

**CORPORATION OF THE TOWN OF DESERONTO**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**CORPORATION OF THE TOWN OF DESERONTO**  
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**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets/(Liabilities)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15
Schedule of Tangible Capital Assets	16
Schedules of Segment Disclosure	17 - 18
<b>TRUST FUNDS</b>	
Independent Auditors' Report	19
Statement of Financial Position	20
Statement of Continuity	21
Notes to the Financial Statements	22
<b>LOCAL BOARDS</b>	
Deseronto Public Library Board	23 - 31
Deseronto Cemetery Board	32 - 44



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## CORPORATION OF THE TOWN OF DESERONTO

For The Year Ended December 31, 2015

### 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 independent auditors' 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

June 28/2016

CAO/Clerk-Treasurer

Date

June 28/2016

## 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 consolidated financial statements of the Corporation of the Town of Deseronto and its local boards, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *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.

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

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Deseronto and its local boards as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 28, 2016

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investment (note 4)	49,190	428,397
Taxes and grants in lieu receivable	414,863	421,974
Accounts receivable	2,913,277	2,166,767
<b>TOTAL FINANCIAL ASSETS</b>	<b>3,377,330</b>	<b>3,017,138</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,278,569	1,305,664
Deferred revenue - obligatory reserve funds (note 5)	301,762	329,734
Deferred revenue - other (note 7)	44,054	452,097
Long term debt (note 6)	1,939,216	782,833
Liability for contaminated sites (notes 2 and 8)	123,800	-
<b>TOTAL LIABILITIES</b>	<b>4,687,401</b>	<b>2,870,328</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>(1,310,071)</b>	<b>146,810</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	16,738,363	9,101,974
Prepaid expenses	15,896	16,610
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>16,754,259</b>	<b>9,118,584</b>
<b>ACCUMULATED SURPLUS (note 10)</b>	<b>15,444,188</b>	<b>9,265,394</b>

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

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Property taxation	1,341,093	1,340,642	1,280,437
User charges	1,558,692	1,490,600	1,507,326
Government of Canada	-	886,523	532,208
Province of Ontario	664,696	1,579,034	1,664,615
Other municipalities	45,000	45,000	230,000
Penalties and interest	55,000	66,933	70,414
Federal gas tax earned	100,000	109,416	283,923
Provincial gas tax earned	145,880	176,151	100,147
Investment income	1,015	2,260	3,357
Donations and fundraising	6,525	7,244	40,973
Mohawks of the Bay of Quinte (note 17)	-	4,288,105	313,932
Other grants	34,750	44,333	42,417
Other	-	-	36,467
<b>TOTAL REVENUES</b>	<b>3,952,651</b>	<b>10,036,241</b>	<b>6,106,216</b>
<b>EXPENSES</b>			
General government	358,016	350,400	339,282
Protection services	636,879	582,882	653,889
Transportation services	859,194	826,534	840,941
Environmental services	1,159,871	1,299,935	1,113,630
Health services	14,189	22,461	23,007
Recreation and cultural services	715,899	699,464	712,335
Planning and development	86,450	75,771	76,669
<b>TOTAL EXPENSES</b>	<b>3,830,498</b>	<b>3,857,447</b>	<b>3,759,753</b>
<b>ANNUAL SURPLUS</b>	<b>122,153</b>	<b>6,178,794</b>	<b>2,346,463</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>9,265,394</b>	<b>9,265,394</b>	<b>6,918,931</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>9,387,547</b>	<b>15,444,188</b>	<b>9,265,394</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS</b>	122,153	6,178,794	2,346,463
Amortization of tangible capital assets	476,854	498,263	476,855
Acquisition of tangible capital assets	(506,000)	(8,134,652)	(2,807,667)
Loss on disposal of tangible capital assets	-	-	32,162
Proceeds on sale of tangible capital assets	-	-	8,563
Decrease in prepaid expenses	-	714	13,616
<b>CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)</b>	93,007	(1,456,881)	69,992
<b>NET FINANCIAL ASSETS - beginning of year</b>	146,810	146,810	76,818
<b>NET FINANCIAL ASSETS/(LIABILITIES) - end of year</b>	239,817	(1,310,071)	146,810

