

**CORPORATION OF THE
TOWNSHIP OF DOURO-DUMMER**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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TOWNSHIP OF DOURO-DUMMER**

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Township of Douro-Dummer

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Finance & Taxation Department

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Treasurer

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CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

For The Year Ended December 31, 2018

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Douro-Dummer 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 Township 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 Township's assets are appropriately accounted for and adequately safeguarded.

The Township'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 Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Douro-Dummer. Council meets periodically with management, as well as the external auditor, 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 auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Original signed by:

Mayor

Original signed by:

Treasurer

February 18, 2020

Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Douro-Dummer**

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Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Douro-Dummer and its local board (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets 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 consolidated financial position of the Township as at December 31, 2018, and the results of its consolidated operations and its consolidated 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 Township in accordance with the ethical requirements that are relevant to our audit of the consolidated 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

The financial statements of the Township as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 consolidated 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Auditor's Responsibilities 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 Township'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 Township'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 our auditor's report. However, future events or conditions may cause the Township 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 consolidated financial information of the entities or business activities within the Township 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 KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 18, 2020

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2018

	2018 \$	2017 \$ (restated - Note 2)
FINANCIAL ASSETS		
Cash	1,633,242	1,646,414
Investments (note 4)	3,607,252	3,236,802
Accounts receivable	346,710	228,201
Taxes receivable	765,683	779,620
Inventory held for resale	108,619	108,619
TOTAL FINANCIAL ASSETS	6,461,506	5,999,656
LIABILITIES		
Accounts payable	582,762	791,504
Deferred revenue - obligatory reserve funds (note 5)	571,123	640,142
Deferred revenue - other (note 6)	48,039	312,471
Landfill closure and post-closure liability (note 7)	299,000	300,000
Employee future benefits (note 8)	146,334	155,027
TOTAL LIABILITIES	1,647,258	2,199,144
NET FINANCIAL ASSETS	4,814,248	3,800,512
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	26,537,065	26,251,351
Prepaid expenses	15,575	13,789
Inventories of materials and supplies	333,717	429,497
TOTAL NON-FINANCIAL ASSETS	26,886,357	26,694,637
ACCUMULATED SURPLUS (note 10)	31,700,605	30,495,149

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2018

	Budget 2018 \$ (unaudited)	Actual 2018 \$	Actual 2017 \$ (restated - Note 2)
REVENUES			
Property taxation	4,690,213	4,701,220	4,554,683
User charges	724,646	927,009	801,291
Government of Canada	-	50,880	1,197
Province of Ontario	1,188,154	1,136,656	1,031,599
Other municipalities	5,200	13,350	6,750
Penalties and interest on taxes	115,464	120,831	119,702
Investment income	53,750	123,135	94,680
Donations	850	561	557
Federal gas tax earned	220,000	220,000	163,195
Parkland fees earned	5,000	5,000	5,000
Development charges earned	67,000	186,000	41,000
TOTAL REVENUES	7,070,277	7,484,642	6,819,654
EXPENSES			
General government	1,108,983	900,580	914,406
Protection services	1,949,891	2,079,120	1,889,511
Transportation services	1,965,346	2,043,897	1,992,705
Environmental services	345,592	294,514	265,237
Health services	6,087	4,529	3,892
Recreation and cultural services	901,968	871,544	862,799
Planning and development	104,111	85,002	44,207
TOTAL EXPENSES	6,381,978	6,279,186	5,972,757
ANNUAL SURPLUS	<u>688,299</u>	1,205,456	846,897
ACCUMULATED SURPLUS - beginning of year		30,495,149	29,648,252
ACCUMULATED SURPLUS - end of year		31,700,605	30,495,149

