

**CORPORATION OF THE  
TOWN OF DEEP RIVER**

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**Consolidated Financial Statements**  
For the Year Ended December 31, 2022

## **MANAGEMENT REPORT**

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the **Corporation of the Town of Deep River** are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


Town management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant reporting or internal control matters prior to the Council's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly REO LLP, an independent external auditor appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

  
\_\_\_\_\_  
Chief Administrative Officer

June 5, 2024  
Deep River, Ontario

  
\_\_\_\_\_  
Treasurer

June 5, 2024  
Deep River, Ontario

# **CORPORATION OF THE TOWN OF DEEP RIVER**

## **Consolidated Financial Statements**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the  
**CORPORATION OF THE TOWN OF DEEP RIVER**

### Opinion

We have audited the consolidated financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER** which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2022 and the results of its consolidated operations, changes in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

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

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

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

*Baker Tilly REO LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Pembroke, Ontario  
June 5, 2024

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Financial Position**  
As At December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 330,970	\$ 3,193,377
Investments (Notes 2 & 3)	623,601	641,693
Taxes receivable	363,541	373,091
Trade and other receivables	1,913,965	1,280,953
Loans receivable (Note 4)	252,304	315,757
Inventories for resale	11,573	10,747
	<b>\$ 3,495,954</b>	<b>\$ 5,815,618</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,027,820	\$ 1,542,068
Deferred revenue - general	73,473	56,752
Deferred revenue - obligatory (Schedule 3)	-	16,885
Long term liabilities (Note 5)	7,903,113	8,373,114
Employee benefits and post-employment liabilities (Note 6)	1,731,899	1,720,719
Landfill closure and post-closure liabilities (Note 7)	658,142	535,667
	<b>12,394,447</b>	<b>12,245,205</b>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>(8,898,493)</b>	<b>(6,429,587)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Schedule 4)	33,706,261	32,004,019
Inventory of supplies	22,825	6,908
Prepaid expenses	38,192	10,786
	<b>33,767,278</b>	<b>32,021,713</b>
<b>ACCUMULATED SURPLUS (Schedule 5)</b>	<b>\$ 24,868,785</b>	<b>\$ 25,592,126</b>

See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Operations**  
For the Year Ended December 31, 2022

	2022	2022	2021
	Budget	Actual	Actual
	(Note 17)		
<b>REVENUES (Note 9)</b>			
Taxation and payments in lieu	\$ 8,060,746	\$ 8,017,905	\$ 8,380,082
User charges	4,229,445	3,836,519	3,714,438
Government transfers	711,959	1,153,881	792,842
Deferred revenue earned - Schedule 3	-	16,885	714,015
Other	530,015	531,103	201,388
	13,532,165	13,556,293	13,802,765
<b>EXPENDITURES</b>			
General government	1,375,206	1,596,298	1,475,973
Protection to persons and property	3,558,427	4,590,008	3,905,776
Transportation services	1,176,932	1,423,153	1,227,643
Environmental services	3,150,671	4,293,144	4,018,486
Health services	64,100	38,345	44,554
Recreation and cultural services	1,734,517	2,135,523	2,018,889
Planning and development	159,450	203,163	80,272
	11,219,303	14,279,634	12,771,593
<b>ANNUAL SURPLUS (DEFICIT)</b>	2,312,862	(723,341)	1,031,172
<b>ACCUMULATED SURPLUS, beginning of year</b>	25,592,126	25,592,126	24,560,954
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 27,904,988	\$ 24,868,785	\$ 25,592,126

See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
For the Year Ended December 31, 2022

	2022	2022	2021
	Budget	Actual	Actual
	(Note 17)		
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 2,312,862	\$ (723,341)	\$ 1,031,172
Amortization of tangible capital assets	-	2,084,491	1,861,875
Acquisition of tangible capital assets	(3,738,156)	(3,791,824)	(957,791)
Loss on sale of tangible capital assets	-	5,092	-
Changes in level of supplies inventories	-	(15,918)	98
Changes in level of prepaid expenses	-	(27,406)	(985)
<b>CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</b>	(1,425,294)	(2,468,906)	1,934,369
<b>NET FINANCIAL ASSETS (NET DEBT), beginning of year</b>	(6,429,587)	(6,429,587)	(8,363,956)
<b>NET FINANCIAL ASSETS (NET DEBT), end of year</b>	(7,854,881)	(8,898,493)	\$ (6,429,587)

See accompanying notes and schedules.



**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Cash Flows**  
For the Year Ended December 31, 2022

	2022	2021
<b>CASH FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (723,341)	\$ 1,031,172
Adjustments for items not affecting cash		
Amortization of tangible capital assets	2,084,491	1,861,875
Loss on disposal of assets	5,092	-
Changes in non-cash working capital		
Taxes receivable	9,550	(28,318)
Trade and other receivables	(633,012)	(859,321)
Loan receivable	63,453	(241,727)
Inventories for resale	(826)	(2,257)
Inventory of supplies	(15,918)	98
Prepaid expenses	(27,406)	(985)
Accounts payable and accrued liabilities	485,752	367,627
Employee benefits and post-employment liabilities	11,180	108,358
Landfill closure and post-closure liabilities	122,475	31,627
Deferred revenue - general	16,721	(131,862)
Deferred revenue - obligatory	(16,885)	(454,659)
	1,381,326	1,681,628
<b>CASH FROM (USED IN) FINANCING ACTIVITIES</b>		
Payments on long term liabilities	(470,001)	(467,915)
<b>CASH (USED IN) INVESTING ACTIVITIES</b>		
Investments	18,092	8,690
Purchase of tangible capital assets	(3,791,824)	(957,791)
	(3,773,732)	(949,101)
<b>INCREASE (DECREASE) IN CASH</b>	(2,862,407)	264,612
<b>CASH, beginning of year</b>	3,193,377	2,928,765
<b>CASH, end of year</b>	\$ 330,970	\$ 3,193,377

See accompanying notes and schedules.