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	6,178,794	2,346,463
Decrease in taxes and grants in lieu receivable	7,111	34,790
Increase in accounts receivable	(746,510)	(1,604,096)
Decrease in prepaid expenses	714	13,616
Increase in accounts payable and accrued liabilities	972,905	791,459
Decrease in deferred revenue - obligatory reserve funds	(27,972)	(90,592)
Increase/(decrease) in deferred revenue - other	(408,043)	38,066
Non-cash charges to operations		
Amortization of tangible capital assets	498,263	476,855
Loss on disposal of tangible capital assets	-	32,162
Increase in liability for contaminated sites	123,800	-
<b>Net increase in cash from operating transactions</b>	<b>6,599,062</b>	<b>2,038,723</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(8,134,652)	(2,807,667)
Proceeds on disposal of tangible capital assets	-	8,563
<b>Net decrease in cash from capital transactions</b>	<b>(8,134,652)</b>	<b>(2,799,104)</b>
<b>FINANCING</b>		
Long term debt issued	1,358,868	340,541
Debt principal repayments	(202,485)	(180,514)
<b>Net increase in cash from financing transactions</b>	<b>1,156,383</b>	<b>160,027</b>
<b>INCREASE/(DECREASE) IN CASH AND TEMPORARY INVESTMENTS</b>	<b>(379,207)</b>	<b>(600,354)</b>
<b>CASH AND TEMPORARY INVESTMENTS - beginning of year</b>	<b>428,397</b>	<b>1,028,751</b>
<b>CASH AND TEMPORARY INVESTMENTS - end of year</b>	<b>49,190</b>	<b>428,397</b>

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



# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Reporting Entity

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

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

- Deseronto Public Library Board
- Deseronto Cemetery Board

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

#### (b) Tangible Capital Assets

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

Land improvements	10 - 30 years
Buildings	50 years
Roadways	20 years
Water and sewer system	30 - 50 years
Vehicles	5 - 10 years
Machinery and equipment	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, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

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

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

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

(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, 2015

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### 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Town's significant estimates include:

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

### 2. CHANGE IN ACCOUNTING POLICY

The Town has implemented PSA section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without restatement of prior periods. The adoption of this standard resulted in the inclusion of a liability for contaminated sites of \$123,800 included on the consolidated statement of financial position and a corresponding unfunded remediation costs of contaminated sites shown in note 8.

### 3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2015, 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:

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	School Boards	County
	\$	\$
Amounts requisitioned and remitted	259,524	301,730

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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, 2015

### 4. CASH AND TEMPORARY INVESTMENT

Cash and temporary investment includes the following investment recorded at cost:

	2015	2014
	\$	\$
Parkland Guaranteed Investment Certificate - interest at 0.5%, maturing March 10, 2016	9,672	9,596

### 5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2015	2014
	\$	\$
Parkland	14,476	14,436
Lot levy	16,215	16,204
Federal gas tax	149,596	152,746
Provincial gas tax	121,475	146,348
	301,762	329,734

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

	2015	2014
	\$	\$
Balance - beginning of year	329,734	420,326
Add amounts received:		
Interest	426	2,226
Federal gas tax	106,266	103,349
Provincial gas tax	150,903	187,903
	257,595	293,478
Less transfer to operations:		
Federal gas tax	109,416	283,923
Provincial gas tax	176,151	100,147
	285,567	384,070
Balance - end of year	301,762	329,734

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 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:

