | 1,500 | 1,500 |
| Repairs and maintenance | 6,125 | 6,435 | - | - | 6,435 | 6,265 |
| Other | 25 | 4,476 | - | - | 4,476 | 62 |
| Computers and automation | 5,900 | 10,275 | - | - | 10,275 | 7,324 |
| Signage | - | 2,254 | - | - | 2,254 | - |
| Renovations | 500 | - | 308 | - | 308 | 731 |
| Equipment | - | - | 4,820 | - | 4,820 | 3,746 |
| TOTAL EXPENDITURES | 96,583 | 110,787 | 5,128 | - | 115,915 | 105,879 |
| NET REVENUES/(EXPENDITURES) | - | 565 | (5,128) | - | (4,563) | 12,770 |
| FINANCING AND TRANSFERS | | | | | | |
| Interfund transfers | - | (1,307) | 5,128 | (3,821) | - | - |
| CHANGE IN FUND BALANCES | - | (742) | - | (3,821) | (4,563) | 12,770 |
| OPENING FUND BALANCES | 16,023 | 12,143 | - | 3,880 | 16,023 | 3,253 |
| CLOSING FUND BALANCES | 16,023 | 11,401 | - | 59 | 11,460 | 16,023 |

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2008

| | 2008 \$ | 2007 \$ |
|---|-----------------|----------------|
| OPERATIONS | | |
| Net revenues/(expenditures) | (4,563) | 12,770 |
| (Uses) Sources: | | |
| (Increase) decrease in accounts receivable | (7,852) | 489 |
| Increase (decrease) in accounts payable | (204) | (504) |
| Increase (decrease) in deferred revenue | (2,312) | (4,637) |
| Increase (decrease) in due to Town | 4,231 | (13,407) |
| Net increase (decrease) in cash from operations | (10,700) | (5,289) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (10,700) | (5,289) |
| OPENING CASH AND CASH EQUIVALENTS | 16,558 | 21,847 |
| CLOSING CASH AND CASH EQUIVALENTS | 5,858 | 16,558 |

The accompanying notes are an integral part of these financial statements.

**DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of current, capital and reserves. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Recognition of Revenue and Expenditures

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures 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.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, due to Town and accounts payable. The carrying value of the financial instruments approximates their fair values due to their immediate or short term maturity. The Board does not have any significant concentration of credit risk.

**DESERONTO PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

2. FUTURE ACCOUNTING CHANGES

Tangible Capital Assets

Tangible capital assets are currently reported as an expenditure on the Statement of Financial Activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the Board, along with all other local governments, will be required to recognize tangible capital assets on the Statement of Financial Position and any amortization, gains or losses on disposal or impairments on the Statement of Financial Activities as required by the CICA Public Sector Accounting Handbook (PS3150).

The Board has undertaken an inventory of all its tangible capital assets and has identified the following major categories:

- Land and land improvements
- Buildings
- Furnishing
- Books

The Board has prepared draft accounting policies for tangible capital assets and is in the process of reviewing and approving these policies. The approval and implementation of these accounting policies will be completed in adequate time to allow for recognition of the Board's tangible capital assets on the Statement of Financial Position for the year ending December 31, 2009.

3. BUDGET FIGURES

Budgets established for capital funds and reserves are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they may not be directly comparable with the current year actual amounts they have been reflected on the Statement of Financial Activities. Budget figures are not subject to audit.

**CORPORATION OF THE
TOWN OF DESERONTO
DESERONTO CEMETERY BOARD
FINANCIAL STATEMENTS
AT DECEMBER 31, 2008**



Collins Barrow

Chartered Accountants

Collins Barrow Kawarthas LLP
418 Sheridan Street
Peterborough, Ontario
K9H 3J9

T. 705.742.3418

F. 705.742.9775

email: peterborough@collinsbarrow.com

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO CEMETERY BOARD, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the statement of financial position of the Deseronto Cemetery Board of the Corporation of the Town of Deseronto as at December 31, 2008 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

DESERONTO CEMETERY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2008

| | 2008 | 2007 |
|---|--------------|--------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 7,357 | 6,433 |
| Accounts receivable | - | 1,611 |
| TOTAL ASSETS | 7,357 | 8,044 |
| LIABILITIES AND FINANCIAL POSITION | | |
| LIABILITIES | | |
| Accounts payable | 1,052 | 979 |
| Due to Trust Fund | 2,568 | 8,562 |
| Due to Town | 3,572 | 8,219 |
| | 7,192 | 17,760 |
| FINANCIAL POSITION | | |
| Fund Balance | | |
| Current fund | 165 | (9,716) |
| TOTAL LIABILITIES AND FINANCIAL POSITION | 7,357 | 8,044 |

The accompanying notes are an integral part of this financial statement.

