

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

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DECEMBER 31, 2012

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TOWNSHIP OF DOURO-DUMMER

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CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

For The Year Ended December 31, 2012

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 auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditors' report.

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

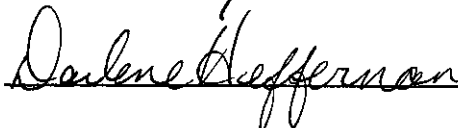
Mayor



Date

Dec 18/13

Treasurer



Date

Dec 18, 2013

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Douro-Dummer***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Douro-Dummer and its local board, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Douro-Dummer and its local board as at December 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
December 17, 2013

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2012

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash	844,132	602,802
Investments (note 3)	1,600,230	1,665,826
Accounts receivable	181,698	391,657
Taxes receivable	835,911	893,237
TOTAL FINANCIAL ASSETS	3,461,971	3,553,522
LIABILITIES		
Accounts payable	544,338	432,808
Obligatory reserve funds (note 5)	402,239	393,334
Other deferred revenue	5,450	5,435
Landfill closure and post-closure liability (note 4)	559,804	478,823
Employee future benefits (note 6)	108,149	100,378
TOTAL LIABILITIES	1,619,980	1,410,778
NET FINANCIAL ASSETS	1,841,991	2,142,744
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	29,867,387	29,528,278
Prepaid expenses	9,724	13,544
Inventories of materials and supplies	138,177	147,786
TOTAL NON-FINANCIAL ASSETS	30,015,288	29,689,608
ACCUMULATED SURPLUS (note 8)	31,857,279	31,832,352

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, 2012

	Budget 2012 \$ (note 12)	Actual 2012 \$	Actual 2011 \$
REVENUES			
Property taxation	3,469,947	3,484,335	3,395,270
User charges	670,253	670,126	677,063
Government of Canada	8,580	3,981	29,392
Province of Ontario	670,342	691,039	722,997
Other municipalities	5,000	8,150	6,650
Penalties and interest on taxes	130,000	135,329	136,269
Investment income	24,000	53,084	54,569
Donations	1,340	2,000	1,473
Federal gas tax earned	188,906	245,407	188,905
Parkland fees earned	13,000	13,000	15,000
Development charges earned	14,000	14,000	41,000
TOTAL REVENUES	5,195,368	5,320,451	5,268,588
EXPENSES			
General government	1,010,156	1,017,172	934,261
Protection services	1,339,063	1,296,124	1,246,283
Transportation services	1,711,495	1,728,758	1,711,601
Environmental services	310,779	393,667	434,538
Health services	4,550	5,165	7,945
Recreation and cultural services	776,711	778,128	720,686
Planning and development	95,664	76,510	101,743
TOTAL EXPENSES	5,248,418	5,295,524	5,157,057
ANNUAL SURPLUS/(DEFICIT)	(53,050)	24,927	111,531
ACCUMULATED SURPLUS - beginning of year	31,832,352	31,832,352	31,720,821
ACCUMULATED SURPLUS - end of year	31,779,302	31,857,279	31,832,352

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, 2012

	Budget 2012 \$ (note 12)	Actual 2012 \$	Actual 2011 \$
ANNUAL SURPLUS/(DEFICIT)	(53,050)	24,927	111,531
Amortization of tangible capital assets	1,139,835	1,157,303	1,139,835
Acquisition of tangible capital assets	(1,535,763)	(1,513,280)	(1,096,961)
Loss/(gain) on disposal of tangible capital assets	-	(4,592)	1,270
Proceeds on sale of tangible capital assets	-	21,460	11,262
Decrease in prepaid expenses	-	3,820	61
(Increase)/decrease in inventories of materials and supplies	-	9,609	(12,853)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(448,978)	(300,753)	154,145
NET FINANCIAL ASSETS - beginning of year	2,142,744	2,142,744	1,988,599
NET FINANCIAL ASSETS - end of year	1,693,766	1,841,991	2,142,744

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, 2012

	2012	2011
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	24,927	111,531
Decrease in accounts receivable	209,959	164,189
(Increase)/decrease in taxes receivable	57,326	(108,421)
Decrease in prepaid expenses	3,820	61
(Increase)/decrease in inventories of materials and supplies	9,609	(12,853)
Increase/(decrease) in accounts payable	111,530	(79,435)
Increase in obligatory reserve funds	8,905	6,072
Increase in other deferred revenue	15	4,464
Increase/(decrease) in employee future benefits	7,771	(13,933)
Non-cash charges to operations		
Amortization of tangible capital assets	1,157,303	1,139,835
Loss/(gain) on disposal of tangible capital assets	(4,592)	1,270
Increase in landfill closure and post-closure liability	80,981	125,718
Net increase in cash from operating transactions	1,667,554	1,338,498
CAPITAL		
Acquisition of tangible capital assets	(1,513,280)	(1,096,961)
Proceeds on disposal of tangible capital assets	21,460	11,262
Net decrease in cash from capital transactions	(1,491,820)	(1,085,699)
INVESTING		
(Increase)/decrease in investments	65,596	(192,057)
INCREASE IN CASH	241,330	60,742
CASH - beginning of year	602,802	542,060
CASH - end of year	844,132	602,802