	2015	2014
	\$	\$
Long term loan from Ontario Strategic Infrastructure Financing Authority, with semi-annual principal payments of \$21,140 plus interest at 4.04%, repaid in 2015.	-	41,032
Long term bank loan with blended monthly payments of \$970 plus interest at 3.0%, due in 2022.	74,570	86,210
Long term bank loan with monthly payments of \$1,635 plus interest at prime, currently 3.0%, due in 2020.	84,820	104,440
Long term bank loan with monthly payments of \$3,043 plus interest at prime, currently 3.00%, repaid in 2015.	-	32,934
Long term bank loan with monthly payments of \$4,592 plus interest at prime, currently 3.00%, due in 2019.	213,842	268,946
Lease purchase agreement with blended monthly payments of \$749 with interest at 4.50%, repaid in 2015.	-	2,208
Lease purchase agreement with blended monthly payments of \$392 with interest at 8.5%, due in 2016.	2,294	6,601
Lease purchase agreement with blended monthly payments of \$486 with interest at 13.2%, due in 2018.	12,006	15,962
Lease purchase agreement with blended monthly payments of \$750 with interest at 4.0%, due in 2017.	16,334	24,500
Lease purchase agreement with blended monthly payments of \$3,039 with interest at 5.55%, due in 2020.	135,350	-
Advances on construction of waste pollution control plant, terms to be finalized upon completion of the plant's construction.	1,400,000	200,000
	<u>1,939,216</u>	<u>782,833</u>

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

- (c) The long term debt in (a) includes \$165,984 related to capital leases (2014 - \$165,984).

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 6. LONG TERM DEBT, continued

(d) The total interest charges reported on the Consolidated Schedules of Segment Disclosure of \$34,180 (2014 - \$21,152) include interest paid during the year on long term debt in the amount of \$24,213 (2014 - \$18,438) and imputed interest on capital leases in the amount of \$9,967 (2014 - \$2,714).

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

	Principal \$	Interest \$	Total \$
2016	131,028	17,824	148,852
2017	131,061	12,594	143,655
2018	121,888	7,793	129,681
2019	114,854	3,454	118,308
2020	24,015	701	24,716
2021 and subsequent years	16,370	335	16,705
Advances with terms to be determined	1,400,000	-	1,400,000
	1,939,216	42,701	1,981,917

### 7. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2015 \$	2014 \$
Waste pollution control plant expansion funding	-	414,685
Source water protection grant	9,407	-
Library	2,500	-
Rental deposits	4,682	-
Arctic Gardens	27,465	27,465
Other	-	9,947
	44,054	452,097

### 8. LIABILITY FOR CONTAMINATED SITES

The Town has recorded a liability for a piece of property with known contamination. The liability has been recorded in these financial statements based on a consultant's estimate of the costs to clean up the site. The Town has a reserve of \$27,465 for the cleanup of this site and the balance will be funded in the future from taxation.

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

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 9. TANGIBLE CAPITAL ASSETS

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

	2015	2014
	\$	\$
General		
Land and land improvements	1,101,374	1,059,683
Buildings	3,028,618	3,156,634
Machinery and equipment	1,452,906	1,414,614
Vehicles	328,995	276,226
Computer hardware and software	15,484	20,097
Infrastructure		
Roadways	386,009	271,038
Water and sewer system	986,659	1,048,440
	7,300,045	7,246,732
Assets under construction	9,438,318	1,855,242
	16,738,363	9,101,974

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

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2015	2014
	\$	\$
General government	407,152	375,247
Protection services	384,939	256,148
Transportation services	1,275,343	1,124,121
Environmental services	11,896,409	4,453,630
Health services	63,193	45,971
Recreation and cultural services	2,711,327	2,846,857
	16,738,363	9,101,974

The net book value of tangible capital assets above includes the calculated cost of capital leases in the amount of \$229,407 (2014 - \$70,539) and accumulated amortization of \$28,423 (2014 - \$11,216). In addition, the amortization reported on the Consolidated Schedules of Segment Disclosure includes amortization of capital leases in the amount of \$17,207 (2014 - \$6,616).

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Surplus/(Deficit)</b>		
Town	(155,605)	(250,169)
Water and sewer system	-	648,290
Unfunded remediation costs of contaminated sites	(123,800)	-
Deseronto Public Library Board	14,317	16,989
Deseronto Cemetery Board	15,833	26,154
	(249,255)	441,264
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	16,738,363	9,101,974
Long term debt	(1,939,216)	(782,833)
	14,799,147	8,319,141
<b>Surplus</b>	14,549,892	8,760,405
<b>Reserves</b>		
Working funds	331,875	321,276
Future capital assets	67,913	62,464
Water and sewer	483,302	110,043
Zoning	6,688	6,688
Library donations	4,518	4,518
<b>Total Reserves</b>	894,296	504,989
	15,444,188	9,265,394

### 11. 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 01-15. At December 31, 2015 there was no balance outstanding (2014 - \$Nil).



# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 12. EXPENSES BY OBJECT

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

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
Salaries and benefits	1,354,098	1,322,497	1,256,289
Interest charges	24,280	34,180	21,152
Materials	1,338,091	1,266,673	1,286,542
Contracted services	612,462	682,346	661,127
Rents and financial	9,265	15,091	8,591
External transfers	15,448	38,397	17,035
Amortization	476,854	498,263	476,855
Loss on disposal of tangible capital assets	-	-	32,162
	3,830,498	3,857,447	3,759,753

### 13. 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 2015 were \$69,385 (2014 - \$64,970).

### 14. TRUST FUNDS

Trust funds administered by the Town amounting to \$115,062 (2014 - \$111,924) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or operations.

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 15. BUDGET FIGURES

The budget, approved by the Town, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(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 PSA reporting requirements. Budget figures are not subject to audit.

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

	Revenue \$	Expenses \$
Council approved budget:		
Operating	4,724,830	4,416,330
Capital	-	308,500
Total Council approved budget	4,724,830	4,724,830
Less: Tangible capital assets capitalized	-	(506,000)
Add: Amortization of tangible capital assets	-	476,854
Less: Principal repayment of long term debt	-	(192,200)
Less: Transfers to/from reserves	(167,000)	(67,807)
Less: County and School Board levies	(548,001)	(548,001)
Internal charges	(82,564)	(82,564)
Library budget excluding Town contribution	25,386	25,386
Adjusted budget per Consolidated Statement of Operations	3,952,651	3,830,498

### 16. CONTINGENT LIABILITIES

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

### 17. COMMITMENT

The Town has entered into a contract for the expansion of the water treatment plant for \$9,500,000. The remaining commitment at December 31, 2015 is \$1,190,652. The Mohawks of the Bay of Quinte have committed to funding 50% of the project. The Town plans to finance the remaining 50% of the project through government grants, user charges and long term debt.

# CORPORATION OF THE TOWN OF DESERONTO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 18. SEGMENTED INFORMATION

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

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

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

#### **General Government**

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

#### **Protection Services**

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

#### **Transportation Services**

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

#### **Environmental Services**

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

#### **Health Services**

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

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

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

#### **Planning and Development**

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

### 19. 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, 2015

	General			Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computer Hardware and Software	Roadways		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
Balance, beginning of year	1,853,584	6,431,505	3,394,439	774,803	78,569	1,896,431	2,737,469	1,855,242
Add: additions during the year	78,838	44,774	183,809	104,447	-	135,641	-	7,587,143
Less: disposals during the year	-	-	9,505	-	-	76,311	-	-
Internal transfers	-	-	-	-	-	4,067	-	(4,067)
Balance, end of year	1,932,422	6,476,279	3,568,743	879,250	78,569	1,959,828	2,737,469	9,438,318
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	793,901	3,274,871	1,979,825	498,577	58,472	1,625,393	1,689,029	-
Add: additions during the year	37,147	172,790	145,517	51,678	4,613	24,737	61,781	-
Less: disposals during the year	-	-	9,505	-	-	76,311	-	-
Balance, end of year	831,048	3,447,661	2,115,837	550,255	63,085	1,573,819	1,750,810	-
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	1,101,374	3,028,618	1,452,906	328,995	15,484	386,009	986,659	9,438,318
								16,738,363

