

**CORPORATION OF THE
TOWN OF DESERONTO**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

**CORPORATION OF THE
TOWN OF DESERONTO**

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TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITORS' REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Liabilities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14
Schedule of Tangible Capital Assets	15
Schedules of Segment Disclosure	16 - 17
TRUST FUNDS	
Independent Auditors' Report	18
Statement of Financial Position	19
Statement of Continuity	20
Notes to the Financial Statements	21 - 22
LOCAL BOARDS	
Deseronto Public Library Board	23 - 31
Deseronto Storm Junior "A" Hockey Club	32 - 39
Deseronto Development Corporation	40 - 47
Deseronto Cemetery Board	48 - 59



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CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2010

MANAGEMENT REPORT

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

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

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

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

Council reviews and approves the Town's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Town of Deseronto. Council meets periodically with management, as well as the external 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

8 November 2011

Treasurer

Date

Nov 8/11

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto**T. 705.742.3418
F. 705.742.9775www.collinsbarrow.com*Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Town of Deseronto and its local boards, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Except as noted in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The Town derives revenue from donations and transit fees, 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 Town and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, assets and fund balances.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Deseronto and its local boards as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (note 3)	40,069	149,513
Taxes and grants in lieu receivable	580,688	432,212
Accounts receivable	799,989	555,115
TOTAL FINANCIAL ASSETS	1,420,746	1,136,840
LIABILITIES		
Accounts payable	740,997	429,709
Deferred revenue - obligatory reserve funds (note 5)	245,357	265,485
Deferred revenue - other	37,001	37,554
Long term debt (note 6)	1,285,365	796,571
TOTAL LIABILITIES	2,308,720	1,529,319
NET FINANCIAL LIABILITIES	(887,974)	(392,479)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	7,098,892	5,276,613
Prepaid expenses	9,088	22,866
TOTAL NON-FINANCIAL ASSETS	7,107,980	5,299,479
ACCUMULATED SURPLUS (note 7)	6,220,006	4,907,000

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, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Property taxation	1,063,460	1,071,704	1,058,064
User charges	1,463,846	1,475,024	1,397,332
Government of Canada	8,150	682,738	63,674
Province of Ontario	793,897	1,514,107	945,548
Other municipalities	25,000	25,000	24,479
Penalties and interest on taxes	47,500	67,669	67,074
Investment income	5,000	207	1,762
Donations and fundraising	3,554	17,221	17,541
Gain/(loss) on sale of capital assets	-	(20,782)	14,000
Federal gas tax funding earned	-	120,523	19,236
Other grants	20,000	23,510	5,146
TOTAL REVENUES	3,430,407	4,976,921	3,613,856
EXPENSES			
General government	325,257	470,613	297,830
Protection services	603,581	633,211	622,135
Transportation services	614,312	698,447	622,401
Environmental services	1,008,037	1,087,653	1,020,689
Health services	-	12,111	17,728
Social and family services	2,000	1,086	8,347
Recreation and cultural services	581,198	649,588	624,760
Planning and development	75,747	111,206	97,113
TOTAL EXPENSES	3,210,132	3,663,915	3,311,003
ANNUAL SURPLUS	220,275	1,313,006	302,853
ACCUMULATED SURPLUS - beginning of year	4,907,000	4,907,000	4,604,147
ACCUMULATED SURPLUS - end of year	5,127,275	6,220,006	4,907,000

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS	220,275	1,313,006	302,853
Amortization of tangible capital assets	251,577	387,076	339,297
Acquisition of tangible capital assets	(420,103)	(2,237,637)	(382,120)
Loss on disposal of tangible capital assets	-	23,782	-
Proceeds on sale of tangible capital assets	-	4,500	-
Decrease in prepaid expenses	-	13,778	5,258
INCREASE/(DECREASE) IN NET FINANCIAL LIABILITIES	51,749	(495,495)	265,288
NET FINANCIAL LIABILITIES - beginning of year	(392,479)	(392,479)	(657,767)
NET FINANCIAL LIABILITIES - end of year	(340,730)	(887,974)	(392,479)

