

**CORPORATION OF THE
TOWN OF DESERONTO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

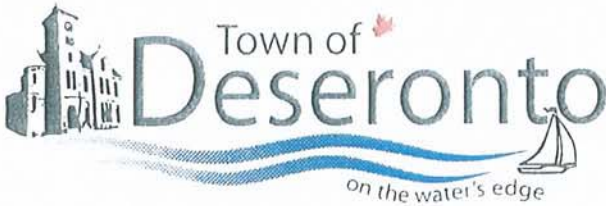
**CORPORATION OF THE
TOWN OF DESERONTO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2009

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

Nov. 5 2010

Treasurer

Date

Nov 04, 2010

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, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows 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 Town as at December 31, 2009 and the results of its operations and 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
FINANCIAL ASSETS		
Cash and temporary investments	149,513	74,655
Taxes and grants in lieu receivable	432,212	365,816
Accounts receivable	555,115	477,162
TOTAL FINANCIAL ASSETS	1,136,840	917,633
LIABILITIES		
Accounts payable	429,709	323,540
Deferred revenue - obligatory reserve funds (note 5)	265,485	179,595
Deferred revenue - other	37,554	113,845
Long term debt (note 6)	796,571	958,420
TOTAL LIABILITIES	1,529,319	1,575,400
NET FINANCIAL LIABILITIES	(392,479)	(657,767)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	5,276,613	5,233,790
Prepaid expenses	22,866	28,124
TOTAL NON-FINANCIAL ASSETS	5,299,479	5,261,914
ACCUMULATED SURPLUS (note 7)	4,907,000	4,604,147

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, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Property taxation	1,034,603	1,058,064	1,052,349
User charges	1,362,661	1,397,332	1,424,660
Government of Canada	222,222	80,492	5,617
Province of Ontario	1,078,211	947,966	841,654
Other municipalities	25,000	24,479	57,648
Penalties and interest	47,500	67,074	60,965
Investment income	2,500	1,762	4,900
Donations and fundraising	2,200	17,541	10,799
Gain on sale of assets	-	14,000	-
Other grants	8,655	5,146	76,345
TOTAL REVENUES	3,783,552	3,613,856	3,534,937
EXPENSES			
General government	286,498	297,830	306,919
Protection services	592,312	622,135	581,038
Transportation services	496,073	622,401	542,091
Environmental services	901,383	1,020,689	1,047,555
Health services	-	17,728	18,372
Social and family services	-	8,347	-
Recreation and cultural services	516,202	624,760	675,871
Planning and development	100,758	97,113	66,799
TOTAL EXPENSES	2,893,226	3,311,003	3,238,645
ANNUAL SURPLUS	890,326	302,853	296,292
ACCUMULATED SURPLUS - beginning of year	4,604,147	4,604,147	4,307,855
ACCUMULATED SURPLUS - end of year	5,494,473	4,907,000	4,604,147

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
ANNUAL SURPLUS	890,326	302,853	296,292
Amortization of tangible capital assets	-	339,297	320,245
Acquisition of tangible capital assets	(856,620)	(382,120)	(225,080)
Decrease in prepaid expenses	-	5,258	6,356
INCREASE IN NET FINANCIAL ASSETS	33,706	265,288	397,813
NET FINANCIAL LIABILITIES - beginning of year	(657,767)	(657,767)	(1,055,580)
NET FINANCIAL LIABILITIES - end of year	(624,061)	(392,479)	(657,767)

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, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	302,853	296,292
Increase in taxes and grants in lieu receivable	(66,396)	(26,583)
Increase in accounts receivable	(77,953)	(292,749)
Decrease in prepaid expenses	5,258	6,356
Increase/(decrease) in accounts payable	106,169	(261,426)
Increase in deferred revenue - obligatory reserve funds	85,890	52,799
Increase/(decrease) in deferred revenue - other	(76,291)	19,738
Decrease in employee future benefits payable	-	(93,250)
Non-cash charges to operations		
Amortization of tangible capital assets	339,297	320,245
Net increase in cash from operating transactions	618,827	21,422
CAPITAL		
Acquisition of tangible capital assets	(382,120)	(225,080)
FINANCING		
Long term debt issued	-	117,000
Debt principal repayments	(161,849)	(151,940)
Long term debt forgiven	-	(167,234)
Net decrease in cash from financing transactions	(161,849)	(202,174)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	74,858	(405,832)
CASH AND CASH EQUIVALENTS - beginning of year	74,655	480,487
CASH AND CASH EQUIVALENTS - end of year	149,513	74,655