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	(346,921)	672,112	508,579	23,900	13,250	389,972	79,750	1,340,642
User charges	15,582	1,550	145,385	1,099,779	13,015	212,970	2,319	1,490,600
Government transfers - operating	631,800	31,322	55	-	-	10,082	-	673,259
Government transfers - capital	-	-	25,000	1,767,298	-	-	-	1,792,298
Other municipalities	-	-	45,000	-	-	-	-	45,000
Penalties and interest	61,232	-	-	5,701	-	-	-	66,933
Federal gas tax earned	-	-	109,416	-	-	-	-	109,416
Provincial gas tax earned	-	-	176,151	-	-	-	-	176,151
Investment income	1,185	-	-	387	595	93	-	2,260
Donations and fundraising	-	-	-	-	-	7,244	-	7,244
Mohawks of the Bay of Quinte	-	-	-	4,288,105	-	-	-	4,288,105
Other grants	-	-	34,750	-	-	9,583	-	44,333
<b>Total revenues</b>	<b>362,878</b>	<b>704,984</b>	<b>1,044,336</b>	<b>7,185,170</b>	<b>26,860</b>	<b>629,944</b>	<b>82,069</b>	<b>10,036,241</b>
<b>Expenses</b>								
Salaries and benefits	221,656	64,433	448,069	259,375	-	277,135	51,829	1,322,497
Interest charges	1,873	9,544	465	11,851	-	10,447	-	34,180
Materials	103,046	44,120	276,565	555,485	4,368	259,147	23,942	1,266,673
Contracted services	48,296	394,905	1,591	225,093	6,700	5,761	-	682,346
Rents and financial	9,075	-	2,934	1,350	-	1,732	-	15,091
External transfers	3,736	34,461	-	-	-	200	-	38,397
Amortization	11,882	35,419	118,956	185,071	1,893	145,042	-	498,263
Internal transfers	(49,164)	-	(22,046)	61,710	9,500	-	-	-
<b>Total expenses</b>	<b>350,400</b>	<b>582,882</b>	<b>826,534</b>	<b>1,299,935</b>	<b>22,461</b>	<b>699,464</b>	<b>75,771</b>	<b>3,857,447</b>
<b>Net surplus/(deficit)</b>	<b>12,478</b>	<b>122,102</b>	<b>217,802</b>	<b>5,885,235</b>	<b>4,399</b>	<b>(69,520)</b>	<b>6,298</b>	<b>6,178,794</b>

# CORPORATION OF THE TOWN OF DESERONTO

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	(345,645)	656,200	480,539	7,250	12,740	453,953	15,400	1,280,437
User charges	19,737	7,000	156,130	1,076,680	16,440	223,215	8,124	1,507,326
Government transfers - operating	666,380	-	-	4,409	-	9,398	-	680,187
Government transfers - capital	49,542	-	-	1,428,063	-	39,031	-	1,516,636
Other municipalities	-	-	30,000	200,000	-	-	-	230,000
Penalties and interest	66,906	-	-	3,508	-	-	-	70,414
Federal gas tax earned	-	-	261,536	-	-	22,387	-	283,923
Provincial gas tax earned	-	-	100,147	-	-	-	-	100,147
Investment income	-	-	-	891	680	1,786	-	3,357
Donations and fundraising	-	-	-	-	-	40,973	-	40,973
Mohawks of the Bay of Quinte	-	-	-	313,932	-	-	-	313,932
Other grants	-	-	35,000	-	-	5,417	2,000	42,417
Other	36,467	-	-	-	-	-	-	36,467
<b>Total revenues</b>	<b>493,387</b>	<b>663,200</b>	<b>1,063,352</b>	<b>3,034,733</b>	<b>29,860</b>	<b>796,160</b>	<b>25,524</b>	<b>6,106,216</b>
<b>Expenses</b>								
Salaries and benefits	215,770	49,676	428,693	257,489	-	249,766	54,895	1,256,289
Interest charges	1,322	3,451	1,579	2,856	-	11,944	-	21,152
Materials	89,495	66,021	298,916	512,820	2,468	295,048	21,774	1,286,542
Contracted services	58,095	492,148	1,102	93,858	10,100	5,824	-	661,127
Rents and financial	5,230	-	931	1,219	-	1,211	-	8,591
External transfers	5,009	12,826	(1,000)	-	-	200	-	17,035
Amortization	12,180	29,767	100,358	185,269	939	148,342	-	476,855
Loss on disposal of tangible capital assets	-	-	32,162	-	-	-	-	32,162
Internal transfers	(47,819)	-	(21,800)	60,119	9,500	-	-	-
<b>Total expenses</b>	<b>339,282</b>	<b>653,889</b>	<b>840,941</b>	<b>1,113,630</b>	<b>23,007</b>	<b>712,335</b>	<b>76,669</b>	<b>3,759,753</b>
<b>Net surplus/(deficit)</b>	<b>154,105</b>	<b>9,311</b>	<b>222,411</b>	<b>1,921,103</b>	<b>6,853</b>	<b>83,825</b>	<b>(51,145)</b>	<b>2,346,463</b>