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, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	1,313,006	302,853
Increase in taxes and grants in lieu receivable	(148,476)	(66,396)
Increase in accounts receivable	(244,874)	(77,953)
Decrease in prepaid expenses	13,778	5,258
Increase in accounts payable	311,288	106,169
Increase/(decrease) in deferred revenue - obligatory reserve funds	(20,128)	85,890
Decrease in deferred revenue - other	(553)	(76,291)
Non-cash charges to operations		
Amortization of tangible capital assets	387,076	339,297
Loss on disposal of tangible capital assets	23,782	-
Net increase in cash from operating transactions	1,634,899	618,827
CAPITAL		
Acquisition of tangible capital assets	(2,237,637)	(382,120)
Proceeds on disposal of tangible capital assets	4,500	-
Net decrease in cash from capital transactions	(2,233,137)	(382,120)
FINANCING		
Long term debt issued	662,000	-
Debt principal repayments	(173,206)	(161,849)
Net increase/(decrease) in cash from financing transactions	488,794	(161,849)
INCREASE/(DECREASE) IN CASH	(109,444)	74,858
CASH - beginning of year	149,513	74,655
CASH - end of year	40,069	149,513

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, 2010

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.

(c) Trust Funds

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

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

(e) Non-financial Assets

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

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves 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 grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) 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, 2010

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, except for long term bank loans, approximates their fair values and that the Town does not have any significant concentration of currency or credit risk. The Town's long term bank loans are at a variable rate of interest and as such represents an interest rate risk to the Town should interest rates fluctuate.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2010, 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	260,670	271,866

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, 2010

3. CASH AND TEMPORARY INVESTMENTS

	2010	2009
	\$	\$
Cash balance	30,682	140,140
Parklands Guaranteed Investment Certificates - interest at 0.15%, maturing March 10, 2011	9,387	9,373
	40,069	149,513

The Parklands GIC has a one year term with an annual interest rate of 0.15% maturing on March 10, 2011.

4. TANGIBLE CAPITAL ASSETS

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

	2010	2009
	\$	\$
General		
Land and land improvements	680,768	668,631
Buildings	3,098,853	1,356,237
Machinery and equipment	1,527,002	1,559,488
Vehicles	353,878	179,556
Computer hardware and software	21,320	25,550
Infrastructure		
Roadways	42,163	56,664
Water and sewer system	1,210,256	1,263,047
	6,934,240	5,109,173
Assets under construction	164,652	167,440
	7,098,892	5,276,613

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

During the year there were no write-downs of assets (2009 - \$Nil) and no interest capitalized (2009 - \$Nil).

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

4. TANGIBLE CAPITAL ASSETS, continued

Tangible capital assets allocated by segment are as follows:

	2010	2009
	\$	\$
General government	174,406	164,032
Protection services	330,101	137,004
Transportation services	854,520	846,492
Environmental services	2,655,249	2,705,121
Health services	28,955	18,723
Recreation and cultural services	3,055,661	1,405,241
	7,098,892	5,276,613

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:

	2010	2009
	\$	\$
Parkland	14,249	14,247
Lot levy	16,169	16,160
Federal gas tax	214,939	235,078
	245,357	265,485

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

	2010	2009
	\$	\$
Balance - beginning of year	265,485	179,595
Add amounts received:		
Interest	198	67
Federal gas tax funding received	100,197	105,059
	100,395	105,126
Less transfer to operations:		
Federal gas tax funding earned	120,523	19,236
Balance - end of year	245,357	265,485

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

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:

	2010 \$	2009 \$
Debenture payable with annual installments of varying amounts plus interest at 7.50%, due in 2012	232,000	336,000
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	189,692	223,286
Long term bank loan with monthly payments of \$1,675 plus interest at a prime currently 3.00%, due in 2017	134,770	154,870
Lease purchase agreement with blended monthly payments of \$569 with interest at 8.9%, due 2014	20,023	5,935
Long term bank loan with monthly payments of \$710 plus interest at prime, currently 3.00%, due in 2018	67,960	76,480
Long term bank loan with monthly payments of \$1,635 plus interest at a prime currently 3.0%, due in 2020	182,920	-
Long term bank loan with monthly payments of \$1,333 plus interest at a prime currently 3.0%, due in 2015	80,000	-
Long term bank loan with monthly payments of \$1,000 plus interest at a prime currently 3.0%, due in 2013	28,000	-
Long term bank loan with monthly payments of \$2,917 plus interest at a prime currently 3.0%, due in 2020	350,000	-
	1,285,365	796,571

- (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 \$42,843 (2009 - \$45,249).