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2018

	Budget 2018 \$ (unaudited)	Actual 2018 \$	Actual 2017 \$ (restated - Note 2)
ANNUAL SURPLUS	688,299	1,205,456	846,897
Amortization of tangible capital assets	1,260,828	1,312,803	1,278,217
Purchase of tangible capital assets	(2,384,670)	(1,603,541)	(1,957,704)
Loss/(gain) on disposal of tangible capital assets	-	5,024	(7,923)
Proceeds on sale of tangible capital assets	-	-	26,417
Change in prepaid expenses	-	(1,786)	857
Change in inventories of materials and supplies	-	95,780	(288,405)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(435,543)	1,013,736	(101,644)
NET FINANCIAL ASSETS - beginning of year	3,800,512	3,800,512	3,902,156
NET FINANCIAL ASSETS - end of year	3,364,969	4,814,248	3,800,512

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2018

	2018 \$	2017 \$ (restated - Note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,205,456	846,897
Items not affecting cash		
Amortization of tangible capital assets	1,312,803	1,278,217
Loss/(gain) on disposal of tangible capital assets	5,024	(7,923)
Loss/(gain) on disposal of investments	(2,309)	-
Change in landfill closure and post-closure liability	(1,000)	(47,000)
Change in employee future benefits	(8,693)	(7,258)
Change in non-cash assets and liabilities		
Accounts receivable	(118,509)	82,799
Taxes receivable	13,937	(147,718)
Prepaid expenses	(1,786)	857
Inventories of materials and supplies	95,780	(288,405)
Accounts payable	(208,742)	32,280
Deferred revenue - obligatory reserve funds	(69,019)	110,773
Deferred revenue - other	(264,432)	311,471
Net change in cash from operating activities	1,958,510	2,164,990
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,603,541)	(1,957,704)
Proceeds on disposal of tangible capital assets	-	26,417
Net change in cash from capital activities	(1,603,541)	(1,931,287)
INVESTING ACTIVITIES		
Purchase of investments	(1,115,740)	(662,712)
Disposal of investments	747,599	517,572
Net change in cash from investing activities	(368,141)	(145,140)
NET CHANGE IN CASH	(13,172)	88,563
CASH - beginning of year	1,646,414	1,557,851
CASH - end of year	1,633,242	1,646,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

The Township of Douro-Dummer 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 Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Douro-Dummer Public Library

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

(b) Trust funds

Trust funds and their related operations administered by the Township 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.

(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:

Land improvements	20 to 25 years
Buildings and building improvements	10 to 50 years
Machinery and equipment	5 to 40 years
Vehicles	5 to 30 years
Computers and computer software	5 years
Roads and bridges	10 to 50 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township 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 Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

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.

Other revenue

User fees are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) Non-financial assets

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

(f) Reserves and reserve funds

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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) Use of estimates

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

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- The values of employee future benefit obligations and assets and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(i) Inventory

Inventory held for resale, which includes land, is stated at the lower of cost and net realizable value, with cost being the purchase price plus the cost to prepare the land for resale.

Inventory of materials and supplies is stated at weighted average cost.

2. PRIOR PERIOD ADJUSTMENT

The Township has restated its consolidated financial statements to recognize some tangible capital assets that were previously omitted in error. Adjustments necessary to the 2017 financial information as a result of the change in accounting policy are as follows:

Adjustment to Closing 2017 Tangible Capital Assets

Net book value of assets previously recorded to December 31, 2017	\$ 25,945,987
Assets not previously recorded to December 31, 2017	1,002,314
Accumulated amortization to January 1, 2017, not previously recorded	(679,561)
Accumulated amortization not previously recorded for 2017	<u>(17,389)</u>
Closing 2017 net book value of tangible capital assets as restated	<u>\$ 26,251,351</u>

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. PRIOR PERIOD ADJUSTMENT, continued

Adjustment to Opening 2017 Accumulated Surplus

Accumulated surplus as previously stated	
Tangible capital assets	\$ 25,267,605
Surplus (deficit)	(401,282)
Reserves and reserve funds	<u>4,459,176</u>
	29,325,499
Assets not previously capitalized	1,002,314
Amortization expense not previously recorded	<u>(679,561)</u>
Opening 2017 accumulated surplus as restated	<u>\$ 29,648,252</u>