# CORPORATION OF THE TOWN OF DEEP RIVER

## Consolidated Schedule of Continuity of Reserves

For the Year Ended December 31, 2022

### SCHEDULE 1

	BALANCE	REVENUES			TRANSFERS			BALANCE
	Beginning of Year	Investment Earnings	From Operations	Total	To Operations	To Capital	Total	End of Year
<b>Reserves</b>								
Acquisition of capital assets	\$ 5,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,065
Sick leave and payroll contingency	400,000	-	18,154	18,154	-	-	-	418,154
Legal contingency	48,526	-	-	-	-	-	-	48,526
Waterworks	88,003	-	204,377	204,377	-	-	-	292,380
Sewer	651,038	-	111,115	111,115	-	-	-	762,153
Working funds	50,000	-	915,370	915,370	-	-	-	965,370
Recreation facilities	-	-	2,123	2,123	-	-	-	2,123
Insurance claims	46,720	-	-	-	-	-	-	46,720
WSIB	72,964	-	-	-	-	-	-	72,964
Physician recruitment	11,610	-	28,075	28,075	-	-	-	39,685
Living legacy	4,425	-	-	-	-	-	-	4,425
Asset replacement	129,278	-	166,627	166,627	-	139,068	139,068	156,838
Landfill closure	73,673	-	29,903	29,903	-	-	-	103,576
Recreation	10,135	-	-	-	-	-	-	10,135
Marina capital	11,684	-	4,187	4,187	-	-	-	15,870
Capital contingency	79,304	-	66,269	66,269	18,950	-	18,950	126,623
Airport runway	25,000	-	-	-	25,000	-	25,000	-
Elections	12,000	-	-	-	11,711	-	11,711	289
Service modernization	481,074	-	-	-	-	-	-	481,074
Library stabilization	1,500	-	14,270	14,270	-	-	-	15,770
Town clock	-	-	22,850	22,850	-	22,850	22,850	-
Library capital	-	-	12,878	12,878	-	-	-	12,878
	2,201,999	-	1,596,198	1,596,198	55,661	161,917	217,579	3,580,618
<b>Reserve Funds (Schedule 2)</b>	713,486	(19,016)	397,070	378,054	19,062	62,543	81,605	1,009,935
<b>Total Reserves and Reserve Funds</b>	\$ 2,915,485	\$ (19,016)	\$ 1,993,268	\$ 1,974,252	\$ 74,723	\$ 224,461	\$ 299,184	\$4,590,553

9. See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Continuity of Reserve Funds**  
For the Year Ended December 31, 2022

**SCHEDULE 2**

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Investment Earnings	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
<b>Reserve Funds</b>										
Capital asset replacement	\$ 274,838	\$ (12,077)	\$ 369,043	\$ -	\$ 356,966	\$ 6,500	\$ 62,543	\$ -	\$ 69,043	\$ 562,761
Hydro sale proceeds	381,580	-	12,096	-	12,096	12,562	-	-	12,562	381,114
Humanitarian donations	3,572	-	86	-	86	-	-	-	-	3,658
Airport operations	53,484	(6,939)	15,845	-	8,906	-	-	-	-	62,390
Main street revitalization	12	-	-	-	-	-	-	-	-	12
	\$713,486	\$ (19,016)	\$ 397,070	\$ -	\$ 378,054	\$ 19,062	\$ 62,543	\$ -	\$ 81,605	\$1,009,935

10. See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Schedule of Deferred Revenue - Obligatory**  
For the Year Ended December 31, 2022

**SCHEDULE 3**

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest on Investments	From Operating	Government Transfers	Total	To Operating	To Capital	Other	Total	End of Year
<b>Deferred Revenue</b>										
<b>Obligatory Reserve Funds</b>										
Gas tax rebates	\$ 16,885	\$ -	\$ -	\$ -	\$ 16,885	\$ -	\$ 16,885	\$ -	\$ 16,885	\$ -

11. See accompanying notes and schedules.

**Corporation of the Town of Deep River**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2022

**Schedule 4**

	BY ASSET CLASS												Totals	
	General						Infrastructure							
	Land	Buildings	Vehicles	Equipment	Computer Equipment	Other	Roads	Plants & Facilities	Underground & Other	Other Structures	Assets Under Construction	2022	2021	
Cost														
Balance, Beginning of year Add:	\$ 1,640,434	\$ 9,466,401	\$ 3,234,441	\$ 1,203,906	\$ 52,169	\$ 1,112,157	\$ 5,284,725	\$ 20,780,791	\$ 17,257,455	\$ 3,108,303	\$ 71,893	\$ 63,212,675	\$ 62,333,432	
Additions during year	10,731	103,780	71,788	261,518	210,211	100,163	487,599		547,646	2,051,366	18,915	3,863,717	986,941	
Less:														
Disposals during year	(28,283)	(11,840)	(20,406)	(14,184)		(697,686)					(71,893)	(844,292)	(107,698)	
Balance, End of year	1,622,882	9,558,341	3,285,823	1,451,240	262,380	514,634	5,772,324	20,780,791	17,805,101	5,159,669	18,915	66,232,100	63,212,675	
Accumulated Amortization														
Balance, Beginning of year Add:	-	5,042,455	2,455,943	828,957	29,538	949,989	3,123,554	12,983,406	4,294,241	1,500,573	-	31,208,656	29,425,328	
Amortization during the year	-	207,485	247,225	90,635	37,492	57,089	145,033	842,552	312,031	144,949	-	2,084,491	1,861,875	
Less:														
Reduction on disposals	-	(38,155)	(20,447)	(9,935)		(685,905)			(4,933)	(7,933)	-	(767,308)	(78,547)	
Balance, End of year	-	5,211,785	2,682,721	909,657	67,030	321,173	3,268,587	13,825,958	4,601,339	1,637,589	-	32,525,839	31,208,656	
Net Book Value of Tangible Capital Assets														
	\$ 1,622,882	\$ 4,346,556	\$ 603,102	\$ 541,583	\$ 195,350	\$ 193,461	\$ 2,503,737	\$ 6,954,833	\$ 13,203,762	\$ 3,522,080	\$ 18,915	\$ 33,706,261	\$ 32,004,019	
BY FUNCTIONAL CLASSIFICATION														
	General Government	Police	Fire	Roads	Other Transportation	Water Supply	Sewer	Waste Management	Recreation	Planning Other	Assets Under Construction	2022	2021	
Cost														
Balance, Beginning of year Add:	\$ 2,792,530	\$ 371,650	\$ 1,291,555	\$ 5,284,726	\$ 4,105,514	\$ 15,366,608	\$ 23,248,411	\$ 146,261	\$ 9,453,924	\$ 1,079,603	\$ 71,893	\$ 63,212,675	\$ 62,333,432	
Additions during year	301,075	2,777	95,491	487,599	285,589	1,976,863	547,646		147,762		18,915	3,863,717	986,941	
Less:														
Disposals during year	(50,701)				(57,011)				(664,687)		(71,893)	(844,292)	(107,698)	
Balance, End of year	3,042,904	374,427	1,387,046	5,772,325	4,334,092	17,343,471	23,796,057	146,261	8,936,999	1,079,603	18,915	66,232,100	63,212,675	
Accumulated Amortization														
Balance, Beginning of year Add:	1,636,133	340,366	943,669	3,123,555	2,608,802	8,602,448	8,744,412	49,844	5,159,427	-	-	31,208,656	29,425,328	
Amortization during the year	111,990	16,568	66,525	145,033	264,988	642,532	563,124	2,903	270,828			2,084,491	1,861,875	
Less:														
Reduction on disposals	(40,837)				(51,919)		(9,866)		(664,686)			(767,308)	(78,547)	
Balance, End of year	1,707,286	356,934	1,010,194	3,268,588	2,821,871	9,244,980	9,297,670	52,747	4,765,569	-	-	32,525,839	31,208,656	
Net Book Value of Tangible Capital Assets														
	\$ 1,335,618	\$ 17,493	\$ 376,852	\$ 2,503,737	\$ 1,512,221	\$ 8,098,491	\$ 14,498,387	\$ 93,514	\$ 4,171,430	\$ 1,079,603	\$ 18,915	\$ 33,706,261	\$ 32,004,019	