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

	Principal \$	Interest \$	Total \$
2011	264,412	46,259	310,671
2012	272,763	32,235	304,998
2013	146,776	22,412	169,188
2014	141,708	17,308	159,016
2015	140,276	12,593	152,869
2016 and subsequent years	319,430	21,114	340,544
	1,285,365	151,921	1,437,286

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

7. ACCUMULATED SURPLUS

a) Accumulated surplus consists of the following:

	2010	2009
	\$	\$
Surplus/(Deficit)		
Town	56,217	26,631
Water and sewer system	(33,002)	92,009
Deseronto Public Library Board	11,018	10,219
Deseronto Cemetery Board	20,092	7,824
Deseronto Storm Junior "A" Hockey Club	(105,800)	(71,891)
Deseronto Development Corporation	(13,027)	(16,977)
	(64,502)	47,815
Invested In Capital Assets		
Tangible capital assets - net book value	7,098,892	5,276,613
Long term debt	(1,285,365)	(796,571)
Unexpended/(unfunded) capital (see (b) below)	34,127	(57,709)
	5,847,654	4,422,333
Surplus	5,783,152	4,470,148
Reserves		
Working funds	178,446	178,446
Future capital assets	60,684	60,684
Water and sewer	190,978	190,978
Library donations	58	56
Zoning	6,688	6,688
Total Reserves	436,854	436,852
	6,220,006	4,907,000

b) Unexpended/(unfunded) capital is comprised of:

	2010	2009
	\$	\$
Public works	25,490	(57,709)
Parks and recreation	12,867	-
	38,357	(57,709)

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 2010 \$	Actual 2010 \$	Actual 2009 \$
Salaries and benefits	808,680	822,071	766,066
Interest charges	36,200	42,843	45,249
Materials	930,060	1,189,904	969,299
Contracted services	1,115,950	1,152,623	1,137,799
Rents and financial expenses	53,915	44,468	39,173
External transfers	13,750	24,930	14,120
Amortization	251,577	387,076	339,297
	3,210,132	3,663,915	3,311,003

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 2010 were \$25,032 (2009 - \$20,121).

10. TRUST FUNDS

Trust funds administered by the Town amounting to \$94,816 (2009 - \$91,253) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or operations.

11. BUDGET FIGURES

The budget, approved by the Town, for 2010 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Liabilities. 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, 2010

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, 2010 there was a balance outstanding of \$Nil.

13. COMMITMENTS

The Town has entered into a contract for the expansion of the water treatment plant for \$7.2 million. The remaining commitment at December 31, 2010 is \$7,035,348. The Municipality plans to finance this project from government grants, user charges and long term debt.

The Town has approved the resurfacing of Water Street for approximately \$120,000. The Municipality plans to finance this project from government grants.

In 2009, the Town committed \$40,000 to the Lennox & Addington County General Hospital. This amount is being paid over five years from 2010 to 2014. During 2010, \$10,000 of this commitment was paid. At December 31, 2010, \$30,000 of this commitment remains to be paid in installments of \$7,500.

14. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

CORPORATION OF THE TOWN OF DESERONTO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

14. SEGMENTED INFORMATION, continued

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.

Planning and Development

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

15. COMPARATIVE FIGURES

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

16. SUBSEQUENT EVENTS

On August 29, 2011, the Town entered into a purchase agreement to dispose of the assets and business operations of the Deseronto Storm Junior "A" Hockey Club.

The consideration received on the sale of the Deseronto Storm Junior "A" Hockey Club consisted of cash proceeds of \$5,000 with the remaining \$10,000 payable by way of Promissory Note dated August 29, 2011 in two installments of \$5,000 on September 1, 2011 and September 1, 2012. Pursuant to the Promissory Note, no interest will accrue on these payments, and the purchaser has the right to prepay any portion of the amounts at any time without interest or penalty. If the promissory note is defaulted assets will be returned to the Town.