Adjustment to 2017 Annual Surplus

2017 annual surplus as previously stated	\$ 864,286
Less: Amortization expense not previously recorded	<u>(17,389)</u>
2017 annual surplus as restated	<u>\$ 846,897</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2018, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	<u>2,582,681</u>	<u>4,728,925</u>

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

4. INVESTMENTS

The investments held at the end of the year, stated at cost, are comprised of the following:

	Market Value 2018 \$	Cost 2018 \$	Cost 2017 \$
Short-term investments			
One Fund - bond fund	478,667	506,392	495,672
GICs - interest ranging from 1.10% to 2.30%, maturing 2018	-	-	746,936
GICs - interest ranging from 1.45% to 2.20%, maturing 2019	764,946	760,783	-
	1,243,613	1,267,175	1,242,608
Long-term investments			
GICs - interest ranging from 1.50% to 2.86%, maturing 2019 to 2021	-	-	1,793,261
GICs - interest ranging from 1.25% to 3.45%, maturing 2020 to 2023	2,152,211	2,139,144	-
BNS - 2.09% Bond, maturing September, 2020	99,757	100,457	100,457
BMO - 2.10% Bond, maturing October, 2020	99,616	100,476	100,476
	2,351,584	2,340,077	1,994,194
	3,595,197	3,607,252	3,236,802

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 Township are summarized below:

	2018 \$	2017 \$
Parkland	32,931	16,681
Development charges	75,087	164,809
Federal gas tax	463,105	458,652
	571,123	640,142

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS, continued

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

	2018	2017
	\$	\$
Balance - beginning of year	640,142	529,369
Add amounts received:		
Development charges	96,278	97,500
Parkland fees	21,250	6,750
Federal gas tax	216,746	210,557
Interest	7,707	5,161
	341,981	319,968
Less transfer to operations:		
Development charges earned	186,000	41,000
Parkland fees earned	5,000	5,000
Federal gas tax earned	220,000	163,195
	411,000	209,195
Balance - end of year	571,123	640,142

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
OCIF funding road rehabilitation	-	302,264
AMO funding Main Street revitalization	43,581	-
Ice and floor rentals	2,570	7,625
Other	1,888	2,582
	48,039	312,471

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

6. DEFERRED REVENUE - OTHER, continued

The continuity of deferred revenue - other is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	312,471	1,000
Add amounts received:		
OCIF funding road rehabilitation	-	623,173
AMO funding Main Street revitalization	43,581	-
Ice and floor rentals	2,570	7,625
Other	1,888	1,582
	48,039	632,380
Less transfer to operations:		
OCIF funding road rehabilitation	302,264	320,909
Ice and floor rentals	7,625	-
Other	2,582	-
	312,471	320,909
Balance - end of year	48,039	312,471

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the three closed sites owned by the Township is \$299,000 (2017 - \$300,000). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The Township has a landfill reserve of \$70,949 (2017 - \$70,949) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining monitoring periods of the landfills. The total undiscounted future cash flows for closure and post-closure costs are estimated at \$349,000 as at December 31, 2018 (2017 - \$422,000) using a discount factor of 3.27% (2017 - 4.0%) and an inflation rate of 2.1% (2017 - 2.0%).