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, 2012

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 Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

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

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These 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	10 to 50 years
Machinery and equipment	5 to 40 years
Vehicles	5 to 30 years
Computers	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 under construction are not amortized until put in service.

(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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(g) Deferred Revenue

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

(h) Taxation

Property tax billings are prepared by the 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 processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(i) Government Funding

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Use of Estimates

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

- 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. 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 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.
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(k) Financial Instruments

The Township's financial instruments consist of cash, investments, accounts receivable, taxes receivable and accounts payable. It is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Township does not have any significant concentration of interest, currency or credit risk.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2012, 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	2,717,192	3,704,658

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, 2012

3. INVESTMENTS

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

	2012	2011
	\$	\$
Short-term investments		
One Fund - money market fund	260,299	256,689
Desjardins - fixed income and securities, maturing March 2013	59,726	59,726
Desjardins - fixed income and securities, maturing May 2013	8,479	8,320
GICs - interest ranging from 1.85% to 3.35%, maturing between May - September 2013	354,765	-
GICs - interest ranging from 1.93% to 4.66%, maturing between January - December 2012	-	632,482
	683,269	957,217
Long-term investments		
GICs - interest ranging from 1.30% to 3.05%, maturing between January 2014 and December 2015	765,774	-
GICs - interest ranging from 1.85% to 3.35%, maturing between January 2013 and May 2015	-	557,422
Desjardins - fixed income and securities, maturing April 2014	151,187	151,187
	916,961	708,609
	1,600,230	1,665,826

4. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$559,804 (2011 - \$478,823) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the three closed sites owned by the Township. 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 sites are closed. The Township has a landfill reserve of \$70,949 (2011 - \$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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2012	2011
	\$	\$
Parkland	15,056	18,045
Development charges	50,515	11,767
Federal gas tax	336,668	363,522
	402,239	393,334

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

	2012	2011
	\$	\$
Balance - beginning of year	393,334	387,262
Add amounts received:		
Development charges	52,500	19,600
Parkland fees	9,750	12,400
Federal gas tax	213,314	213,314
Interest	5,748	5,663
	281,312	250,977
Less transfer to operations:		
Development charges earned	14,000	41,000
Parkland fees earned	13,000	15,000
Federal gas tax earned	245,407	188,905
	272,407	244,905
Balance - end of year	402,239	393,334

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

6. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides certain employee amounts that will require funding in future periods.

	2012	2011
	\$	\$
Post employment benefits	108,149	100,378

The Township provides eligible employees a defined 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 liability is not funded by the Township. The actuarial valuation as at December 31, 2011 was 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 - 2.5%
- Future health care premiums - first year 2008 10.0%
- increase over 10 years rate of inflation plus 1%

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

	2012	2011
	\$	\$
Accrued benefit obligation at January 1	100,378	114,311
Current year benefit cost	4,574	4,383
Interest on post-employment benefit liability	4,439	6,419
Less: benefit payments	(1,242)	(852)
Less: gain recognized in the year	-	(23,883)
Accrued benefit obligation at December 31	108,149	100,378

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

7. TANGIBLE CAPITAL ASSETS

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

	2012	2011
	\$	\$
General		
Land and land improvements	4,145,709	3,898,539
Buildings	2,073,189	2,080,824
Machinery and equipment	1,529,605	1,291,159
Vehicles	1,860,484	1,786,290
Computers	23,945	39,579
Infrastructure		
Roads and bridges	20,034,932	20,244,387
	29,667,864	29,340,778
Assets under construction	199,523	187,500
	29,867,387	29,528,278

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

During the year there were no write-downs of assets (2011 - \$Nil) and no interest capitalized (2011 - \$Nil).