Allocation of purchase price is as follows:

Goodwill	14,998
Inventory	1
Equipment	1

The Town of Deseronto is responsible for discharging any remaining liabilities of the Deseronto Storm Junior "A" Hockey Club.

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2010

	General					Infrastructure			Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computer Hardware and Software	Roadways	Sewer System	Water and Assets Under Construction	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	1,417,297	3,804,395	3,004,497	574,707	49,678	1,585,092	2,648,194	167,440	13,251,300
Add: additions during the year	33,469	1,800,247	111,663	240,011	3,214	-	9,900	39,133	2,237,637
Less: disposals during the year	-	-	-	39,621	-	-	-	-	39,621
Internal transfers	-	41,921	-	-	-	-	-	(41,921)	-
Balance, end of year	1,450,766	5,646,563	3,116,160	775,097	52,892	1,585,092	2,658,094	164,652	15,449,316
ACCUMULATED AMORTIZATION									
Balance, beginning of year	748,666	2,448,158	1,445,009	395,151	24,128	1,528,428	1,385,147	-	7,974,687
Add: additions during the year	21,332	99,552	144,149	37,407	7,444	14,501	62,691	-	387,076
Less: disposals during the year	-	-	-	11,339	-	-	-	-	11,339
Balance, end of year	769,998	2,547,710	1,589,158	421,219	31,572	1,542,929	1,447,838	-	8,350,424
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	680,768	3,098,853	1,527,002	353,878	21,320	42,163	1,210,256	164,652	7,098,892

CORPORATION OF THE TOWN OF DESERONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2010

	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	131,298	544,893	259,015	-	-	15,000	2,000	67,277	52,221	1,071,704
User charges	17,532	1,010	126,068	959,939	65,079	10,235	965	275,953	18,243	1,475,024
Government transfers - operating	1,398	285,833	227,311	40,285	-	-	-	233,845	45,035	833,707
Government transfers - capital	-	-	-	26,088	-	-	-	1,337,050	-	1,363,138
Other municipalities	-	-	25,000	-	-	-	-	-	-	25,000
Penalties and interest on taxes	67,669	-	-	-	-	-	-	-	-	67,669
Investment income	207	-	-	-	-	-	-	-	-	207
Donations and fundraising	17,221	-	-	-	-	-	-	-	-	17,221
Gain/(loss) on sale of capital assets	3,000	-	(23,782)	-	-	-	-	-	-	(20,782)
Federal gas tax funding earned	-	-	120,523	-	-	-	-	-	-	120,523
Other grants	-	-	23,510	-	-	-	-	-	-	23,510
Total revenues	238,325	831,736	757,645	1,026,312	65,079	25,235	2,965	1,914,125	115,499	4,976,921
Expenses										
Salaries and benefits	186,584	58,656	327,935	-	-	-	-	205,454	43,442	822,071
Interest charges	-	3,468	3,830	29,885	-	-	-	5,660	-	42,843
Materials	250,991	48,305	260,066	286,000	-	3,719	1,086	273,023	66,714	1,189,904
Contracted services	35,748	483,997	8,196	500,874	56,743	7,850	-	58,165	1,050	1,152,623
Rents and financial expenses	10,553	-	4,796	(64)	-	3	-	29,180	-	44,468
External transfers	14,942	9,748	-	-	-	-	-	240	-	24,930
Amortization	6,795	29,037	93,624	164,169	15,046	539	-	77,866	-	387,076
Internal transfers	(35,000)	-	-	35,000	-	-	-	-	-	-
Total expenses	470,613	633,211	698,447	1,015,864	71,789	12,111	1,086	649,588	111,206	3,663,915
Net surplus/(deficit)	(232,288)	198,525	59,198	10,448	(6,710)	13,124	1,879	1,264,537	4,293	1,313,006

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	-	-	62,683	82,630	-	-	-	27,948	-	173,261
Other municipalities	-	-	25,000	-	-	-	-	-	(521)	24,479
Penalties and interest on taxes	57,810	-	-	9,264	-	-	-	-	-	67,074
Investment income	23	-	-	243	-	1,479	-	17	-	1,762
Donations and fundraising	-	-	100	-	-	-	-	17,441	-	17,541
Gain/(loss) on sale of capital assets	-	-	14,000	-	-	-	-	-	-	14,000
Federal gas tax funding earned	-	-	19,236	-	-	-	-	-	-	19,236
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 charges	-	-	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	297,830	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