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

8. EMPLOYEE FUTURE BENEFITS

The Township provides eligible employees a benefit plan to pay costs of extended health and vision benefits after they retire. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age 65, at which time the benefits cease. The actuarial valuation as at December 31, 2016 and the update to December 31, 2018 were based on assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	3.65%
Future health care premiums - first year (2016)	10.0%
- reducing over 10 years to	3.5%

The post-employment benefit is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus and is comprised as follows:

	2018	2017
	\$	\$
Accrued benefit obligation at January 1	75,679	75,269
Unamortized actuarial gains	79,348	87,016
Liability at January 1	155,027	162,285
Current year benefit cost	2,914	2,811
Interest on accrued benefit obligation	2,682	2,705
Less: benefit payments	(7,297)	(5,106)
Amortization of actuarial gains	(6,992)	(7,668)
Liability at December 31	146,334	155,027

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

9. TANGIBLE CAPITAL ASSETS

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

	2018	2017 (restated - Note 2)
	\$	\$
General		
Land and land improvements	1,972,700	1,965,026
Buildings and building improvements	1,671,763	1,685,979
Machinery and equipment	1,350,686	1,415,582
Vehicles	1,501,649	1,710,107
Computers and computer software	19,586	26,784
Infrastructure		
Roads and bridges	18,519,942	18,478,428
	25,036,326	25,281,906
Assets under construction	1,500,739	969,445
	26,537,065	26,251,351

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2018	2017 (restated - Note 2)
	\$	\$
General government	1,163,766	1,229,837
Protection services	1,172,149	1,242,293
Transportation services	20,930,340	20,560,730
Environmental services	55,794	48,021
Health services	23,702	24,179
Recreation and cultural services	2,187,009	2,182,916
Planning and development	1,004,305	963,375
	26,537,065	26,251,351

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017 (restated - Note 2)
	\$	\$
Surplus/(Deficit)		
Inventory held for resale	108,619	108,619
Unfunded employee future benefits	(146,334)	(155,027)
Unfunded landfill closure and post-closure costs	(299,000)	(300,000)
Douro-Dummer Public Library	7,735	2,690
	(328,980)	(343,718)
Invested In Capital Assets		
Tangible capital assets - net book value	26,537,065	26,251,351
Surplus	26,208,085	25,907,633
Reserves		
Working funds	1,836,691	1,405,251
Self insurance	51,596	51,261
Post employment benefits	60,863	57,185
Future capital projects	3,116,036	2,683,578
Future operations	418,551	381,458
Total Reserves	5,483,737	4,578,733
Reserve Funds		
Future capital projects	8,783	8,783
	31,700,605	30,495,149

11. BUDGET FIGURES

The budget, approved by the Township, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget 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.

12. CONTINGENT LIABILITIES

The Township, 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

13. COMMITMENT

The Township has entered into an agreement to purchase 1494 County Road 4, Douro-Dummer. The total purchase price of the property is \$1,410,000, which will be financed by a no interest mortgage held by the seller payable in monthly installments over a 20-year period starting upon completion of the agreement. The agreement is contingent upon specific conditions being met. The agreement will be completed and the transfer of ownership of the property will occur no later than December 30, 2023.

The Township has agreed to purchase a minimum of 20,000 tonnes of material annually from the seller between the date of this agreement (September 30, 2016) and the transfer of ownership at a cost of \$2.50 per tonne adjusted by the annual rate of inflation.

14. EXPENSES BY OBJECT

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

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$ (restated - Note 2)
	(Unaudited)		
Salaries and benefits	2,138,905	1,912,593	1,906,346
Materials	1,453,249	1,480,415	1,322,763
Contracted services	1,420,778	1,458,830	1,373,432
Rents and financial	3,825	5,388	4,448
External transfers	104,393	104,133	95,474
Amortization	1,260,828	1,312,803	1,278,217
Loss (gain) on disposal of tangible capital assets	-	5,024	(7,923)
	6,381,978	6,279,186	5,972,757

15. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. OMERS provides pension services to almost 500,000 active, inactive and retired members from 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2018 were \$89,361 (2017 - \$100,577).

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

16. TRUST FUNDS

Trust funds administered by the Township amounting to \$41,495 (2017 - \$41,373) 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 Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

17. COMPARATIVE FIGURES

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

18. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Township having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Township's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

19. SEGMENTED INFORMATION

The Township of Douro-Dummer is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segment 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 Township 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 Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for providing waste collection and waste disposal services to ratepayers.