DESERONTO CEMETERY BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2008

| | Actual 2008 \$ | Actual 2007 \$ |
|--|----------------------|----------------------|
| REVENUES | | |
| Burial fees | 8,848 | 7,649 |
| Sale of plots | 2,550 | 2,790 |
| Other revenue | 152 | - |
| Investment income | 50 | 134 |
| Perpetual care interest | 2,338 | 2,275 |
| Contribution from Town | 14,315 | 4,000 |
| TOTAL REVENUES | 28,253 | 16,848 |
| EXPENDITURES | | |
| CURRENT | | |
| Maintenance contract | 10,091 | 10,432 |
| Interments | 5,700 | 5,150 |
| Cornerstones | - | 223 |
| Administration | 2,581 | 2,252 |
| TOTAL EXPENDITURES | 18,372 | 18,057 |
| NET REVENUES/(EXPENDITURES) AND CHANGE IN FUND BALANCES | 9,881 | (1,209) |
| OPENING FUND BALANCE | (9,716) | (8,507) |
| CLOSING FUND BALANCE | 165 | (9,716) |

The accompanying notes are an integral part of this financial statement.

DESERONTO CEMETERY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2008

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| OPERATIONS | | |
| Net revenues/(expenditures) | 9,881 | (1,209) |
| (Uses) Sources: | | |
| (Increase) decrease in accounts receivable | 1,611 | (1,611) |
| Increase in accounts payable | 73 | 85 |
| Increase (decrease) in amount due to trust fund | (5,994) | 2,344 |
| Increase (decrease) in due to Town | (4,647) | 2,253 |
| Net increase in cash from operations | 924 | 1,862 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 924 | 1,862 |
| OPENING CASH AND CASH EQUIVALENTS | 6,433 | 4,571 |
| CLOSING CASH AND CASH EQUIVALENTS | 7,357 | 6,433 |

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, 2008**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of the current and capital funds.

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

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, accounts payable, due to Trust and due to Town. The carrying value of the financial instruments approximates their fair values due to their immediate or short term maturity. The Board does not have any significant concentration of credit risk.

Recognition of Revenues and Expenditures

Revenues and expenditures 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; expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

CORPORATION OF THE TOWN OF DESERONTO**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

2. TRUST FUND

The trust fund administered by the Board amounting to \$88,492 (2007 - \$86,350) has not been included in the Statement of Financial Position nor has its operations been included in the Statement of Financial Activities.

3. FUTURE ACCOUNTING CHANGES**Tangible Capital Assets**

Tangible capital assets are currently reported as an expenditure on the Statement of Financial Activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the Board, along with all other local governments, will be required to recognize tangible capital assets on the Statement of Financial Position and any amortization, gains or losses on disposal or impairments on the Statement of Financial Activities as required by the CICA Public Sector Accounting Handbook (PS3150).

The Board has undertaken an inventory of all its tangible capital assets and has identified the following major categories:

- Land
- Equipment

The Board has prepared draft accounting policies for tangible capital assets and is in the process of reviewing and approving these policies. The approval and implementation of these accounting policies will be completed in adequate time to allow for recognition of the Board's tangible capital assets on the Statement of Financial Position for the year ending December 31, 2009.

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO CEMETERY BOARD, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the statement of financial position of the Deseronto Cemetery Board Trust Fund of the Corporation of the Town of Deseronto as at December 31, 2008 and the statement of continuity of the Trust Fund for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board's Trust Fund as at December 31, 2008 and the continuity of the Trust Fund for the year then ended in accordance with the Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
TRUST FUND
STATEMENT OF CONTINUITY
For The Year Ended December 31, 2008**

| | 2008 \$ | 2007 \$ |
|---|---------------|---------------|
| BALANCE AT THE BEGINNING OF THE YEAR | 86,350 | 83,990 |
| REVENUES | | |
| Interest income | 1,889 | 2,298 |
| Care and maintenance fund | 2,600 | 2,360 |
| TOTAL REVENUES | 4,489 | 4,658 |
| EXPENDITURES | | |
| Transfer to Cemetery Board current fund | 2,338 | 2,275 |
| Bank charges | 9 | 23 |
| TOTAL EXPENDITURES | 2,347 | 2,298 |
| BALANCE AT THE END OF THE YEAR | 88,492 | 86,350 |

**TRUST FUND
STATEMENT OF FINANCIAL POSITION
At December 31, 2008**

| | 2008 \$ | 2007 \$ |
|---------------------------|---------------|---------------|
| FINANCIAL ASSETS | | |
| Cash | 14,900 | 6,311 |
| Investments (Note 2) | 70,202 | 70,202 |
| Due from Cemetery Board | 2,568 | 8,562 |
| Accrued interest | 822 | 1,275 |
| TOTAL ASSETS | 88,492 | 86,350 |
| TRUST FUND BALANCE | | |
| Capital | 88,492 | 86,350 |

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Basis of Accounting

Revenues and expenditures are recorded on the accrual basis of accounting.