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deseronto***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Town as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2010 Total \$	2009 Total \$
FINANCIAL ASSETS					
Cash	19,954	-	2,208	22,162	19,681
Investments (note 2)	70,202	1,000	-	71,202	71,202
Due from Cemetery Board	3,565	-	-	3,565	2,470
Accrued interest	60	34	-	94	107
Due from Town	-	-	1,306	1,306	1,306
	93,781	1,034	3,514	98,329	94,766
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Due to Province of Ontario	-	-	3,513	3,513	3,513
FUND BALANCES					
Capital	93,781	1,000	1	94,782	91,223
Income	-	34	-	34	30
	93,781	1,034	1	94,816	91,253
	93,781	1,034	3,514	98,329	94,766

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, 2010

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2010 Total \$	2009 Total \$
BALANCE - beginning of year	90,223	1,030	-	91,253	93,443
RECEIPTS					
Interest earned	129	4	1	134	764
Care and maintenance receipts	3,565	-	-	3,565	2,470
	3,694	4	1	3,699	3,234
EXPENSES					
Transfer to Cemetery Board current fund	136	-	-	136	1,472
Transfer to Town	-	-	-	-	439
Transfer to Province of Ontario	-	-	-	-	3,513
	136	-	-	136	5,424
BALANCE - end of year	93,781	1,034	1	94,816	91,253

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, 2010

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, accrued interest, 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:

	Market Value \$	2010 Cost \$	2009 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.15%, maturing May 25, 2011	61,258	61,202	61,202
- interest at 0.15%, maturing November 15, 2010	9,061	9,000	9,000
- interest at 0.4%, maturing January 12, 2011	1,004	1,000	1,000
	<u>71,323</u>	<u>71,202</u>	<u>71,202</u>

CORPORATION OF THE TOWN OF DESERONTO

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

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.

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 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

DECEMBER 31, 2010

INDEPENDENT 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**

T. 705.742.3418
F. 705.742.9775www.collinsbarrow.com*Report on the Financial Statements*

We have audited the accompanying financial statements of the Deseronto Public Library Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Except as noted in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The Board derives revenue from 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 donations and fundraising revenues, assets and fund balances.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Public Library Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	6,292	8,788
Accounts receivable	10,314	5,647
TOTAL FINANCIAL ASSETS	16,606	14,435
LIABILITIES		
Accounts payable	2,312	2,226
Deferred revenue	594	594
Due to Town	2,624	1,340
TOTAL LIABILITIES	5,530	4,160
NET FINANCIAL ASSETS	11,076	10,275
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	48,495	34,199
ACCUMULATED SURPLUS (note 3)	59,571	44,474

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, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Municipal Contributions			
Town of Deseronto	100,000	100,000	93,000
Grants	13,347	27,443	9,441
User charges	1,488	1,289	1,987
Donations and fundraising	4,754	11,599	6,982
Investment income	-	19	17
Rent	6,000	6,000	6,000
TOTAL REVENUES	125,589	146,350	117,427
EXPENSES			
Salaries and benefits	76,648	77,806	68,531
Utilities	10,150	7,753	8,966
Administration	5,565	5,820	6,858
Insurance	1,450	1,459	1,366
Professional fees	6,550	9,286	6,236
Repairs and maintenance	3,050	2,762	3,542
Other	600	3,486	3,129
Computers and automation	500	4,168	7,412
Amortization	10,485	11,224	10,482
Literacy grant	8,976	7,489	-
TOTAL EXPENSES	123,974	131,253	116,522
ANNUAL SURPLUS	1,615	15,097	905
ACCUMULATED SURPLUS - beginning of year	44,474	44,474	43,569
ACCUMULATED SURPLUS - end of year	46,089	59,571	44,474