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, 2009

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:

(a) Reporting Entity

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

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

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

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

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 - 30 years
Buildings	50 years
Roadways	20 years
Water and sewer system	30 - 50 years
Vehicles	15 years
Machinery and equipment	20 years
Furniture and fixtures	20 years
Computer hardware and software	5 - 10 years
Books	7 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, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Trust Funds

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

(d) Recognition of Revenues and Expenses

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

(e) Non-financial Assets

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

(f) Reserves

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

(g) Deferred Revenue

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

(h) 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.

(i) Government Funding

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Town's best information and judgment. Such amounts are not expected to change materially in the near term.

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

(k) 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. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Town does not have any significant concentration of interest, currency or credit risk.

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 12,869,180
Accumulated amortization to December 31, 2008, not previously recorded	<u>(7,635,390)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 5,233,790</u>

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY, continued

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ (197,782)
Capital fund	(65,709)
Reserves	<u>496,235</u>
	232,744
Net book value of tangible capital assets at January 1, 2008	5,328,956
Long-term debt related to tangible capital assets	(1,160,594)
Unfunded employee future benefits	<u>(93,251)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 4,307,855</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 391,457
Add: Assets capitalized but previously expensed	225,080
Less: Amortization expense not previously recorded	<u>(320,245)</u>
2008 annual surplus as restated	<u>\$ 296,292</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2009, 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	<u>254,614</u>	<u>273,394</u>

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

4. TANGIBLE CAPITAL ASSETS

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

	2009	2008
	\$	\$
General		
Land and land improvements	668,631	683,961
Buildings	1,356,237	1,425,785
Machinery and equipment	1,559,488	1,543,527
Vehicles	179,556	168,704
Computer hardware and software	25,550	17,835
Infrastructure		
Roadways	56,664	71,164
Water and sewer system	1,263,047	1,322,814
	5,109,173	5,233,790
Assets under construction	167,440	-
	5,276,613	5,233,790

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

During the year there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil)

Tangible capital assets allocated by segment are as follows:

	2009	2008
	\$	\$
General government	164,032	149,665
Protection services	137,004	146,389
Transportation services	846,492	761,588
Environmental services	2,705,121	2,740,049
Health services	18,723	18,723
Recreation and cultural services	1,405,241	1,417,376
	5,276,613	5,233,790

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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:

	2009	2008
	\$	\$
Parkland	14,247	14,189
Lot levy	16,160	16,151
Federal gas tax	235,078	149,255
	265,485	179,595

6. LONG TERM DEBT

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

	2009	2008
	\$	\$
Debenture payable with annual installments of varying amounts plus interest at variable amounts ranging from 7.00% to 7.50%, due in 2012.	336,000	433,000
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.	223,286	255,564
Long term bank loan with monthly payments of \$1,675 plus interest at a prime currently 2.25%, due in 2017	154,870	174,970
Lease purchase agreement with monthly payments of \$398 principal and interest with interest at 10.235%, due 2011.	5,935	9,886
Long term bank loan with monthly payments of \$710 plus interest at prime, currently 2.25%, due in 2018.	76,480	85,000
	796,571	958,420

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

6. LONG TERM DEBT, continued

(b) The long term debt in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Interest paid during the year on long term debt amounted to \$45,249 (2008 - \$55,269).