13. See accompanying notes.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Schedule of Accumulated Surplus**  
For the Year Ended December 31, 2022

**SCHEDULE 5**

	<b>2022</b>	<b>2021</b>
<b>RESERVE FUNDS - Schedule 2</b>		
Capital asset replacement	\$ 562,761	\$ 274,838
Hydro sale proceeds	381,114	381,580
Humanitarian donations	3,658	3,572
Airport operations	62,390	53,484
Main street revitalization	12	12
<b>Total</b>	<b>1,009,935</b>	<b>713,486</b>

**RESERVES - Schedule 1**

Acquisition of capital assets	5,065	5,065
Sick leave and payroll contingency	418,154	400,000
Legal contingency	48,526	48,526
Waterworks	292,380	88,003
Sewer	762,153	651,038
Working funds	965,370	50,000
Recreation facilities	2,123	-
Insurance claims	46,720	46,720
WSIB	72,964	72,964
Physician recruitment	39,685	11,610
Living legacy	4,425	4,425
Asset replacement	156,838	129,278
Landfill closure	103,576	73,673
Recreation	10,135	10,135
Marina capital	15,870	11,684
Capital contingency	126,623	79,304
Airport runway	-	25,000
Elections	289	12,000
Service modernization	481,074	481,074
Library stabilization	15,770	1,500
Library capital	12,878	-
<b>Total</b>	<b>3,580,618</b>	<b>2,201,999</b>
<b>Total - Reserves and Reserve Funds</b>	<b>4,590,553</b>	<b>2,915,485</b>

**SURPLUSES**

Invested in tangible capital assets	23,080,030	23,436,808
General revenue fund	(436,423)	1,468,994
Landfill operations board	24,666	27,225
Unfunded		
• Employment benefits and post-employment liabilities	(1,731,899)	(1,720,719)
• Landfill closure and post-closure liabilities	(658,142)	(535,667)
<b>Total Surpluses</b>	<b>20,278,232</b>	<b>22,676,641</b>

<b>ACCUMULATED SURPLUS</b>	<b>\$ 24,868,785</b>	<b>\$ 25,592,126</b>
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See accompanying notes and schedules.

**Corporation of the Town of Deep River**  
**Consolidated Schedule of Segmented Disclosure**  
For the Year Ended December 31, 2022

**Schedule 6**

	General Government		Protection		Transportation		Environment		Health		Recreation		Planning		Totals	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Revenues</b>																
Taxation	\$ 795,648	\$ 1,328,746	\$ 4,343,843	\$ 3,806,672	\$ 1,040,150	\$ 976,735	\$ -	\$ 521,300	\$ 11,184	\$ 20,923	\$ 1,621,730	\$ 1,683,574	\$ 205,350	\$ 42,132	\$ 8,017,905	\$ 8,380,082
User charges	27,364	13,085	124,005	164,344	28,122	29,332	3,232,331	3,189,441	25,161	13,156	392,456	305,080	7,080	-	3,836,519	3,714,438
Government transfers	532,769	437,366	35,643	40,437	450,866	300,102	116,905	2,362	-	-	17,698	12,575	-	-	1,153,881	792,842
Other income	262,154	109,162	60,304	4,480	22,804	48,802	9,938	10,026	580	-	175,323	28,918	-	-	531,103	201,388
Deferred revenue earned	-	-	-	-	16,885	714,015	-	-	-	-	-	-	-	-	16,885	714,015
	1,617,935	1,888,359	4,563,795	4,015,933	1,558,827	2,068,986	3,359,175	3,723,129	36,925	34,079	2,207,206	2,030,147	212,430	42,132	13,556,293	13,802,765
<b>Expenses</b>																
Salaries, wages and benefits	1,002,506	997,729	3,275,619	2,779,070	670,317	495,221	217,701	138,111	7,058	42,404	1,051,901	1,072,108	37,495	18,824	6,262,597	5,543,467
Interest on long term liabilities	-	-	-	-	2,341	2,762	277,373	266,181	-	-	68,715	71,115	-	-	348,429	340,058
Materials and supplies	469,385	394,762	230,536	173,262	319,271	464,447	757,081	826,481	3,212	2,150	593,921	577,086	66,928	3,982	2,440,334	2,442,170
Contracted services	12,418	5,918	969,073	840,071	21,203	-	1,864,117	1,647,298	28,075	-	120,158	4,570	98,740	57,466	3,113,784	2,555,323
External transfers	-	-	-	-	-	-	-	-	-	-	30,000	28,700	-	-	30,000	28,700
Interfunctional adjustments	-	(12,000)	31,687	30,100	-	-	(31,687)	(18,100)	-	-	-	-	-	-	-	-
Amortization	111,989	89,564	83,093	83,273	410,021	265,213	1,208,559	1,158,515	-	-	270,828	265,310	-	-	2,084,490	1,861,875
	1,596,298	1,475,973	4,590,008	3,905,776	1,423,153	1,227,643	4,293,144	4,018,486	38,345	44,554	2,135,523	2,018,889	203,163	80,272	14,279,634	12,771,593
<b>Net Revenue (Expenses)</b>	<b>\$ 21,638</b>	<b>\$ 412,386</b>	<b>\$ (26,213)</b>	<b>\$ 110,157</b>	<b>\$ 135,674</b>	<b>\$ 841,343</b>	<b>\$ (933,969)</b>	<b>\$ (295,357)</b>	<b>\$ (1,420)</b>	<b>\$ (10,475)</b>	<b>\$ 71,684</b>	<b>\$ 11,258</b>	<b>\$ 9,267</b>	<b>\$ (38,140)</b>	<b>\$ (723,341)</b>	<b>\$ 1,031,172</b>