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 LIABILITIES For the Year Ended December 31, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS	1,615	15,097	905
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	10,484	11,224	10,482
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(7,600)	(25,520)	(12,572)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	4,499	801	(1,185)
NET FINANCIAL ASSETS - beginning of year	10,275	10,275	11,460
NET FINANCIAL ASSETS - end of year	14,774	11,076	10,275

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, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	15,097	905
(Increase)/decrease in accounts receivable	(4,667)	7,343
Increase in accounts payable	86	228
Increase/(decrease) in Due to Town	1,284	(3,456)
Non-cash charges to operations		
Amortization of tangible capital assets	11,224	10,482
Net increase in cash from operating transactions	23,024	15,502
CAPITAL		
Acquisition of tangible capital assets	(25,520)	(12,572)
INCREASE/(DECREASE) IN CASH	(2,496)	2,930
CASH - beginning of year	8,788	5,858
CASH - end of year	6,292	8,788

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, 2010

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, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Revenue

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

(g) 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.

(h) 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.

2. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	Books \$	Computers \$	2010 Totals \$	2009 Totals \$
COST				
Balance, beginning of year	74,815	5,142	79,957	67,385
Add: additions during the year	22,306	3,214	25,520	12,572
Less: disposals during the year	15,899	-	15,899	-
Balance, end of year	81,222	8,356	89,578	79,957
ACCUMULATED AMORTIZATION				
Balance, beginning of year	43,966	1,792	45,758	35,276
Add: additions during the year	9,553	1,671	11,224	10,482
Less: disposals during the year	15,899	-	15,899	-
Balance, end of year	37,620	3,463	41,083	45,758
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,602	4,893	48,495	34,199

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	2009
	\$	\$
Surplus		
Operations	11,018	10,219
Invested In Capital Assets		
Tangible capital assets - net book value	48,495	34,199
Surplus	59,513	44,418
Reserves		
Donations	58	56
	59,571	44,474

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2010 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.

**CORPORATION OF THE
TOWN OF DESERONTO**

DESERONTO STORM JUNIOR "A" HOCKEY CLUB

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT 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

T. 705.742.3418
F. 705.742.9775www.collinsbarrow.com*Report on the Financial Statements*

We have audited the accompanying financial statements of the Deseronto Storm Junior "A" Hockey Club of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated deficit, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Except as noted in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

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 Board and we were not able to determine whether any adjustments might be necessary to registration fees, ticket sales and fundraising revenues, assets and fund balances.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Storm Junior "A" Hockey Club as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	9,238	15,536
Accounts receivable	9,872	8,371
TOTAL FINANCIAL ASSETS	19,110	23,907
LIABILITIES		
Accounts payable	5,088	6,598
Deferred revenue	6,918	9,495
Due to Town of Deseronto	114,300	85,770
TOTAL LIABILITIES	126,306	101,863
NET FINANCIAL LIABILITIES	(107,196)	(77,956)
NON-FINANCIAL ASSETS		
Prepaid expenses	1,396	6,065
ACCUMULATED DEFICIT (note 2)	(105,800)	(71,891)

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, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Town contribution	10,000	10,000	22,500
Registration fees (player fees)	30,000	24,396	19,644
Ticket sales	30,400	33,647	36,295
Sponsorships and advertising	22,500	13,996	15,600
Fundraising	21,500	9,976	9,639
Canteen and merchandise sales	2,500	300	21,088
Miscellaneous	1,500	4,217	861
TOTAL REVENUES	118,400	96,532	125,627
EXPENSES			
League fees	7,900	8,200	7,900
Ice rental	23,100	23,775	22,880
Billeting costs	8,400	8,145	9,690
Salaries and benefits	20,100	22,947	27,951
Busing fees	21,090	28,362	31,291
Office	10,250	11,033	8,619
Equipment	10,000	14,735	12,671
Game costs	5,000	12,271	4,613
Fundraising	-	433	376
Canteen and merchandise costs	1,000	540	12,654
TOTAL EXPENSES	106,840	130,441	138,645
ANNUAL SURPLUS/(DEFICIT)	11,560	(33,909)	(13,018)
ACCUMULATED DEFICIT - beginning of year	(71,891)	(71,891)	(58,873)
ACCUMULATED DEFICIT - end of year	(60,331)	(105,800)	(71,891)