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

	2012	2011
	\$	\$
General government	1,549,490	1,598,770
Protection services	1,525,044	1,341,144
Transportation services	21,462,438	21,790,658
Environmental services	87,045	102,286
Health services	9,637	-
Recreation and cultural services	2,896,877	2,333,705
Planning and development	2,336,856	2,361,715
	29,867,387	29,528,278

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2012	2011
	\$	\$
Surplus/(Deficit)		
Unfunded employee future benefits	(108,149)	(100,378)
Unfunded landfill closure and post-closure costs	(559,804)	(478,823)
Douro-Dummer Public Library	(8,569)	(8,205)
	(676,522)	(587,406)
Invested In Capital Assets		
Tangible capital assets - net book value	29,867,387	29,528,278
Surplus	29,190,865	28,940,872
Reserves		
Working funds	826,788	826,788
Self insurance	22,640	24,640
Post employment benefits	36,370	30,228
Future capital projects	1,568,905	1,866,075
Future operations	194,406	126,838
Total Reserves	2,649,109	2,874,569
Reserve Funds		
Future capital projects	17,305	16,911
	31,857,279	31,832,352

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

9. EXPENSES BY OBJECT

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

	Budget 2012 (note 12) \$	Actual 2012 \$	Actual 2011 \$
Salaries and benefits	1,822,755	1,717,270	1,706,894
Materials	1,110,710	1,196,254	1,092,582
Contracted services	1,081,350	1,133,882	1,126,257
Rents and financial	2,050	3,004	4,082
External transfers	91,718	92,403	86,137
Amortization	1,139,835	1,157,303	1,139,835
Loss (gain) on disposal of tangible capital assets	-	(4,592)	1,270
	<u>5,248,418</u>	<u>5,295,524</u>	<u>5,157,057</u>

10. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2012 were \$85,228 (2011 - \$69,554).

11. TRUST FUNDS

Trust funds administered by the Township amounting to \$41,472 (2011 - \$41,324) 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.

12. BUDGET FIGURES

The budget, approved by the Township, for 2012 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

13. CONTINGENT LIABILITIES

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

The Township acts as a collection agent for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2012 is \$3,030 (2011 - \$4,378). These loans and related payments are not reported on the Consolidated Statement of Financial Position nor the Statement of Operations and Accumulated Surplus.

14. COMMITMENT

The Township has entered into an agreement to upgrade McCracken's Landing Wharf. The tender was awarded to Robert TWA Construction for an approximate cost of \$134,550 plus HST. As of December 31, 2012, \$13,239 has been spent on this project.

15. 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

15. SEGMENTED INFORMATION, continued

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.

16. COMPARATIVE FIGURES

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2012

	General			Infrastructure		Assets Under Construction \$	Totals \$
	Land and land improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Computers \$		
COST							
Balance, beginning of year	3,995,741	5,151,090	2,406,978	3,569,394	165,146	28,291,291	43,767,140
Add: additions during the year	-	-	-	-	-	-	1,513,280
Less: disposals during the year	5,051	75,000	243,620	143,682	-	120,768	588,121
Internal transfers	261,186	88,585	358,013	270,136	-	523,337	(1,501,257)
Balance, end of year	4,251,876	5,164,675	2,521,371	3,695,848	165,146	28,693,860	44,692,299
ACCUMULATED AMORTIZATION							
Balance, beginning of year	97,202	3,070,266	1,115,819	1,783,104	125,567	8,046,904	14,238,862
Add: additions during the year	13,965	96,220	131,085	195,807	15,634	704,592	1,157,303
Less: disposals during the year	5,000	75,000	234,264	143,547	-	113,442	571,253
Internal transfers	-	-	(20,874)	-	-	20,874	-
Balance, end of year	106,167	3,091,486	991,766	1,835,364	141,201	8,658,928	14,824,912
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,145,709	2,073,189	1,529,605	1,860,484	23,945	20,034,932	199,523
							29,867,387

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2012

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	976,323	1,200,053	870,177	22,979	18,050	320,539	76,214	3,484,335
User charges	13,993	136,118	23,667	99,288	46	379,985	17,029	670,126
Government transfers - operating	605,500	16,777	42,992	-	-	27,647	-	692,916
Government transfers - capital	-	-	1,904	-	-	200	-	2,104
Other municipalities	-	8,150	-	-	-	-	-	8,150
Penalties and interest on taxes	135,329	-	-	-	-	-	-	135,329
Investment income	52,925	-	-	-	-	159	-	53,084
Donations	-	250	-	-	-	1,750	-	2,000
Federal gas tax earned	-	-	245,407	-	-	-	-	245,407
Parkland fees earned	-	-	-	-	-	13,000	-	13,000
Development charges earned	-	-	9,000	-	-	5,000	-	14,000
Total revenues	1,784,070	1,361,348	1,193,147	122,267	18,096	748,280	93,243	5,320,451
Expenses								
Salaries and benefits	569,464	272,958	471,429	34,934	210	322,499	45,776	1,717,270
Materials	277,802	162,392	332,418	69,516	4,751	341,438	7,937	1,196,254
Contracted services	75,824	681,034	65,178	273,976	204	14,869	22,797	1,133,882
Rents and financial	3,004	-	-	-	-	-	-	3,004
External transfers	4,474	87,929	-	-	-	-	-	92,403
Amortization	86,553	92,475	861,707	15,241	-	101,327	-	1,157,303
Loss (gain) on disposal of tangible capital assets	51	(664)	(1,974)	-	-	(2,005)	-	(4,592)
Total expenses	1,017,172	1,296,124	1,728,758	393,667	5,165	778,128	76,510	5,295,524
Net surplus/(deficit)	766,898	65,224	(535,611)	(271,400)	12,931	(29,848)	16,733	24,927