2. INVESTMENTS

The investments, recorded at cost, which approximates fair market value, at the end of the year are as follows:

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| CIBC Guaranteed Investment Certificates | | |
| - interest at 2.15%, maturing May 25, 2009 | 61,202 | 61,202 |
| - interest at 1.65%, maturing November 13, 2009 | 9,000 | 9,000 |
| | 70,202 | 70,202 |
| Market Value | 70,202 | 70,202 |

**CORPORATION OF THE
TOWN OF DESERONTO
DESERONTO STORM JUNIOR "A" HOCKEY CLUB
FINANCIAL STATEMENTS
AT DECEMBER 31, 2008**

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO STORM JUNIOR "A" HOCKEY CLUB, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWN OF DESERONTO

We have audited the statement of financial position of the Deseronto Storm Junior "A" Hockey Club of the Corporation of the Town of Deseronto as at December 31, 2008 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of user charges, fundraising and sales referred to in the preceding paragraph, these financial statements presents fairly, in all material respects, the financial position of the Club as at December 31, 2008 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

DESERONTO STORM JUNIOR "A" HOCKEY CLUB
STATEMENT OF FINANCIAL POSITION
At December 31, 2008

| | 2008 \$ | 2007 \$ |
|---|---------------|---------------|
| FINANCIAL ASSETS | | |
| Cash | 5,345 | 6,204 |
| Accounts receivable | 2,000 | 13,949 |
| Other assets | 9,409 | 15,251 |
| TOTAL ASSETS | 16,754 | 35,404 |
| LIABILITIES AND FINANCIAL POSITION | | |
| LIABILITIES | | |
| Accounts payable | 6,330 | 19,472 |
| Deferred revenue | 2,255 | 11,213 |
| Due to Town of Deseronto | 67,042 | 30,580 |
| | 75,627 | 61,265 |
| FINANCIAL POSITION | | |
| Fund Balance | | |
| Current fund | (58,873) | (25,861) |
| TOTAL LIABILITIES AND FINANCIAL POSITION | 16,754 | 35,404 |

The accompanying notes are an integral part of this financial statement.

DESERONTO STORM JUNIOR "A" HOCKEY CLUB
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2008

| | Budget 2008 \$ | Actual 2008 \$ | Actual 2007 \$ |
|------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Registration fees (player fees) | 26,500 | 27,051 | 22,994 |
| Ticket sales | 28,000 | 37,104 | 16,480 |
| Sponsorships and advertising | 21,500 | 20,187 | 15,155 |
| Fundraising | 20,500 | 13,154 | 8,540 |
| Canteen and merchandise sales | 15,000 | 22,150 | 4,212 |
| Miscellaneous | 1,500 | 2,512 | 2,544 |
| | 113,000 | 122,158 | 69,925 |
| EXPENDITURES | | | |
| League fees | 7,600 | 7,600 | 17,500 |
| Ice rental | 21,900 | 20,198 | 15,605 |
| Billeting costs | - | 20,059 | 14,474 |
| Salaries and benefits | 22,300 | 30,342 | 12,347 |
| Busing fees | 16,500 | 22,340 | 9,575 |
| Office | 14,500 | 19,892 | 8,703 |
| Equipment | 7,500 | 9,812 | 6,904 |
| Game costs | 9,000 | 8,362 | 5,798 |
| Fundraising | 4,500 | 4,242 | 1,591 |
| Canteen and merchandise costs | 5,000 | 12,323 | 3,289 |
| | 108,800 | 155,170 | 95,786 |
| NET REVENUES/(EXPENDITURES) | 4,200 | (33,012) | (25,861) |
| OPENING FUND BALANCE | (25,861) | (25,861) | - |
| CLOSING FUND BALANCE | (21,661) | (58,873) | (25,861) |

The accompanying notes are an integral part of this financial statement.