## **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, 2015, 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 Corporation of the Town of Deseronto as at December 31, 2015 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 28, 2016

# CORPORATION OF THE TOWN OF DESERONTO

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2015

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2015 Total \$	2014 Total \$
<b>FINANCIAL ASSETS</b>					
Cash	38,987	-	2,214	41,201	36,771
Investments (note 2)	70,202	1,000	-	71,202	71,202
Due from Cemetery Board	4,538	-	-	4,538	5,798
Accrued interest	263	72	-	335	366
Due from Town of Deseronto	-	-	1,299	1,299	1,300
	113,990	1,072	3,513	118,575	115,437
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due to Province of Ontario	-	-	3,513	3,513	3,513
<b>FUND BALANCES</b>					
Capital	113,990	1,000	-	114,990	111,861
Income	-	72	-	72	63
	113,990	1,072	-	115,062	111,924
	113,990	1,072	3,513	118,575	115,437

*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, 2015

	Cemetery Perpetual Care and Maintenance \$	Memorial Scholarship \$	Ontario Home Renewal Program \$	2015 Total \$	2014 Total \$
<b>BALANCES - beginning of year</b>	110,861	1,063	-	111,924	107,490
<b>RECEIPTS</b>					
Interest earned	542	9	1	552	587
Care and maintenance receipts	3,110	-	-	3,110	4,410
	3,652	9	1	3,662	4,997
<b>EXPENSES</b>					
Transfer to Cemetery Board current fund	523	-	-	523	562
Transfer to Town of Deseronto	-	-	1	1	1
	523	-	1	524	563
<b>BALANCES - end of year</b>	113,990	1,072	-	115,062	111,924

*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, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

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

### 2. INVESTMENTS

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

	Market Value \$	2015 Cost \$	2014 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.7%, maturing May 25, 2016	61,202	61,202	61,202
- interest at 0.6%, maturing November 15, 2016	9,000	9,000	9,000
- interest at 0.9%, maturing January 14, 2016	1,000	1,000	1,000
	<u>71,202</u>	<u>71,202</u>	<u>71,202</u>

### 3. 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, 2015**

## **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  
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### *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, 2015, 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 qualified audit opinion.

### *Basis for Qualified Opinion*

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

### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Deseronto Public Library Board as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 28, 2016

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	20,963	20,712
Accounts receivable	1,193	865
HST receivable	4,020	3,342
<b>TOTAL FINANCIAL ASSETS</b>	<b>26,176</b>	<b>24,919</b>
<b>LIABILITIES</b>		
Accounts payable	4,841	3,412
Deferred revenue	2,500	-
<b>TOTAL LIABILITIES</b>	<b>7,341</b>	<b>3,412</b>
<b>NET FINANCIAL ASSETS</b>	<b>18,835</b>	<b>21,507</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	30,434	30,356
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>49,269</b>	<b>51,863</b>