Health Services

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

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2018

	General					Infrastructure	Assets Under Construction	Totals
	Land and land improvements	Buildings and building improvements	Machinery and Equipment	Vehicles	Computers and computer software	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year - restated (note 2)	2,222,520	5,111,325	3,097,782	3,979,121	185,739	30,666,874	969,445	46,232,806
Add: additions during the year	33,750	78,244	102,210	-	5,453	-	1,383,884	1,603,541
Less: disposals during the year	-	-	18,918	-	12,246	325,264	-	356,428
Internal transfers	-	-	12,154	-	-	840,436	(852,590)	-
Balance, end of year	2,256,270	5,189,569	3,193,228	3,979,121	178,946	31,182,046	1,500,739	47,479,919
ACCUMULATED AMORTIZATION								
Balance, beginning of year - restated (note 2)	257,494	3,425,346	1,682,200	2,269,014	158,955	12,188,446	-	19,981,455
Add: additions during the year	26,076	92,460	174,705	208,458	12,651	798,453	-	1,312,803
Less: disposals during the year	-	-	14,363	-	12,246	324,795	-	351,404
Balance, end of year	283,570	3,517,806	1,842,542	2,477,472	159,360	12,662,104	-	20,942,854
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,972,700	1,671,763	1,350,686	1,501,649	19,586	18,519,942	1,500,739	26,537,065

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	999,600	1,522,960	1,261,034	294,772	5,610	544,594	72,650	4,701,220
User charges	19,782	300,709	37,419	155,571	-	364,991	48,537	927,009
Government transfers - operating	564,000	11,863	33,997	-	-	22,011	-	631,871
Government transfers - capital	-	-	541,024	-	-	14,641	-	555,665
Other municipalities	-	13,350	-	-	-	-	-	13,350
Penalties and interest on taxes	120,831	-	-	-	-	-	-	120,831
Investment income	123,135	-	-	-	-	-	-	123,135
Donations	-	350	-	-	-	211	-	561
Federal gas tax earned	-	-	220,000	-	-	-	-	220,000
Parkland fees earned	-	-	-	-	-	5,000	-	5,000
Development charges earned	-	9,000	131,000	-	-	46,000	-	186,000
Total revenues	1,827,348	1,858,232	2,224,474	450,343	5,610	997,448	121,187	7,484,642
Expenses								
Salaries and benefits	552,927	416,415	566,564	48,433	179	289,820	38,255	1,912,593
Materials	233,042	332,471	398,590	65,368	3,822	441,599	5,523	1,480,415
Contracted services	31,853	1,095,025	108,618	172,153	-	10,222	40,959	1,458,830
Rents and financial	5,337	-	-	-	51	-	-	5,388
External transfers	2,256	101,877	-	-	-	-	-	104,133
Amortization	75,165	133,332	970,125	8,560	477	124,879	265	1,312,803
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	5,024	-	5,024
Total expenses	900,580	2,079,120	2,043,897	294,514	4,529	871,544	85,002	6,279,186
Net surplus/(deficit)	926,768	(220,888)	180,577	155,829	1,081	125,904	36,185	1,205,456