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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The **CORPORATION OF THE TOWN OF DEEP RIVER** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Town of Deep River are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

**REPORTING ENTITY**

- (a) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, reserves, reserve funds and cash flows of the Town and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

- Deep River Public Library Board
- Deep River Waterworks

The municipality is also a member of two joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	<b>Proportionate Share</b>
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	8.124 %

Inter-organizational transactions and balances have been eliminated in the preparation of these financial statements.

**(b) Accounting for County and School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Renfrew are not reflected in these financial statements.

**(c) Trust Funds**

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

**BASIS OF ACCOUNTING**

**(a) Accrual Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.



**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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1. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(b) **Cash**

Cash is defined as cash on hand, cash on deposit and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

(c) **Revenue Recognition**

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

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

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

(d) **Inventories for Resale**

Inventories for resale are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Net Debt) for the year.

Tangible Capital Assets

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

<u>Assets</u>	<u>Useful Life-Years</u>
Buildings	10-50
Vehicles	4-20
Equipment	10-20
Computer equipment	2
Other	5-7
Roads	20-40
Plants and facilities	20-80
Underground and other networks	50-75
Other structures	15-25

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

The Town has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation. The most significant of such assets are the Town's road allowances and most Town lands.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

**(f) Pension and Employee Benefits**

The Town expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

**(g) Deferred Revenue - Obligatory**

Government transfers of gas taxes are reported as deferred revenue – obligatory in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

**(h) Investments**

Investments consist of bond and money market mutual funds and are recorded at market value.

**(i) Use of Estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible assets, reserve transfers, accrued payables, accrued receivables, the accrued liabilities for employee benefits, sick leave and vacation and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

**(j) Segment Disclosures**

The municipality adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

**2. RESTRICTED CASH AND INVESTMENTS**

Cash and investments in the amount of \$627,271 (2021 - \$662,162) have been restricted to support reserve funds and deferred revenue - obligatory.

# CORPORATION OF THE TOWN OF DEEP RIVER

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 3. INVESTMENTS

	2022	2021
Investment in Public Sector Group of Funds		
• Canadian Government Bond Portfolio	\$ 585,930	\$ 610,569
Mutual funds	37,671	31,124
	\$ 623,601	\$ 641,693

The book value of the investments is \$709,735 (2021 - \$692,808).

### 4. LOANS RECEIVABLE

	2022	2021
Loan receivable from Community Skiway Inc. (Mount Martin Ski Hill), interest at the Bank of Canada prime rate, due annually, secured by a chattel mortgage on Mount Martin Ski Hill equipment (Prime rate at December 31, 2022 – 6.45%). The loan is due September 2028 but the Town has the option to demand repayment in full any time after September 2023 on six months written notice.	\$ 5,142	\$ 9,856
Loan receivable from Weesoe Community Communication Technologies for the purpose of providing expanded and enhanced internet for the Town, interest payable monthly at the Royal Bank of Canada's prime rate, secured by a general security agreement. The fixed rate loan is receivable over a five-year period in semi-annual instalments of \$32,293 including interest at 2.45% per annum and is secured by a general security agreement. The loan is due August 2026.	247,162	305,901
	\$ 252,304	\$ 315,757

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

**5. LONG TERM LIABILITIES**

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

	2022	2021
Prime minus 0.85% non-revolving term loan, maturing August 2026, repayable in blended monthly instalments of \$22,074	\$ 1,064,251	\$ 1,276,537
5.42% debentures, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	3,656,064	3,714,874
4.12% debentures, maturing December 2025, repayable in blended semi-annual instalments of \$31,693	177,170	231,571
2.9% debentures, maturing November 2036, repayable in blended semi-annual instalments of \$43,871	1,003,725	1,061,108
3.5% debentures, maturing September 2047, repayable in blended semi-annual instalments of \$32,464	1,075,897	1,102,469
3.14% debentures, maturing December 2037, repayable in semi-annual instalments of \$30,156 plus interest	904,681	964,993
Town share of Pembroke and Area Airport Commission debentures, interest at 2.47%, maturing May 2040, repayable in semi-annual instalments of \$585 plus interest	21,325	21,562
	\$ 7,903,113	\$ 8,373,114

- (b) Principal payments on long term liabilities are estimated as follows:

2023	\$ 483,029
2024	497,625
2025	506,458
2026	451,639
2027	417,208
Thereafter	5,547,154
	\$ 7,903,113

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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5. **LONG TERM LIABILITIES (cont'd)**

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

- (c) Total interest charges for Town long term liabilities reported on the Consolidated Statement of Operations are \$347,885 (2021 - \$340,058).

Of the total charges shown above, \$70,512 (2021 - \$73,482) was paid from general revenues of the Town, \$233,980 (2021 - \$239,799) was recovered from the water supply operation and \$43,393 (2021 - \$26,777) was recovered from the sanitary sewer operation. These amounts are included on the Consolidated Statement of Operation, classified under the appropriate functional expenditure headings.

6. **EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES**

	<b>2022</b>	<b>2021</b>
Accrued vacation pay benefits	\$ 126,773	\$ 138,777
Sick leave (Note 6 (a))	560,374	551,061
Post-employment benefits (Note 6 (b))	921,563	907,692
WSIB (Note 6 (c))	123,189	123,189
	<b>\$ 1,731,899</b>	<b>\$ 1,720,719</b>

(a) **SICK LEAVE BENEFITS**

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. An amount of \$28,305 (2021 - \$61,052) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$418,154 (2021 - \$400,000) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

(b) **POST-EMPLOYMENT BENEFITS**

The Town has defined benefit plans providing various post-retirement medical and life insurance benefits.