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

	Principal \$	Interest \$	Total \$
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	68,043	6,536	74,579
2015 and subsequent years	129,283	6,414	135,697
	796,571	103,284	899,855

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

7. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Town	26,631	6,643
Water and sewer system	92,009	4,043
Deseronto Public Library Board	10,219	11,401
Deseronto Cemetery Board	7,824	165
Deseronto Storm Junior "A" Hockey Club	(71,891)	(58,873)
Deseronto Development Corporation	(16,977)	(12,348)
	47,815	(48,969)
Invested In Capital Assets		
Tangible capital assets - net book value	5,276,613	5,233,790
Long term debt	(796,571)	(958,420)
Unfunded capital	(57,709)	(57,709)
	4,422,333	4,217,661
Surplus	4,470,148	4,168,692
Reserves		
Working funds	178,446	178,446
Future capital assets	60,684	59,284
Water and sewer	190,978	190,978
Library donations	56	59
Zoning	6,688	6,688
Total Reserves	436,852	435,455
	4,907,000	4,604,147

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

8. EXPENSES BY OBJECT

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

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
Salaries and benefits	744,033	766,066	715,730
Interest	25,000	45,249	55,269
Materials	930,154	969,299	934,188
Contracted services	1,110,474	1,137,799	1,134,060
Rents and financial expenses	57,815	39,173	45,920
External transfers	25,750	14,120	33,233
Amortization	-	339,297	320,245
	2,893,226	3,311,003	3,238,645

9. 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 2009 were \$20,121 (2008 - \$21,617).

10. TRUST FUNDS

Trust funds administered by the Town amounting to \$91,253 (2008 - \$93,443) 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 financial position or operations.

11. BUDGET FIGURES

The budget, approved by the Town, for 2009 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB 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, 2009

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 lending rate plus 1% per annum thereafter up to the credit limit. Council authorized the temporary borrowing limit by By-law 01-09. At December 31, 2009 there was a balance outstanding of \$Nil.

13. SEGMENTED INFORMATION

The Town of Deseronto is a municipal government institution that provides a range of services to its citizens. 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 Segmented 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 and bridges, 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.

Social and Family Services

The social and family services consist of a meal program for homeless individuals.

Recreation and Cultural Services

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

13. SEGMENTED INFORMATION, continued

Planning and Development

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

14. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2009

	General				Infrastructure			Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles and Software	Computer Hardware and Software	Roadways	Water and Sewer System	
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	1,411,674	3,780,486	2,871,647	536,925	35,162	1,585,092	2,648,194	-
Add: additions during the year	5,623	23,909	132,850	37,782	14,516	-	-	167,440
Balance, end of year	1,417,297	3,804,395	3,004,497	574,707	49,678	1,585,092	2,648,194	167,440
ACCUMULATED AMORTIZATION								
Balance, beginning of year	727,713	2,354,701	1,328,120	368,221	17,327	1,513,928	1,325,380	-
Add: additions during the year	20,953	93,457	116,889	26,930	6,801	14,500	59,767	-
Balance, end of year	748,666	2,448,158	1,445,009	395,151	24,128	1,528,428	1,385,147	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	668,631	1,356,237	1,559,488	179,556	25,550	56,664	1,263,047	167,440
								5,276,613

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government	Protection Services	Transportation Services	Water and Sewer	Other Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxation	549,829	244,266	177,129	-	-	-	41,340	45,500	-	1,058,064
User charges	15,297	1,780	71,067	952,264	69,305	10,905	420	269,945	6,349	1,397,332
Government transfers - operating	272	346,846	233,778	40,285	-	-	8,161	169,786	36,833	835,961
Government transfers - capital	-	-	81,919	82,630	-	-	-	27,948	-	192,497
Other municipalities	-	-	25,000	-	-	-	-	-	(521)	24,479
Penalties and interest	57,810	-	-	9,264	-	-	-	-	-	67,074
Investment income	23	-	-	243	-	1,479	-	17	-	1,762
Donations and fundraising	-	-	100	-	-	-	-	17,441	-	17,541
Gain on sale of assets	-	-	14,000	-	-	-	-	-	-	14,000
Other grants	-	-	5,146	-	-	-	-	-	-	5,146
Total revenues	623,231	592,892	608,139	1,084,686	69,305	12,384	49,921	530,637	42,661	3,613,856
Expenses										
Salaries and benefits	197,884	49,642	291,033	-	-	-	1,849	185,409	40,249	766,066
Interest	-	-	1,851	38,410	-	-	-	4,988	-	45,249
Materials	80,513	52,862	242,091	262,727	-	884	6,498	271,420	52,304	969,299
Contracted services	24,692	494,632	8,704	467,477	61,584	16,844	-	59,306	4,560	1,137,799
Rents and financial expenses	6,762	-	1,683	2,044	-	-	-	28,684	-	39,173
External transfers	1,841	9,579	-	-	-	-	-	2,700	-	14,120
Amortization	6,138	15,420	77,039	149,160	19,287	-	-	72,253	-	339,297
Internal transfers	(20,000)	-	-	20,000	-	-	-	-	-	-
Total expenses	297,630	622,135	622,401	939,818	80,871	17,728	8,347	624,760	97,113	3,311,003
Net surplus/(deficit)	325,401	(29,243)	(14,262)	144,868	(11,566)	(5,344)	41,574	(94,123)	(54,452)	302,853