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

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Contribution from Town of Deseronto	106,604	106,604	102,500
Grants	8,696	11,018	10,185
User charges	1,000	1,448	2,119
Donations and fundraising	7,875	8,312	7,061
Investment income	15	93	148
Rent	7,800	7,200	7,200
<b>TOTAL REVENUES</b>	<b>131,990</b>	<b>134,675</b>	<b>129,213</b>
<b>EXPENSES</b>			
Salaries and benefits	82,800	84,127	74,814
Utilities	9,300	9,150	8,653
Administration	4,515	6,626	7,673
Insurance	1,650	1,689	1,628
Professional fees	5,150	5,100	5,100
Repairs and maintenance	600	2,827	2,825
Computers and automation	10,650	12,520	10,901
Other	8,675	5,796	2,474
Amortization	10,406	9,434	10,406
<b>TOTAL EXPENSES</b>	<b>133,746</b>	<b>137,269</b>	<b>124,474</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(1,756)</b>	<b>(2,594)</b>	<b>4,739</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>51,863</b>	<b>51,863</b>	<b>47,124</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>50,107</b>	<b>49,269</b>	<b>51,863</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(1,756)	(2,594)	4,739
Amortization of tangible capital assets	10,406	9,434	10,406
Acquisition of tangible capital assets	(8,650)	(9,512)	(7,404)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	(2,672)	7,741
<b>NET FINANCIAL ASSETS - beginning of year</b>	21,507	21,507	13,766
<b>NET FINANCIAL ASSETS - end of year</b>	21,507	18,835	21,507

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	(2,594)	4,739
Increase in accounts receivable	(328)	(67)
Increase in HST receivable	(678)	(144)
Increase/(decrease) in accounts payable	1,429	(1,868)
Increase in deferred revenue	2,500	-
Non-cash charges to operations		
Amortization of tangible capital assets	9,434	10,406
Net increase in cash from operating transactions	9,763	13,066
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(9,512)	(7,404)
<b>INCREASE IN CASH</b>	251	5,662
<b>CASH - beginning of year</b>	20,712	15,050
<b>CASH - end of year</b>	20,963	20,712

*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, 2015

---

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

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

Books	7 years
Computer equipment	5 years

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

(d) Deferred revenue

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

(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) 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

## DESERONTO PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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. TANGIBLE CAPITAL ASSETS

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

	Books	Computers	2015	2014
	\$	\$	Totals	Totals
			\$	\$
<b>COST</b>				
Balance, beginning of year	69,432	10,772	80,204	88,838
Add: additions during the year	4,324	5,188	9,512	7,404
Less: disposals during the year	9,505	-	9,505	16,038
Balance, end of year	64,251	15,960	80,211	80,204
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	40,041	9,807	49,848	55,480
Add: additions during the year	8,951	483	9,434	10,406
Less: disposals during the year	9,505	-	9,505	16,038
Balance, end of year	39,487	10,290	49,777	49,848
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>24,764</b>	<b>5,670</b>	<b>30,434</b>	<b>30,356</b>

# CORPORATION OF THE TOWN OF DESERONTO

**DESERONTO PUBLIC LIBRARY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended December 31, 2015**

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**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Surplus</b>		
Operations	14,317	16,989
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	30,434	30,356
<b>Reserves</b>		
Donations	4,518	4,518
	49,269	51,863

**4. BUDGET FIGURES**

The operating budget, approved by the Board, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year’s actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**CORPORATION OF THE TOWN OF DESERONTO**  
**DESERONTO CEMETERY BOARD**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

## 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 of the Corporation of the Town of Deseronto, which comprise the statement of financial position as at December 31, 2015, 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, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 28, 2016

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	22,019	33,268
<b>LIABILITIES</b>		
Accounts payable	1,648	1,315
Due to trust fund	4,538	5,799
<b>TOTAL LIABILITIES</b>	6,186	7,114
<b>NET FINANCIAL ASSETS</b>	15,833	26,154
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	63,193	45,971
<b>ACCUMULATED SURPLUS (note 3)</b>	79,026	72,125

*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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Contribution from Town of Deseronto	13,250	13,250	12,740
Burial fees	-	6,250	9,525
Sale of plots	-	6,765	6,915
Investment income	-	72	118
Perpetual care interest	-	523	562
Other	-	2,502	1,227
<b>TOTAL REVENUES</b>	<b>13,250</b>	<b>29,362</b>	<b>31,087</b>
<b>EXPENSES</b>			
Maintenance contract	9,500	9,500	9,500
Interments	-	4,550	8,600
Administration	2,750	4,125	3,237
Repairs	1,000	2,393	731
Amortization	939	1,893	939
<b>TOTAL EXPENSES</b>	<b>14,189</b>	<b>22,461</b>	<b>23,007</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(939)</b>	<b>6,901</b>	<b>8,080</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>72,125</b>	<b>72,125</b>	<b>64,045</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>71,186</b>	<b>79,026</b>	<b>72,125</b>