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, 2010

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS/(DEFICIT)	11,560	(33,909)	(13,018)
DECREASE IN PREPAID EXPENSES	-	4,669	3,344
DECREASE (INCREASE) IN NET FINANCIAL LIABILITIES	11,560	(29,240)	(9,674)
NET FINANCIAL LIABILITIES - beginning of year	(77,956)	(77,956)	(68,282)
NET FINANCIAL LIABILITIES - end of year	(66,396)	(107,196)	(77,956)

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, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(33,909)	(13,018)
Increase in accounts receivable	(1,501)	(6,371)
Decrease in prepaid expenses	4,669	3,344
Increase/(decrease) in accounts payable	(1,510)	268
Increase/(decrease) in deferred revenue	(2,577)	7,240
Increase in due to Town	28,530	18,728
Net increase/(decrease) in cash from operating transactions	(6,298)	10,191
INCREASE/(DECREASE) IN CASH	(6,298)	10,191
CASH - beginning of year	15,536	5,345
CASH - end of year	9,238	15,536

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, 2010

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 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.

(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.

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO STORM JUNIOR "A" HOCKEY CLUB NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

2. ACCUMULATED DEFICIT

Accumulated deficit consists of the following:

	2010	2009
	\$	\$
(Deficit)		
Operations	(105,800)	(71,891)
	(105,800)	(71,891)

3. BUDGET FIGURES

The operating budget, approved by the Club, for 2010 is reflected on the Statement of Operations and Accumulated Deficit 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.

4. SUBSEQUENT EVENTS

On August 29, 2011, the Town entered into a purchase agreement to dispose of the assets and business operations of the Deseronto Storm Junior "A" Hockey Club.

The consideration received on the sale of the Deseronto Storm Junior "A" Hockey Club consisted of cash proceeds of \$5,000 with the remaining \$10,000 payable by way of Promissory Note dated August 29, 2011 in two installments of \$5,000 on September 1, 2011 and September 1, 2012. Pursuant to the Promissory Note, no interest will accrue on these payments, and the purchaser has the right to prepay any portion of the amounts at any time without interest or penalty. If the promissory note is defaulted assets will be returned to the Town.

Allocation of purchase price is as follows:

Goodwill	14,998
Inventory	1
Equipment	1

The Town of Deseronto is responsible for discharging any remaining liabilities of the Deseronto Storm Junior "A" Hockey Club.

**CORPORATION OF THE
TOWN OF DESERONTO**

DESERONTO DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT 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

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Development Corporation of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated deficit, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Development Corporation as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO DEVELOPMENT CORPORATION STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
LIABILITIES		
Due to Town of Deseronto	13,022	16,972
NET FINANCIAL LIABILITIES	(13,022)	(16,972)
ACCUMULATED DEFICIT (note 2)	(13,022)	(16,972)

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, 2010

	2010	2009
	\$	\$
REVENUES		
Grant from Town of Deseronto	5,000	-
EXPENSES		
Professional fees	1,050	4,559
Travel	-	70
TOTAL EXPENSES	1,050	4,629
ANNUAL SURPLUS/(DEFICIT)	3,950	(4,629)
ACCUMULATED DEFICIT - beginning of year	(16,972)	(12,343)
ACCUMULATED DEFICIT - end of year	(13,022)	(16,972)

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 LIABILITIES For the Year Ended December 31, 2010

	2010	2009
	\$	\$
ANNUAL SURPLUS/(DEFICIT)	3,950	(4,629)
NET FINANCIAL LIABILITIES - beginning of year	(16,972)	(12,343)
NET FINANCIAL LIABILITIES - end of year	(13,022)	(16,972)

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, 2010**

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	3,950	(4,629)
Increase in due to Town	(3,950)	4,629
Net increase in cash from operating transactions	-	-
INCREASE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

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, 2010

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.