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT 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	906,640	59,098	11,398	352,302	2,889	1,424,660
Government transfers - operating	242,094	136,608	226,385	-	-	-	190,094	14,090	809,271
Government transfers - capital	-	-	38,000	-	-	-	-	-	38,000
Other municipalities	-	-	40,000	-	-	-	-	17,648	57,648
Penalties and interest	51,835	-	-	9,130	-	-	-	-	60,965
Investment income	1,537	-	-	734	-	2,389	240	-	4,900
Donations and fundraising	-	-	-	-	-	-	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
Expenses									
Salaries and benefits	184,945	58,157	249,114	-	-	-	191,371	32,143	715,730
Interest charges	-	-	-	46,447	-	-	8,822	-	55,269
Materials	79,278	39,873	222,892	266,725	-	1,074	302,038	22,308	934,188
Contracted services	47,291	448,179	7,905	462,045	83,741	17,291	55,260	12,348	1,134,060
Rents 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
Amortization	3,134	20,674	56,229	168,046	-	-	72,162	-	320,245
Internal transfers	(20,000)	-	-	20,000	-	-	-	-	-
Total expenses	306,919	581,038	542,091	963,814	83,741	18,372	675,871	66,799	3,238,645
Net surplus/(deficit)	250,094	8,748	23,275	(20,286)	(944)	9,881	25,539	(15)	296,292

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, 2009 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, 2009 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS					
Cash	17,474	-	2,207	19,681	17,106
Investments (note 2)	70,202	1,000	-	71,202	71,202
Due from Cemetery Board	2,470	-	-	2,470	2,568
Accrued interest	77	30	-	107	822
Loans receivable (note 3)	-	-	-	-	3,698
Due from Town	-	-	1,306	1,306	-
	90,223	1,030	3,513	94,766	95,396
LIABILITIES AND TRUST FUND BALANCES					
CURRENT LIABILITIES					
Due to Town	-	-	-	-	1,953
Due to Province of Ontario	-	-	3,513	3,513	-
	-	-	3,513	3,513	1,953
FUND BALANCES					
Capital	90,223	1,000	-	91,223	93,443
Income	-	30	-	30	-
	90,223	1,030	-	91,253	93,443
	90,223	1,030	3,513	94,766	95,396

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2009

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	88,492	1,000	3,951	93,443	91,297
RECEIPTS					
Interest earned	733	30	1	764	1,921
Care and maintenance receipts	2,470	-	-	2,470	2,600
	3,203	30	1	3,234	4,521
EXPENSES					
Bank charges	-	-	-	-	9
Transfer to Cemetery Board current fund	1,472	-	-	1,472	2,338
Transfer to Town	-	-	439	439	28
Transfer to Province of Ontario	-	-	3,513	3,513	-
	1,472	-	3,952	5,424	2,375
BALANCE - end of year	90,223	1,030	-	91,253	93,443

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

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.

(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) Financial Instruments

The Trust Funds financial instruments consist of cash, investments due from Cemetery Board, due from Town and due to Province of Ontario. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Town's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

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

	2009 Market Value \$	2009 Cost \$	2008 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.20%, maturing May 25, 2010	61,276	61,202	61,202
- interest at 0.15%, maturing November 15, 2010	9,002	9,000	9,000
- interest at 1.20%, maturing January 12, 2010	1,012	1,000	1,000
	71,290	71,202	71,202

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

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, 2009 are comprised of repayable loans of \$Nil (2008 - \$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

These trust funds represent a portion of the sale of cemetery plots and monument foundation 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
DECEMBER 31, 2009

AUDITORS' 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

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, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows 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 of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to user charges, donations and fundraising revenues, assets and accumulated surplus.