The liability and expense for 2022 is based on an actuarial valuation performed as at December 31, 2021.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

6. **EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (cont'd)**

Information about the plan is as follows:

**Accrued benefit liability**

	<b>2022</b>	<b>2021</b>
Accrued benefit liability as at beginning of year	\$ 907,692	\$ 856,918
Current service cost	43,601	51,286
Interest cost	25,370	27,828
Amortization of actuarial gain/loss	(2,500)	3,660
Contributions/benefits paid during the year	(52,600)	(32,000)
Accrued benefit liability as at end of year	\$ 921,563	\$ 907,692

**Reconciliation of accrued benefit obligation**

	<b>2022</b>	<b>2021</b>
Accrued benefit obligation as at beginning of year	\$ 882,339	\$ 888,029
Benefits accrued during year	43,602	51,286
Benefits paid during year	(52,600)	(32,000)
Interest on accrued benefit obligation during year	25,370	27,828
Experience gain	-	(52,804)
Accrued benefit obligation as at end of year	\$ 898,711	\$ 882,339

Discount rate	2.89%
Assumed dental cost trend rate	4.00%

The assumed health care cost trend rate was 10%, decreasing by 1% annually to 5%.

(c) **WORKPLACE SAFETY & INSURANCE BOARD (WSIB)**

As a Schedule 2 employer, the Town funds its obligations to the WSIB on a “pay as you go” basis. The future benefit costs recorded at the year end are based on calculations prepared by the WSIB. As at December 31, 2022, the Municipality’s accrued benefit liability related to future payments for WSIB is based on the 2020 WSIB calculation which is the most recent calculation available. No independent actuarial valuation is considered necessary.

## **CORPORATION OF THE TOWN OF DEEP RIVER**

### **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

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#### **7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES**

The Town operates a landfill site that now receives only construction and demolition waste. Currently the landfill site is estimated to be 13% filled and has a remaining volume of approximately 74,500 m<sup>3</sup>. The estimated remaining life of the site at the current level of usage is 20 years. The estimated required period of post-closure care is 25 years. These financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Since costs are to be incurred in the future they have been discounted at 3.5%. Currently a liability of \$560,000 has been accrued. The present value of estimated total expenditures is approximately \$746,000. The liability remaining to be recognized is \$186,000. A reserve in the amount of \$103,576 has been established to provide for this liability and is reported on the schedule of accumulated surplus.

The Town is also a joint member of the North Renfrew Landfill Operations Board which owns and operates one open landfill site. Currently, the landfill site is estimated to be 57% filled and has a remaining volume of 86,317 m<sup>3</sup>. At the current rate of usage, the landfill site is expected to close in 20 years or as early as December 2042. The Board is liable for closing costs of this landfill site and post-closure costs for monitoring, reporting, site reconnaissance and maintenance on an annual basis for a period of at least 25 years following the closure of the site. The present value of the expected closure and post-closure costs have been reported as a liability in the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 4.83% and is accrued based on site usage. Currently a liability of \$188,734 (Town share - \$98,142) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$331,113 (Town share - \$172,178). The liability remaining to be recognized is \$142,379 (Town share - \$74,037).

#### **8. CONTAMINATED SITES LIABILITY**

The Town has adopted PS3260 Liability for Contaminated Sites. The Town has not identified any liabilities as at December 31, 2022 (2021 - Nil) as a result of this standard.



**CORPORATION OF THE TOWN OF DEEP RIVER****Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

**9. REVENUES**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Taxation</b>			
Residential and farm taxation	\$ 6,196,548	\$ 6,190,345	\$ 5,972,252
Commercial, industrial and business taxation	871,519	871,519	942,036
Taxation from other governments	4,338,113	4,228,743	4,913,971
	11,406,180	11,290,607	11,828,259
Deduct: amounts received or receivable for			
County and school boards	(3,345,434)	(3,272,702)	(3,448,177)
	8,060,746	8,017,905	8,380,082
<b>User Charges</b>	4,229,445	3,836,519	3,714,438
<b>Government Transfers</b>			
Government of Canada	-	-	56,154
Province of Ontario	693,607	1,128,664	718,806
Other municipalities	18,352	25,217	17,882
	711,959	1,153,881	792,842
<b>Deferred Revenue Earned</b>	-	16,885	714,015
<b>Other</b>			
Investment income	86,700	82,411	20,942
Penalties and interest on taxes	50,000	78,172	34,727
Donations	9,925	41,436	51,569
Other	383,390	334,176	94,150
Loss on disposal of asset	-	(5,092)	-
	530,015	531,103	201,388
	\$ 13,532,165	\$ 13,556,293	\$ 13,802,765

## **CORPORATION OF THE TOWN OF DEEP RIVER**

### **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

#### **10. EXPENDITURES BY OBJECT**

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object.

	<b>2022</b>	<b>2021</b>
Salaries, wages and employee benefits	\$ 6,262,597	\$ 5,543,467
Interest on long term liabilities	348,429	340,058
Transfers to external organizations	30,000	28,700
Materials, contracted services, rents and financial expenses	5,554,118	4,997,493
Amortization	2,084,490	1,861,875
	<b>\$ 14,279,634</b>	<b>\$ 12,771,593</b>

#### **11. PENSION AGREEMENT**

The Corporation of the Town of Deep River, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan, The Corporation of the Town of Deep River does not recognize any share of the pension plan deficit of \$6.1 billion (2021 – \$69 million) based on the total fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2022 was \$373,337 (2021 - \$347,890) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2022 there is no liability for past service under this agreement.

#### **12. FINANCIAL INSTRUMENTS**

The Municipality's financial instruments consist of cash, investments, taxes receivable, trade and other receivables, loan receivable, accounts payable and accrued liabilities and long-term liabilities.

It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. The Town is subject to credit risk with respect to taxes receivable, water and sewer receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes the credit risk.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**13. JOINT LOCAL BOARDS**

The Town is a member of two joint local boards as follows:

**Pembroke and Area Airport Commission**

The Pembroke and Area Airport Commission was established in 1968 under the *Municipal Act* and on June 25, 1992 was continued as a body corporation by special legislation of the province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Town's proportionate share of contributions to the Commission is 8.124% (2021 – 7.770%). The only transactions the Town had with the Commission during the year was the annual municipal levy of \$51,930 (2021 - \$7,270). This transaction is in the normal course of operations and measured at its exchange amount.