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - restated (note 2) For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	854,407	1,576,125	1,382,901	191,597	6,264	458,802	84,587	4,554,683
User charges	14,033	183,961	40,727	177,506	-	319,199	65,865	801,291
Government transfers - operating	596,000	4,298	31,242	7,000	-	23,347	-	661,887
Government transfers - capital	-	-	370,909	-	-	-	-	370,909
Other municipalities	-	6,750	-	-	-	-	-	6,750
Penalties and interest on taxes	119,702	-	-	-	-	-	-	119,702
Investment income	94,680	-	-	-	-	-	-	94,680
Donations	557	-	-	-	-	-	-	557
Federal gas tax earned	-	-	163,195	-	-	-	-	163,195
Parkland fees earned	-	-	-	-	-	5,000	-	5,000
Development charges earned	-	9,000	25,000	-	-	7,000	-	41,000
Total revenues	1,679,379	1,780,134	2,013,974	376,103	6,264	813,348	150,452	6,819,654
Expenses								
Salaries and benefits	590,292	374,281	557,060	48,096	-	305,271	31,346	1,906,346
Materials	204,026	222,335	393,807	91,480	3,415	404,002	3,698	1,322,763
Contracted services	36,569	1,072,722	113,956	117,072	-	24,215	8,898	1,373,432
Rents and financial	4,448	-	-	-	-	-	-	4,448
External transfers	700	94,774	-	-	-	-	-	95,474
Amortization	78,371	122,922	946,799	8,589	477	120,794	265	1,278,217
Loss (gain) on disposal of tangible capital assets	-	2,477	(18,917)	-	-	8,517	-	(7,923)
Total expenses	914,406	1,889,511	1,992,705	265,237	3,892	862,799	44,207	5,972,757
Net surplus/(deficit)	764,973	(109,377)	21,269	110,866	2,372	(49,451)	106,245	846,897

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Corporation of the
Township of Douro-Dummer**

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www.bakertilly.ca

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Douro-Dummer (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, the statement of continuity 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 Trust Funds as at December 31, 2018, and the continuity of the Trust Funds 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 Funds 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.

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

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

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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 Funds' 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 Funds' 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 Trust Funds 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 KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 18, 2020

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2018

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS						
Cash	726	14,689	-	1,564	16,979	16,121
Investments (note 2)	7,997	-	-	-	7,997	8,628
Loans receivable (note 3)	-	11,577	-	-	11,577	11,577
Due from Township	-	740	3,700	163	4,603	4,708
Due from Province	-	339	-	-	339	339
	8,723	27,345	3,700	1,727	41,495	41,373
FUND BALANCES	8,723	27,345	3,700	1,727	41,495	41,373

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2018

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	8,628	27,345	3,700	1,700	41,373	41,195
RECEIPTS						
Interest earned	95	261	52	27	435	383
EXPENSES						
Administration fees	-	261	-	-	261	161
Transfer to Township	-	-	52	-	52	44
	-	261	52	-	313	205
BALANCES - end of year	8,723	27,345	3,700	1,727	41,495	41,373

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

2. INVESTMENTS

The following investments are recorded at cost:

	2018	2017
	\$	\$
CIBC GIC 1.66%, due January 20, 2020	7,997	-
Home Bank GIC 1.45%, due March 13, 2018	-	8,628
	7,997	8,628

3. ONTARIO HOME RENEWAL PROGRAM LOANS

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

Ontario Home Renewal Program loans receivable at December 31, 2018 are comprised of repayable loans of \$11,577 (2017 - \$11,577).

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

4. CARE AND MAINTENANCE FUNDS

Cemetery perpetual care trust fund is funded by the sale of cemetery plots. The funds are invested and earnings derived thereof are used to perform perpetual care at the cemetery. The operations and investment of the trust funds are undertaken by the municipality in accordance with the regulations of the Cemeteries Act.

5. COMPARATIVE FIGURES

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

**CORPORATION OF THE
TOWNSHIP OF DOURO-DUMMER**

DOURO-DUMMER PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
Canada K9J 2V4

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of the Douro-Dummer Public Library, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Douro-Dummer

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We have reviewed the accompanying financial statements of the Douro-Dummer Public Library of the Corporation of the Township of Douro-Dummer (the Board), that comprise the statement of financial position as at December 31, 2018 and 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 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, the financial position of the Board as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

The financial statements of the Board as at and for the year ended December 31, 2017 were reviewed by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 18, 2020