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 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 Corporation 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, 2010

2. ACCUMULATED DEFICIT

Accumulated deficit consists of the following:

	2010	2009
	\$	\$
(Deficit)		
Operations	(13,027)	(16,977)
Share capital	5	5
	<u>(13,022)</u>	<u>(16,972)</u>

**CORPORATION OF THE
TOWN OF DESERONTO**

DESERONTO CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

T. 705.742.3418
F. 705.742.9775

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

www.collinsbarrow.com

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Cemetery Board of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Cemetery Board as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	26,752	16,156
LIABILITIES		
Accounts payable	4,325	1,059
Due to trust fund	3,565	2,470
Due to Town	3,000	4,803
TOTAL LIABILITIES	10,890	8,332
NET FINANCIAL ASSETS	15,862	7,824
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	28,954	18,723
ACCUMULATED SURPLUS (note 3)	44,816	26,547

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, 2010

	Actual 2010 \$	Actual 2009 \$
REVENUES		
Burial fees	8,525	7,650
Sale of plots	1,710	3,255
Other revenue	-	2
Investment income	9	8
Perpetual care interest	136	1,472
Contribution from Town	20,000	13,000
TOTAL REVENUES	30,380	25,387
EXPENSES		
Maintenance contract	-	10,544
Interments	6,458	4,800
Administration	4,038	2,384
Repairs	1,076	-
Amortization	539	-
TOTAL EXPENSES	12,111	17,728
ANNUAL SURPLUS	18,269	7,659
ACCUMULATED SURPLUS - beginning of year	26,547	18,888
ACCUMULATED SURPLUS - end of year	44,816	26,547

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, 2010

	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS	18,269	7,659
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	539	-
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(10,770)	-
INCREASE IN NET FINANCIAL ASSETS	8,038	7,659
NET FINANCIAL ASSETS - beginning of year	7,824	165
NET FINANCIAL ASSETS - end of year	15,862	7,824

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, 2010

	2010	2009
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	18,269	7,659
Increase in accounts payable	3,266	7
Increase/(decrease) in due to trust fund	1,095	(98)
Increase/(decrease) in due to town	(1,803)	1,231
Non-cash charges to operations		
Amortization of tangible capital assets	539	-
Net increase in cash from operating transactions	21,366	8,799
CAPITAL		
Acquisition of tangible capital assets	(10,770)	-
INCREASE IN CASH	10,596	8,799
CASH - beginning of year	16,156	7,357
CASH - end of year	26,752	16,156

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, 2010

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.

(f) Trust Funds

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

CORPORATION OF THE TOWN OF DESERONTO

DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

2. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2010 Land and Land Improvement \$	2009 Land and Land Improvement \$
COST		
Balance, beginning of year	18,723	18,723
Add: additions during the year	10,770	-
Balance, end of year	29,493	18,723
ACCUMULATED AMORTIZATION		
Balance, beginning of year	-	-
Add: additions during the year	539	-
Balance, end of year	539	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	28,954	18,723

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010 \$	2009 \$
Surplus/(Deficit)		
Operations	15,862	7,824
Invested In Capital Assets		
Tangible capital assets - net book value	28,954	18,723
	44,816	26,547

4. TRUST FUND

Trust funds administered by the Board amounting to \$93,781 (2009 - \$90,223) 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 financial position or operations.

INDEPENDENT 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

Report on the Financial Statements

We have audited the accompanying financial statements of the Deseronto Cemetery Board Trust Funds of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2010, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Deseronto Cemetery Board as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
November 8, 2011

CORPORATION OF THE TOWN OF DESERONTO

PERPETUAL CARE TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash	19,954	17,474
Investments (note 2)	70,202	70,202
Due from Cemetery Board	3,565	2,470
Accrued interest	60	77
	<u>93,781</u>	<u>90,223</u>
FUND BALANCE		
Capital	<u>93,781</u>	<u>90,223</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, 2010

	2010	2009
	\$	\$
BALANCE - beginning of year	90,223	88,492
RECEIPTS		
Interest income	129	733
Care and maintenance fund	3,565	2,470
	3,694	3,203
EXPENSES		
Transfer to Cemetery Board	136	1,472
BALANCE - end of year	93,781	90,223

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, 2010

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 do 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 Board's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

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

	Market Value \$	2010 Cost \$	2009 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.15%, maturing May 25, 2011	61,258	61,202	61,202
- interest at 0.45%, maturing November 15, 2011	9,005	9,000	9,000
	70,263	70,202	70,202

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.