Summary financial information for the year ended December 31, 2022 and the Town's proportionate share are as follows:

	<b>Total</b>	<b>Town's Share</b>
Net financial assets	\$ 490,889	\$ 39,880
Non-financial assets	4,293,560	348,809
Accumulated surplus	4,784,449	388,689
Revenue	1,057,010	85,871
Expenditures	478,408	38,866
Annual surplus	\$ 578,602	\$ 47,005

**North Renfrew Landfill Operations Board**

The North Renfrew Landfill Operations Board is a joint local board which was formed to direct the operation of the Bagg's Road Landfill.

The Town's proportionate share of contributions to the Board is 52% (2021 - 52%). The Town made operating contributions to the Board in the amount of \$134,217 (2021 - \$130,193).

These transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2022 and the Town's proportionate share are as follows:

	<b>Total</b>	<b>Town's Share</b>
Net financial assets (debt)	\$ (155,694)	\$ (80,961)
Non-financial assets	52,872	27,493
Accumulated (deficit)	(102,822)	(53,468)
Revenue	293,758	152,754
Expenses	310,449	161,433
Annual (deficit)	\$ (16,691)	\$ (8,679)

# **CORPORATION OF THE TOWN OF DEEP RIVER**

## **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

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### **14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The Town has entered into a contract in the amount of \$1,993,320 including HST for the collection, handling and processing of recyclables and the collection and disposal of residential and commercial waste for the period October 1, 2018 to September 30, 2023 with an option to renew the contract for an additional two years at the amount of \$415,277 per year including HST. As at December 31, 2022, the unpaid portion of this contract amounted to approximately \$302,557 including HST. Subsequent to year end, the Town entered into a contract in the amount of \$299,000 plus HST per year for the period from October 1, 2023 to September 30, 2033. The unpaid portion of the subsequent contract is \$2,990,000 plus HST.

The Town has entered into a contract in the amount of \$436,000 plus HST for the operations of the Miller's Road Landfill for the period April 1, 2022 to March 31, 2027 with an option to renew the contract for an additional one year at the amount of \$92,000 plus HST. As at December 31, 2022, the unpaid portion of this contract amounted to approximately \$380,000 plus HST.

The Town has an agreement with the Ontario Clean Water Agency (OCWA) to manage, operate and maintain the drinking water system and the wastewater treatment system. The agreement is for a two-year term commencing January 1, 2022 to December 31, 2023. The cost for 2022 was \$1,498,651. The agreement can be terminated by either the Town or OCWA by giving at least 365 days notice in writing. Subsequent to year end the agreement has been extended from January 1 to March 31, 2024 with estimated costs totalling \$372,209.

The North Renfrew Landfill Operations Board has entered into a contract in the amount of \$1,938,000 plus HST for the operation of the North Renfrew (Baggs Road) Solid Waste Disposal Site for the period from August 1, 2013 to July 31, 2023. As at December 31, 2022, the unpaid portion of this contract amounts to \$113,050 plus HST. The Board has also entered into a contract in the estimated amount of \$89,000 plus HST for the period March 2021 to February 2026. As at December 31, 2022 the estimated unpaid portion of this contract amounts to \$56,367 plus HST (Town share - \$29,311 plus HST).

### **15. TRUST FUNDS**

Trust funds administered by the Town totalling \$353,560 (2021 - \$351,332) are presented in separate trust fund financial statements. As such, balances held in trust by the Town for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

## **CORPORATION OF THE TOWN OF DEEP RIVER**

### **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

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#### **16. CONTINGENT LIABILITIES**

The Town is the subject of a legal proceeding related to employment issues. Management believes that the ultimate settlement amount, if any, cannot be reasonably determined at this time. In addition, the nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

#### **17. BUDGET FIGURES**

The operating budget approved by Town Council for 2022 is reflected on the Consolidated Statement of Operations. 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. As well, the Town does not in some cases include tangible capital asset amounts in the annual budget as they do not require immediate funding. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The budget figures are unaudited.

#### **18. SEGMENTED DISCLOSURES**

The Town of Deep River provides a range of services to its ratepayers. For each segment as reported in Schedule 6, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

- General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Director of Finance/Treasurer and Clerk.
- Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments
- Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control as well as the Town's share of the Pembroke and Area Airport Commission.
- Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the Town's share of the North Renfrew Landfill Operations Board.
- Recreation and culture services is comprised primarily of parks services and the operations of recreational facilities and the Deep River Public Library.
- Planning and development consists of planning and zoning and economic development.

19. **SUBSEQUENT EVENTS**

Subsequent to the year end, the Town approved contracts and contract settlements with estimated costs totalling to approximately \$1.12 million.

20. **COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to confirm to the current year's presentation.

**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Financial Statements**  
**Year Ended December 31, 2022**

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**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Index to Financial Statements**  
**Year Ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board Members, Members of Council, Inhabitants and Ratepayers of Corporation of the Town of Deep River

### *Opinion*

We have audited the financial statements of Deep River Public Library Board (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in accumulated surplus (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Basis for Opinion*

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

### *Other Matter*

We draw attention to Note 9 of the non-consolidated financial statements which indicates that prior year's financial statements have been restated due to a prior year error.

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

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

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

(continues)

Independent Auditor's Report to the Board Members, Members of Council, Inhabitants and Ratepayers of Corporation of the Town of Deep River *(continued)*

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

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

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

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

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

Independent Auditor's Report to the Board Members, Members of Council, Inhabitants and Ratepayers of Corporation of the Town of Deep River *(continued)*

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

*Baker Tilly* REO LLP

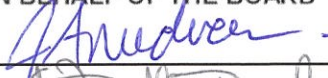
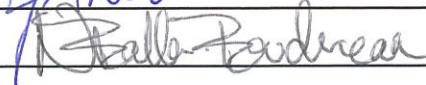
Pembroke, Ontario  
June 4, 2024