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 present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
FINANCIAL ASSETS		
Cash	8,788	5,858
Accounts receivable	5,647	12,990
TOTAL FINANCIAL ASSETS	14,435	18,848
LIABILITIES		
Accounts payable	2,226	1,998
Deferred revenue	594	594
Due to Town	1,340	4,796
TOTAL LIABILITIES	4,160	7,388
NET FINANCIAL ASSETS	10,275	11,460
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	34,199	32,109
ACCUMULATED SURPLUS (note 4)	44,474	43,569

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, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Municipal Contributions			
Town of Deseronto	93,000	93,000	82,406
Grants			
Province of Ontario	3,496	3,496	5,808
User charges	-	7,932	5,331
Donations and fundraising	2,200	6,982	12,711
Investment income	-	17	240
Rent	6,000	6,000	4,856
TOTAL REVENUES	104,696	117,427	111,352
EXPENSES			
Salaries and benefits	67,546	68,531	61,669
Utilities	8,550	8,966	7,565
Administration	5,315	6,858	5,748
Insurance	1,285	1,366	1,360
Professional fees	6,350	6,236	6,098
Repairs and maintenance	1,850	3,542	3,144
Other	-	3,129	4,476
Computers and automation	6,200	7,412	10,275
Signage	-	-	2,254
Amortization	-	10,482	9,845
TOTAL EXPENSES	97,096	116,522	112,434
ANNUAL SURPLUS/(DEFICIT)	7,600	905	(1,082)
ACCUMULATED SURPLUS - beginning of year	43,569	43,569	44,651
ACCUMULATED SURPLUS - end of year	51,169	44,474	43,569

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, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS/(DEFICIT)	7,600	905	(1,082)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	-	10,482	9,845
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(7,600)	(12,572)	(13,326)
DECREASE IN NET FINANCIAL ASSETS	-	(1,185)	(4,563)
NET FINANCIAL ASSETS - beginning of year	11,460	11,460	16,023
NET FINANCIAL ASSETS - end of year	11,460	10,275	11,460

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, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	905	(1,082)
(Increase)/decrease in accounts receivable	7,343	(7,852)
Increase/(decrease) in accounts payable	228	(204)
Decrease in deferred revenue	-	(2,312)
Increase/(decrease) in due to town	(3,456)	4,231
Non-cash charges to operations		
Amortization of tangible capital assets	10,482	9,845
Net increase in cash from operating transactions	15,502	2,626
CAPITAL		
Acquisition of tangible capital assets	(12,572)	(13,326)
INCREASE/(DECREASE) IN CASH	2,930	(10,700)
CASH - beginning of year	5,858	16,558
CASH - end of year	8,788	5,858

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, 2009

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:

(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.

(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. Such amounts are not expected to change materially in the near term.

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

(c) Financial Instruments

The Board's financial instruments consist of cash, accounts receivable, due to Town and accounts payable. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
Computer equipment	5 years

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

(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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Revenue

Deferred revenue represents 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) Reserves

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

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Board has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 67,385
Accumulated amortization to December 31, 2008, not previously recorded	<u>(35,276)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 32,109</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	\$ 12,143
Current fund	3,880
Reserves	<u>16,023</u>
Net book value of tangible capital assets at January 1, 2008	<u>28,628</u>
Opening 2008 accumulated surplus, as restated	<u>\$ 44,651</u>

Adjustment to 2008 Annual Surplus/(Deficit)

2008 annual surplus/(deficit) as previously stated	\$ (4,563)
Add: Assets capitalized but previously expensed	13,326
Less: Amortization expense not previously recorded	<u>(9,845)</u>
2008 annual surplus/(deficit) as restated	<u>\$ (1,082)</u>