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

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(939)	6,901	8,080
Amortization of tangible capital assets	939	1,893	939
Acquisition of tangible capital assets	-	(19,115)	-
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	(10,321)	9,019
<b>NET FINANCIAL ASSETS - beginning of year</b>	26,154	26,154	17,135
<b>NET FINANCIAL ASSETS - end of year</b>	26,154	15,833	26,154

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	6,901	8,080
Decrease in HST receivable	-	2,588
Decrease in accounts receivable	-	339
Increase in accounts payable	333	465
Increase/(decrease) in due to trust fund	(1,261)	1,422
Decrease in due to Town	-	(1,924)
Non-cash charges to operations		
Amortization of tangible capital assets	1,893	939
<b>Net increase in cash from operating transactions</b>	<b>7,866</b>	<b>11,909</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(19,115)	-
<b>INCREASE/(DECREASE) IN CASH</b>	<b>(11,249)</b>	<b>11,909</b>
<b>CASH - beginning of year</b>	<b>33,268</b>	<b>21,359</b>
<b>CASH - end of year</b>	<b>22,019</b>	<b>33,268</b>

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

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board's tangible capital assets include land which is not amortized and land improvements which are amortized on a straight-line basis over 20 years.

(d) Non-Financial Assets

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

(e) Trust Funds

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

# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvement \$	2015 Totals \$	2014 Totals \$
<b>COST</b>				
Balance, beginning of year	18,723	30,740	49,463	49,463
Add: additions during the year	-	19,115	19,115	-
Balance, end of year	18,723	49,855	68,578	49,463
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	-	3,492	3,492	2,553
Add: additions during the year	-	1,893	1,893	939
Balance, end of year	-	5,385	5,385	3,492
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	18,723	44,470	63,193	45,971

### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015 \$	2014 \$
<b>Surplus</b>		
Operations	15,833	26,154
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	63,193	45,971
	79,026	72,125

### 4. BUDGET FIGURES

The operating budget, approved by the Board, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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# CORPORATION OF THE TOWN OF DESERONTO

## DESERONTO CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 5. TRUST FUND

Trust funds administered by the Board amounting to \$113,990 (2014 - \$110,862) 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.

## 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, 2015, 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, 2015 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Collins Barrow Kawarthas LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 28, 2016

# CORPORATION OF THE TOWN OF DESERONTO

## PERPETUAL CARE CEMETERY BOARD TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	38,987	34,558
Investments (note 2)	70,202	70,202
Due from Cemetery Board	4,538	5,799
Accrued interest	263	303
	113,990	110,862
<b>FUND BALANCE</b>	113,990	110,862

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

# CORPORATION OF THE TOWN OF DESERONTO

## PERPETUAL CARE CEMETERY BOARD TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2015

	2015 \$	2014 \$
<b>BALANCE - beginning of year</b>	110,862	106,435
<b>RECEIPTS</b>		
Interest income	541	579
Care and maintenance fund	3,110	4,410
	3,651	4,989
<b>EXPENSES</b>		
Transfer to Cemetery Board	523	562
<b>BALANCE - end of year</b>	113,990	110,862

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

# CORPORATION OF THE TOWN OF DESERONTO

## PERPETUAL CARE CEMETERY BOARD TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

#### (a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (b) Use of Estimates

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

### 2. INVESTMENTS

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

	Market Value \$	2015 Cost \$	2014 Cost \$
CIBC Guaranteed Investment Certificates			
- interest at 0.7%, maturing May 25, 2016	61,202	61,202	61,202
- interest at 0.6%, maturing November 15, 2016	9,000	9,000	9,000
	<u>70,202</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.