DESERONTO STORM JUNIOR "A" HOCKEY CLUB
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2008

| | 2008 \$ | 2007 \$ |
|--|--------------|--------------|
| OPERATIONS | | |
| Net revenues/(expenditures) | (33,012) | (25,861) |
| (Uses) Sources: | | |
| Decrease (increase) in accounts receivable | 11,949 | (13,949) |
| Decrease (increase) in other assets | 5,842 | (15,251) |
| Increase (decrease) in accounts payable | (13,142) | 19,472 |
| Increase (decrease) in deferred revenue | (8,958) | 11,213 |
| Increase in due to Town of Deseronto | 36,462 | 30,580 |
| | | |
| Net increase in cash from operations | (859) | 6,204 |
| | | |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (859) | 6,204 |
| | | |
| OPENING CASH AND CASH EQUIVALENTS | 6,204 | - |
| | | |
| CLOSING CASH AND CASH EQUIVALENTS | 5,345 | 6,204 |

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO STORM JUNIOR "A" HOCKEY CLUB
NOTE TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

1. NATURE OF THE ENTITY

The Deseronto Storm Junior "A" Hockey Club was incorporated under the Laws of Ontario as a corporation without share capital on February 14, 2008 as the Deseronto Storm Junior "A" Hockey Club. The Deseronto Storm Junior "A" Hockey Club provides for the establishment and operation of a hockey club to promote an interest in amateur hockey, arrange matches and competitions and establishing and granting prizes, awards and distinctions and such other complementary purposes not inconsistent with objectives.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Club are as follows:

Fund Accounting

Funds within the financial statements consist of current and capital. Transfers between funds are recorded as adjustments to the appropriate fund balance. There were no transactions in the capital fund during the year.

Recognition of Revenue and Expenditures

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures 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.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Club's financial instruments consist of cash, accounts receivable, due to Town and accounts payable. The carrying value of the financial instruments approximates their fair values due to their immediate or short term maturity. The Club does not have any significant concentration of credit risk.

Budget Figures

Budget figures are presented for presentation purposes only and they are not subject to audit.

CORPORATION OF THE TOWN OF DESERONTO**DESERONTO STORM JUNIOR "A" HOCKEY CLUB
NOTE TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

3. FUTURE ACCOUNTING CHANGES**Tangible Capital Assets**

Tangible capital assets are currently reported as an expenditure on the Statement of Financial Activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the Club, along with all other local governments, will be required to recognize tangible capital assets on the Statement of Financial Position and any amortization, gains or losses on disposal or impairments on the Statement of Financial Activities as required by the CICA Public Sector Accounting Handbook (PS3150).

The Club has undertaken an inventory of all its tangible capital assets and has identified the following major categories:

- Furnishing
- Equipment

The Club has prepared draft accounting policies for tangible capital assets and is in the process of reviewing and approving these policies. The approval and implementation of these accounting policies will be completed in adequate time to allow for recognition of the Club's tangible capital assets on the Statement of Financial Position for the year ending December 31, 2009.

DESERONTO DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
AT DECEMBER 31, 2008

AUDITORS' REPORT

TO THE SHAREHOLDER OF THE DESERONTO DEVELOPMENT CORPORATION

We have audited the balance sheet of the Deseronto Development Corporation as at December 31, 2008 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements presents fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
March 19, 2009

**DESERONTO DEVELOPMENT CORPORATION
BALANCE SHEET
At December 31, 2008**

\$

LIABILITIES AND SHAREHOLDER'S DEFICIT**LIABILITIES**

| | |
|------------------------------|--------|
| Due to the Town of Deseronto | 12,343 |
|------------------------------|--------|

SHAREHOLDER'S DEFICIT

Share Capital

Authorized

Unlimited number of common shares

Issued

5 common shares

5

| | |
|---------|----------|
| Deficit | (12,348) |
|---------|----------|

(12,343)

-

The accompanying note is an integral part of this financial statement.

CORPORATION OF THE TOWN OF DESERONTO**DESERONTO DEVELOPMENT CORPORATION
STATEMENT OF LOSS AND DEFICIT
For The Year Ended December 31, 2008**

| | \$ |
|-----------------------------|-----------------|
| EXPENDITURES | |
| Professional fees | 12,348 |
| NET LOSS AND DEFICIT | (12,348) |

The accompanying note is an integral part of this financial statement.

DESERONTO DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2008

| | \$ |
|---|----------|
| <hr/> | |
| OPERATIONS | |
| Net loss | |
| Uses (Sources): | (12,348) |
| (Increase) decrease in due from Town | 12,343 |
| <hr/> | |
| Net increase (decrease) in cash from operations | (5) |
| <hr/> | |
| INVESTING | |
| Shares issued | 5 |
| <hr/> | |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | - |
| OPENING CASH AND CASH EQUIVALENTS | - |
| <hr/> | |
| CLOSING CASH AND CASH EQUIVALENTS | - |
| <hr/> | |

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWN OF DESERONTO**DESERONTO DEVELOPMENT CORPORATION
NOTE TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2008**

1. NATURE OF OPERATIONS

Deseronto Development Corporation was incorporated under the Business Corporations Act of Ontario on November 5, 2008 to provide economic development services within the Town of Deseronto.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Corporation's financial instruments consist of due to the Town of Deseronto. The carrying value of the Corporation's financial instruments approximates their fair values.