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

3. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	Books \$	Computers \$	2009 Totals \$	2008 Totals \$
COST				
Balance, beginning of year	63,564	3,821	67,385	54,059
Add: additions during the year	11,251	1,321	12,572	13,326
Balance, end of year	74,815	5,142	79,957	67,385
ACCUMULATED AMORTIZATION				
Balance, beginning of year	34,512	764	35,276	25,431
Add: additions during the year	9,454	1,028	10,482	9,845
Balance, end of year	43,966	1,792	45,758	35,276
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,849	3,350	34,199	32,109

4. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

	2009 \$	2008 \$
Surplus/(Deficit)		
Operations	10,219	11,401
Invested In Capital Assets		
Tangible capital assets - net book value	34,199	32,109
Surplus	44,418	43,510
Reserves		
Donations	56	59
	44,474	43,569

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 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 PSAB reporting requirements. Budget figures are not subject to audit.

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO STORM JUNIOR "A" HOCKEY CLUB, 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 Deseronto Storm Junior "A" Hockey Club of the Corporation of the Town of Deseronto as at December 31, 2009 and the statements of operations and accumulated deficit, change in net financial liabilities and cash flows 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 registration fees, ticket sales and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Club and we were not able to determine whether any adjustments might be necessary to registration fees, ticket sales and fundraising revenue, 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 registration fees, ticket sales and fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2009 and the results of its operations and 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	2008
	\$	\$
FINANCIAL ASSETS		
Cash	15,536	5,345
Accounts receivable	8,371	2,000
TOTAL FINANCIAL ASSETS	23,907	7,345
LIABILITIES		
Accounts payable	6,598	6,330
Deferred revenue	9,495	2,255
Due to Town of Deseronto	85,770	67,042
TOTAL LIABILITIES	101,863	75,627
NET FINANCIAL LIABILITIES	(77,956)	(68,282)
NON-FINANCIAL ASSETS		
Prepaid expenses	6,065	9,409
ACCUMULATED DEFICIT (note 3)	(71,891)	(58,873)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
REVENUES			
Town contribution	-	22,500	-
Registration fees (player fees)	30,000	19,644	27,051
Ticket sales	30,400	36,295	37,104
Sponsorships and advertising	22,500	15,600	20,187
Fundraising	21,500	9,639	13,154
Canteen and merchandise sales	2,500	21,088	22,150
Miscellaneous	1,500	861	2,512
TOTAL REVENUES	108,400	125,627	122,158
EXPENSES			
League fees	7,900	7,900	7,600
Ice rental	23,100	22,880	20,198
Billeting costs	8,400	9,690	20,059
Salaries and benefits	20,100	27,951	30,342
Busing fees	21,090	31,291	22,340
Office	10,250	8,619	19,892
Equipment	10,000	12,671	9,812
Game costs	5,000	4,613	8,362
Fundraising	-	376	4,242
Canteen and merchandise costs	1,000	12,654	12,323
TOTAL EXPENSES	106,840	138,645	155,170
ANNUAL SURPLUS/(DEFICIT)	1,560	(13,018)	(33,012)
ACCUMULATED DEFICIT - beginning of year	(58,873)	(58,873)	(25,861)
ACCUMULATED DEFICIT - end of year	(57,313)	(71,891)	(58,873)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
ANNUAL SURPLUS/(DEFICIT)	1,560	(13,018)	(33,012)
DECREASE IN PREPAID EXPENSES	-	3,344	5,842
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	1,560	(9,674)	(27,170)
NET FINANCIAL LIABILITIES - beginning of year	(68,282)	(68,282)	(41,112)
NET FINANCIAL LIABILITIES - end of year	(66,722)	(77,956)	(68,282)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009	2008
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(13,018)	(33,012)
(Increase)/decrease in accounts receivable	(6,371)	11,949
Decrease in prepaid expenses	3,344	5,842
Increase/(decrease) in accounts payable	268	(13,142)
Increase/(decrease) in deferred revenue	7,240	(8,958)
Increase in due to Town of Deseronto	18,728	36,462
Net increase/(decrease) in cash from operating transactions	10,191	(859)
INCREASE/(DECREASE) IN CASH	10,191	(859)
CASH - beginning of year	5,345	6,204
CASH - end of year	15,536	5,345

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

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:

(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.