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**CORPORATION OF THE TOWNSHIP OF
DOURO-DUMMER**

**DOURO-DUMMER PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	50	50
Accounts receivable	914	145
Due from Township	49,850	10,371
NET FINANCIAL ASSETS	50,814	10,566
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	59,473	53,252
ACCUMULATED SURPLUS (note 3)	110,287	63,818

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2018

	Budget 2018 \$ (see Note 4)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Municipal contributions	110,065	138,065	84,995
Province of Ontario	16,332	20,331	18,414
User charges	1,200	1,430	3,895
Other grants	7,142	-	3,736
TOTAL REVENUES	134,739	159,826	111,040
EXPENSES			
Salaries, wages and benefits	67,208	60,710	59,825
Subscriptions and videos	1,750	1,226	1,109
Supplies, materials and rentals	7,630	7,967	8,055
Public relations and advertising	10,176	7,290	741
Memberships, staff training and mileage	7,650	4,701	5,017
Utilities	8,500	8,986	7,052
Property maintenance and repairs	8,000	7,615	7,644
Contracted services	2,100	1,421	2,612
Amortization	12,734	13,441	12,734
TOTAL EXPENSES	125,748	113,357	104,789
ANNUAL SURPLUS	<u>8,991</u>	46,469	6,251
ACCUMULATED SURPLUS - beginning of year		63,818	57,567
ACCUMULATED SURPLUS - end of year		110,287	63,818

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
DOURO-DUMMER**

**DOURO-DUMMER PUBLIC LIBRARY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Note 4)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	8,991	46,469	6,251
Amortization of tangible capital assets	12,734	13,441	12,734
Acquisition of tangible capital assets	(13,500)	(19,662)	(10,808)
INCREASE IN NET FINANCIAL ASSETS	8,225	40,248	8,177
NET FINANCIAL ASSETS - beginning of year	10,566	10,566	2,389
NET FINANCIAL ASSETS - end of year	18,791	50,814	10,566

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
DOURO-DUMMER**

**DOURO-DUMMER PUBLIC LIBRARY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	46,469	6,251
Items not involving cash		
Amortization of tangible capital assets	13,441	12,734
Change in non-cash assets and liabilities		
Accounts receivable	(769)	623
Due from Township	(39,479)	(10,371)
Due to Township	-	(15,742)
Net change in cash from operating activities	19,662	(6,505)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(19,662)	(10,808)
NET CHANGE IN CASH	-	(17,313)
CASH - beginning of year	50	17,363
CASH - end of year	50	50

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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.

Government funding and other grants are 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.

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

(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:

Buildings and building improvements	15 to 50 years
Equipment and books	5 to 40 years
Computers	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) Non-financial assets

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Inter-entity transactions

The Douro-Dummer Public Library is a Board of the Township of Douro-Dummer and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

(f) 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:

	Buildings and building improvements \$	Equipment and Books \$	Computer \$	2018 Totals \$	2017 Totals \$
COST					
Balance, beginning of year	67,830	71,465	7,879	147,174	145,069
Add: additions during the year	-	19,662	-	19,662	10,808
Less: disposals during the year	-	10,353	-	10,353	8,703
Balance, end of year	67,830	80,774	7,879	156,483	147,174
ACCUMULATED AMORTIZATION					
Balance, beginning of year	51,790	34,253	7,879	93,922	89,891
Add: additions during the year	904	12,537	-	13,441	12,734
Less: disposals during the year	-	10,353	-	10,353	8,703
Balance, end of year	52,694	36,437	7,879	97,010	93,922
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,136	44,337	-	59,473	53,252

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus		
Operations	7,735	2,690
Invested In Capital Assets		
Tangible capital assets - net book value	59,473	53,252
Surplus	67,208	55,942
Reserve		
Future capital projects	43,079	7,876
	110,287	63,818

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 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 review.

5. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

6. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 7.

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Douro-Dummer.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Douro-Dummer have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.