Chartered Professional Accountants, Licensed Public Accountants

**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Statement of Financial Position**  
**December 31, 2022**

	2022	2021 <i>As restated (Note 9)</i>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 895	\$ 973
Due from own municipality	90,974	45,236
	<u>91,869</u>	<u>46,209</u>
<b>LIABILITIES</b>		
Accounts payable	13,660	16,297
Deferred contributions (Note 3)	21,011	1,263
Employee benefits and post-employment liabilities (Note 4)	18,138	13,531
	<u>52,809</u>	<u>31,091</u>
<b>NET FINANCIAL ASSETS</b>	<u>39,060</u>	<u>15,118</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	146,138	149,226
<b>ACCUMULATED SURPLUS</b>	<u>\$ 185,195</u>	<u>\$ 164,344</u>
<b>ACCUMULATED SURPLUS CONSISTS OF:</b>		
Capital reserve	\$ 12,879	\$ -
Invested in tangible capital assets	146,137	149,226
Operating fund	28,547	27,149
Unfunded employee benefits and post-employment liabilities	(18,138)	(13,531)
Stabilization fund	15,770	1,500
	<u>\$ 185,195</u>	<u>\$ 164,344</u>

ON BEHALF OF THE BOARD

 Director  
 Director  
 CGO

DEEP RIVER PUBLIC LIBRARY BOARD

Statement of Changes in Accumulated Surplus (Deficit)  
Year Ended December 31, 2022

	Capital Reserve	Invested in Tangible Capital Assets	Operating Fund	Unfunded Employee Benefits and Post-Employment Liabilities	Stabilization Fund	Total	Total
						2022	2021
							<i>As restated (Note 9)</i>
<b>BALANCE - BEGINNING OF YEAR</b>	\$ -	\$ 149,226	\$ 27,149	\$ (13,531)	\$ 1,500	\$ 164,344	\$ 155,136
Purchase of tangible capital assets	-	48,260	(48,260)	-	-	-	-
Annual surplus (deficit)	-	(51,349)	76,807	(4,607)	-	20,851	9,208
Transfers	12,879	-	(27,149)	-	14,270	-	-
	12,879	(3,089)	1,398	(4,607)	14,270	20,851	9,208
<b>BALANCE - END OF YEAR</b>	\$ 12,879	\$ 146,137	\$ 28,547	\$ (18,138)	\$ 15,770	\$ 185,195	\$ 164,344

The accompanying notes are an integral part of these financial statements  
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**DEEP RIVER PUBLIC LIBRARY BOARD****Statement of Operations****Year Ended December 31, 2022**

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	2022	2022	2021
	Budget	Actual	Actual as restated (Note 9)
<b>REVENUE</b>			
Town of Deep River	\$ 409,218	\$ 409,218	\$ 378,207
Province of Ontario	9,581	13,818	9,581
Donations, fundraising and miscellaneous	4,000	8,845	16,054
Room and equipment rental	4,500	8,765	3,903
Federal Youth Employment grant	-	3,879	2,994
Fines and fees	-	593	128
	<u>427,299</u>	<u>445,118</u>	<u>410,867</u>
<b>EXPENSES</b>			
Amortization	-	51,349	51,287
Books, periodicals and non-print materials	54,110	-	-
Insurance	5,564	5,494	4,924
Office and general	14,329	14,022	7,386
Professional fees	1,900	1,605	2,000
Repairs and maintenance	23,650	25,749	21,574
Salaries and employee benefits	293,157	291,581	285,265
Supplies	9,650	9,049	5,437
Telephone	720	566	1,511
Utilities	24,219	24,852	22,275
	<u>427,299</u>	<u>424,267</u>	<u>401,659</u>
<b>ANNUAL SURPLUS FOR THE YEAR</b>	<b>\$ -</b>	<b>\$ 20,851</b>	<b>\$ 9,208</b>

The accompanying notes are an integral part of these financial statements

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**DEEP RIVER PUBLIC LIBRARY BOARD****Statement of Cash Flows**  
**Year Ended December 31, 2022**

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	2022	2021
		<i>As restated (Note 9)</i>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 20,851	\$ 9,208
Item not affecting cash:		
Amortization	51,349	51,287
	<u>72,200</u>	<u>60,495</u>
Changes in non-cash working capital:		
Accounts payable	(2,635)	1,083
Deferred contributions	19,748	-
Due from own municipality	(45,738)	(8,712)
Employee benefits and post-employment liabilities	4,607	(5,998)
	<u>(24,018)</u>	<u>(13,627)</u>
Cash flow from operating activities	<u>48,182</u>	<u>46,868</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(48,260)</u>	<u>(46,946)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(78)</b>	<b>(78)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u>973</u>	<u>1,051</u>
<b>CASH - END OF YEAR</b>	<b>\$ 895</b>	<b>\$ 973</b>

The accompanying notes are an integral part of these financial statements

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**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**1. PURPOSE OF THE ORGANIZATION**

Deep River Public Library Board (the "organization") is a local board of the Corporation of the Town of Deep River.

The organization operates to provide library services to the Town of Deep River and surrounding area.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

Accrual basis of accounting

Expenditures and related sources of financing 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 gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the change in net financial assets for the year.

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit and short-term deposits with a maturity date of less than 90 days, net of outstanding cheques at the reporting date.

Tangible capital assets

Tangible capital assets consist of the library's collection and equipment which are recorded at cost. The collection has been pooled and is amortized on a straight-line basis over its estimated useful life of seven years. The equipment is amortized on a straight-line basis over its estimated useful life of 10 years. The computers are amortized on a straight-line basis over their estimated useful life of 3 years.

*(continues)*

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DEEP RIVER PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Grants, fees, fines and other receipts are recorded in the period to which they relate and when collection is reasonably assured.

Donations are reported on a cash basis. Donation pledges are not reported in the accounts until received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Investments

Investments are valued at amortized cost. When there has been a decline in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investment premiums or discounts are amortized on a net present value basis over the term of the respective investments.

Pension and employee benefits

The Library Board expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation and sick leave entitlement and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee group.

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**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**3. DEFERRED CONTRIBUTIONS**

Deferred contributions consist of amounts received for a specific purpose for which expenditures have not yet been incurred.

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 1,263	\$ 1,263
Contributions received related to the following year	24,349	-
Contributions spent during the year	<u>(4,601)</u>	<u>-</u>
Balance - end of year	<u>\$ 21,011</u>	<u>\$ 1,263</u>

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**4. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES**

	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note 5 (a))	\$ 310	\$ 310
Accrued vacation pay	14,100	8,763
Sick leave	<u>3,728</u>	<u>4,458</u>
	<u>\$ 18,138</u>	<u>\$ 13,531</u>

**(a) Post-employment benefits**

The Library Board has a defined benefit plan providing post-retirement extended health and dental benefits.