(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 Club's best information and judgment. Actual results could differ from these estimates.

(c) Financial Instruments

The Club's financial instruments consist of cash, accounts receivable, accounts payable and due to Town. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Club does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Club has no significant capital assets.

(e) Non-Financial Assets

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

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Revenue

Deferred revenue represents 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.

3. ACCUMULATED DEFICIT

Accumulated surplus/(deficit) consists of individual fund surplus/(deficit) as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Operations	(71,891)	(58,873)
	<u>(71,891)</u>	<u>(58,873)</u>

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 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 PSAB reporting requirements. Budget figures are not subject to audit.

5. ECONOMIC DEPENDENCE

The Deseronto Storm Junior "A" Hockey Club receives a significant portion of its revenue from the Town of Deseronto. The nature and extent of this revenue is of such significance that the Club is economically dependent on this source of revenue. Should operations cease, the Town of Deseronto would be responsible for discharging any remaining liabilities of the Deseronto Storm Junior "A" Hockey Club.

6. COMPARATIVE FIGURES

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

**CORPORATION OF THE TOWN OF DESERONTO
DESERONTO DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2009**



Collins Barrow

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AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO DEVELOPMENT CORPORATION, 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 Deseronto Development Corporation of the Corporation of the Town of Deseronto as at December 31, 2009 and the statements of operations and accumulated deficit, change in net financial assets/(liabilities) 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 present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	2008
	\$	\$
LIABILITIES		
Due to Town of Deseronto	16,972	12,343
NET FINANCIAL LIABILITIES	(16,972)	(12,343)
ACCUMULATED DEFICIT (note 3)	(16,972)	(12,343)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT For the Year Ended December 31, 2009

	2009	2008
	\$	\$
EXPENSES		
Professional fees	4,559	12,348
Travel	70	-
TOTAL EXPENSES	4,629	12,348
ANNUAL DEFICIT	(4,629)	(12,348)
ACCUMULATED SURPLUS/(DEFICIT) - beginning of year	(12,343)	5
ACCUMULATED DEFICIT - end of year	(16,972)	(12,343)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2009

	2009 \$	2008 \$
ANNUAL DEFICIT	(4,629)	(12,348)
<u>NET FINANCIAL ASSETS (LIABILITIES) - beginning of year</u>	<u>(12,343)</u>	<u>5</u>
<u>NET FINANCIAL LIABILITIES - end of year</u>	<u>(16,972)</u>	<u>(12,343)</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009	2008
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual deficit	(4,629)	(12,348)
Increase in due to Town of Deseronto	4,629	12,343
<u>Net decrease in cash from operating transactions</u>	<u>-</u>	<u>(5)</u>
INVESTING		
Shares issued	-	5
INCREASE IN CASH	-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

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 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 Corporation 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.

(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 Corporation's best information and judgment. Actual results could differ from these estimates.

(c) Financial Instruments

The Corporation's financial instruments consist of due to Town of Deseronto. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Corporation does not have any significant concentration of credit, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board has no significant capital assets.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

3. ACCUMULATED DEFICIT

Accumulated surplus consists of individual fund surplus/(deficit) as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Operations	(16,977)	(12,348)
Share capital	5	5
	(16,972)	(12,343)

CORPORATION OF THE TOWN OF DESERONTO
DESERONTO CEMETERY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO CEMETERY BOARD, 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 Deseronto Cemetery Board of the Corporation of the Town of Deseronto as at December 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows 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, 2009 and the results of its operations and 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	Restated 2008
	\$	\$
		(Note 2)
FINANCIAL ASSETS		
Cash	16,156	7,357
LIABILITIES		
Accounts payable	1,059	1,052
Due to Trust Fund	2,470	2,568
Due to Town	4,803	3,572
TOTAL LIABILITIES	8,332	7,192
NET FINANCIAL ASSETS	7,824	165
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	18,723	18,723
ACCUMULATED SURPLUS (note 4)	26,547	18,888

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, 2009

	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES		
Burial fees	7,650	8,848
Sale of plots	3,255	2,550
Other revenue	2	152
Investment income	8	50
Perpetual care interest	1,472	2,338
Contribution from Town	13,000	14,315
TOTAL REVENUES	25,387	28,253
EXPENSES		
Maintenance contract	10,544	10,091
Interments	4,800	5,700
Administration	2,384	2,581
TOTAL EXPENSES	17,728	18,372
ANNUAL SURPLUS	7,659	9,881
ACCUMULATED SURPLUS - beginning of year	18,888	9,007
ACCUMULATED SURPLUS - end of year	26,547	18,888

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, 2009

	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS	7,659	9,881
NET FINANCIAL ASSETS (LIABILITIES) - beginning of year	165	(9,716)
NET FINANCIAL ASSETS - end of year	7,824	165

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, 2009

	2009	Restated 2008
	\$	\$
<hr/>		
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	7,659	9,881
Decrease in accounts receivable	-	1,611
Increase in accounts payable	7	73
Decrease in due to trust fund	(98)	(5,994)
Increase/(decrease) in due to town	1,231	(4,647)
<hr/>		
Net increase in cash from operating transactions	8,799	924
<hr/>		
INCREASE IN CASH	8,799	924
CASH - beginning of year	7,357	6,433
<hr/>		
CASH - end of year	16,156	7,357
<hr/>		

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, 2009

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:

(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.

(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. Such amounts are not expected to change materially in the near term.

- The amounts recorded for opening costs of tangible capital assets are based on estimates. 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.

(c) Financial Instruments

The Board's financial instruments consist of cash, 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, currency or interest rate risk.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board's only tangible capital asset is land.

(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.

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Board has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009**

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY, continued

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 18,723
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 18,723</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ (9,716)
Net book value of tangible capital assets at January 1, 2008	<u>18,723</u>
Opening 2008 accumulated surplus, as restated	<u>\$ 9,007</u>

3. TANGIBLE CAPITAL ASSETS

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

	2009 Land \$	2008 Land \$
COST		
Balance, beginning of year	<u>18,723</u>	<u>18,723</u>
Balance, end of year	<u>18,723</u>	<u>18,723</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	<u>-</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>-</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>18,723</u>	<u>18,723</u>

CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2009**

4. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Operations	7,824	165
Invested In Capital Assets		
Tangible capital assets - net book value	18,723	18,723
	26,547	18,888

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 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 PSAB reporting requirements. Budget figures are not subject to audit.

6. TRUST FUND

Trust funds administered by the Board amounting to \$90,223 (2008 - \$88,492) 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. COMPARATIVE FIGURES

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

AUDITORS' REPORT

TO THE MEMBERS OF THE DESERONTO CEMETERY BOARD, 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 Deseronto Cemetery Board Trust Funds of the Corporation of the Town of Deseronto as at December 31, 2009 and the statement of continuity of the Trust Funds 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 Funds as at December 31, 2009 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 18, 2010

CORPORATION OF THE TOWN OF DESERONTO

PERPETUAL CARE TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009 Perpetual Care \$	2008 Perpetual Care \$
FINANCIAL ASSETS		
Cash	17,474	14,900
Investments (note 2)	70,202	70,202
Due from Cemetery Board	2,470	2,568
Accrued interest	77	822
	<u>90,223</u>	<u>88,492</u>
FUND BALANCE		
Capital	<u>90,223</u>	<u>88,492</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

PERPETUAL CARE TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2009

	2009 Perpetual Care \$	2008 Perpetual Care \$
BALANCE - beginning of year	88,492	86,350
RECEIPTS		
Interest income	733	1,889
Care and maintenance fund	2,470	2,600
	3,203	4,489
EXPENSES		
Transfer to Cemetery Board	1,472	2,338
Bank charges	-	9
	1,472	2,347
BALANCE - end of year	90,223	88,492

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

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.

(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) Financial Instruments

The Trust Funds financial instruments consist of cash, investments and due from Cemetery Board. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Town's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

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

	2009 Market Value \$	2009 Cost \$	2008 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.20%, maturing May 25, 2010	61,276	61,202	61,202
- interest at 0.15%, maturing November 15, 2010	9,002	9,000	9,000
	<u>70,278</u>	<u>70,202</u>	<u>70,202</u>

3. CEMETERY PERPETUAL CARE

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