The liability and expense for post-retirement extended health and dental benefits were determined by an actuarial valuation performed as at December 31, 2021.

Information about the Library Board's benefit plan is as follows:

	<u>2022</u>	<u>2021</u>
<b>Accrued benefit liability</b>		
Accrued benefit liability - beginning of year	\$ 310	\$ 10,000
Current service cost	-	300
Amortization and adjustment of experience (gain) loss	<u>-</u>	<u>(9,990)</u>
Accrued benefit liability - end of year	<u>\$ 310</u>	<u>\$ 310</u>

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**DEEP RIVER PUBLIC LIBRARY BOARD****Notes to Financial Statements****Year Ended December 31, 2022**

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	2022	2021
<b>Reconciliation of accrued benefit obligation</b>		
Accrued benefit obligation - beginning of year	\$ 310	\$ 10,500
Benefits accrued during year	-	(300)
Interest on accrued benefit obligation during year	-	-
Experience adjustment	-	(9,890)
Accrued benefit obligation - end of year	<u>\$ 310</u>	<u>\$ 310</u>
Discount rate		3.1%
Assumed health care trend rate		10.0%
Assumed dental trend rate		4.0%

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**5. PENSION AGREEMENT**

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 6 members of its staff. The plan is a defined benefit plan, fully funded by equal contributions from participating employers and employees and by investment earnings of the OMERS Fund. The amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay, and is integrated with the Canada Pension Plan.

The amount contributed to OMERS for 2022 was \$15,456 (2021 - \$17,233) for current service and is included as an expenditure in the Statement of Operations.

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**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**6. TANGIBLE CAPITAL ASSETS**

<u>Cost</u>	2021 Balance	Additions	Disposals	2022 Balance
Book collection	\$ 359,011	\$ 46,674	\$ 49,942	\$ 355,743
Equipment	10,809	-	-	10,809
Computers	-	1,587	-	1,587
	<u>\$ 369,820</u>	<u>\$ 48,261</u>	<u>\$ 49,942</u>	<u>\$ 368,139</u>
<u>Accumulated amortization</u>	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Book collection	\$ 209,785	\$ 50,820	\$ 49,942	\$ 210,663
Equipment	10,809	-	-	10,809
Computers	-	529	-	529
	<u>\$ 220,594</u>	<u>\$ 51,349</u>	<u>\$ 49,942</u>	<u>\$ 222,001</u>
<u>Net book value</u>			2022	2021
Book collection			\$ 145,080	\$ 149,226
Computers			1,058	-
			<u>\$ 146,138</u>	<u>\$ 149,226</u>

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**7. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

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**DEEP RIVER PUBLIC LIBRARY BOARD**  
**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**8. ENDOWMENT**

The Library Board has made contributions to an endowment fund with Deep River and District Community Foundation in the amount of \$26,000. This endowment is held and controlled by the Foundation and benefits from its overall investment performance. The endowment can be recovered upon three months notice. The value of the endowment as at December 31, 2022 is \$25,635 (2021 - \$29,080).

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**9. PRIOR PERIOD ERROR**

During the year, it was discovered that the endowment reported as an investment is not considered an asset within the Deep River Library Board and was overstated by \$29,080. The opening accumulated surplus was overstated by \$28,792 and the ending accumulated surplus was overstated by \$29,080.

Prior year donations, fundraising and miscellaneous revenue was overstated by \$288 resulting in the annual surplus being overstated by \$288.

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**CORPORATION OF THE TOWN OF DEEP RIVER**  
**TRUST FUND - CEMETERY CARE**  
**Financial Statements**  
For the Year Ended December 31, 2022

**Baker Tilly REO LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants, and Ratepayers of:  
**The Corporation of the Town of Deep River**

### Opinion

We have audited the financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND – CEMETERY CARE** which comprise the statement of financial position as at December 31, 2022 and the statement of financial activities and fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND – CEMETERY CARE** as at December 31, 2022 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*Baker Tilly REO LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Pembroke, Ontario  
June 5, 2024

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Trust Fund - Cemetery Care**  
**Statement of Financial Position**  
As At December 31, 2022

	2022	2021
<b>Assets</b>		
Cash	\$ 74,716	\$ 60,771
Investments (Note 2)	278,834	290,561
	\$ 353,550	\$ 351,332
<b>Fund Balance</b>	\$ 353,550	\$ 351,332

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

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Trust Fund - Cemetery Care**  
**Statement of Financial Activities and Fund Balance**  
For the Year Ended December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>Receipts</b>		
Sale of plots	\$ 8,978	\$ 7,520
Monument care	3,500	-
Investment (loss)	(11,726)	(4,256)
Interest income	1,466	374
	<b>2,218</b>	<b>3,638</b>
<b>Expenditures</b>	<b>-</b>	<b>-</b>
<b>Excess of receipts (expenditures)</b>	<b>2,218</b>	<b>3,638</b>
<b>Fund Balance at the beginning of the year</b>	<b>351,332</b>	<b>347,694</b>
<b>Fund Balance at the end of the year</b>	<b>\$ 353,550</b>	<b>\$ 351,332</b>

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

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Trust Fund - Cemetery Care**  
**Notes to the Financial Statements**  
For the Year Ended December 31, 2022

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1. **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the **Corporation of the Town of Deep River Trust Fund - Cemetery Care** are the representation of management, prepared in accordance with generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

**Accrual Method of Accounting**

The Trust Fund follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are the cost of goods or services acquired in the period whether or not payment has been made.

**Revenue Recognition**

Revenue from cemetery plot sales are recorded in the period that the goods are provided.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

Investment income is recorded as it is earned.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

**Investments**

Investments consist of bond funds recorded at market value.

2. **INVESTMENTS**

	<b>2022</b>	<b>2021</b>
Investment in Public Sector Group of Funds		
• Bond Fund	\$ 278,834	\$ 290,561

The book value of the investment is \$321,452 (2021 - \$316,513).

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Trust Fund - Cemetery Care**  
**Notes to the Financial Statements**  
For the Year Ended December 31, 2022

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3. **FINANCIAL INSTRUMENTS**

The Trust's financial instruments consist of cash and investments. The fair value of these financial instruments is approximately equal to their carrying value.

Investments are exposed to interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the investment.

4. **COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to confirm to the current year's presentation.