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2011

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	647,201	1,141,139	1,092,495	178,045	20,050	230,436	85,904	3,395,270
User charges	34,750	88,958	7,839	100,367	-	426,139	19,010	677,063
Government transfers - operating	567,246	66,286	38,485	938	-	42,700	-	715,655
Government transfers - capital	7,746	-	-	-	-	28,988	-	36,734
Other municipalities	-	6,650	-	-	-	-	-	6,650
Penalties and interest on taxes	136,269	-	-	-	-	-	-	136,269
Investment income	54,569	-	-	-	-	-	-	54,569
Donations	-	280	-	-	-	1,193	-	1,473
Federal gas tax earned	-	-	188,905	-	-	-	-	188,905
Parkland fees earned	-	-	-	-	-	15,000	-	15,000
Development charges earned	-	-	34,000	-	-	7,000	-	41,000
Total revenues	1,447,781	1,303,313	1,361,724	279,350	20,050	751,456	104,914	5,268,588
Expenses								
Salaries and benefits	554,952	266,260	539,317	33,364	30	259,761	53,210	1,706,894
Materials	219,939	169,538	257,282	73,059	7,915	346,023	18,826	1,092,582
Contracted services	60,908	638,015	65,525	308,867	-	23,235	29,707	1,126,257
Rents and financial	4,082	-	-	-	-	-	-	4,082
External transfers	1,336	84,801	-	-	-	-	-	86,137
Amortization	91,519	85,084	852,317	19,248	-	91,667	-	1,139,835
Loss (gain) on disposal of tangible capital assets	1,525	2,585	(2,840)	-	-	-	-	1,270
Total expenses	934,261	1,246,283	1,711,601	434,538	7,945	720,686	101,743	5,157,057
Net surplus/(deficit)	513,520	57,030	(349,877)	(155,188)	12,105	30,770	3,171	111,531

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Douro-Dummer***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Douro-Dummer, which comprise the statement of financial position as at December 31, 2012, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Township as at December 31, 2012 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
December 17, 2013

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2012

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2012 Total \$	2011 Total \$
FINANCIAL ASSETS						
Cash	-	22,730	-	1,472	24,202	23,556
Investments (note 2)	7,925	-	-	-	7,925	7,735
Loans receivable	-	12,248	-	-	12,248	12,488
Due from Township	-	-	3,700	179	3,879	3,879
Accrued interest	91	-	-	-	91	-
	8,016	34,978	3,700	1,651	48,345	47,658
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to Township	-	1,284	-	-	1,284	986
Due to Province	-	5,589	-	-	5,589	5,348
	-	6,873	-	-	6,873	6,334
FUND BALANCES						
Fund balances	8,016	28,105	3,700	1,651	41,472	41,324
	8,016	34,978	3,700	1,651	48,345	47,658

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2012**

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2012 Total \$	2011 Total \$
BALANCES -						
beginning of year	7,735	28,256	3,700	1,633	41,324	41,459
RECEIPTS						
Interest earned	281	388	46	18	733	950
EXPENSES						
Administration fees	-	298	-	-	298	289
Transfer to Province	-	241	-	-	241	241
Transfer to Township	-	-	46	-	46	555
	-	539	46	-	585	1,085
BALANCES - end of year	8,016	28,105	3,700	1,651	41,472	41,324

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, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

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

(b) Financial Instruments

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

2. CASH AND INVESTMENTS

Included in cash and investments are the following investments recorded at cost:

	2012	2011
	\$	\$
Desjardins Securities - GIC 2.25% due June 2, 2014	7,000	6,811
Desjardins Securities - cash on hand	925	924
	7,925	7,735
Market Value	8,017	7,871

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2012

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, 2012 are comprised of repayable loans of \$12,248 (2011 - \$12,488).

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

4. CEMETERY PERPETUAL CARE

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.

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

DOURO-DUMMER PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

We have reviewed the statement of financial position of the Douro-Dummer Public Library of the Corporation of the Township of Douro-Dummer as at December 31, 2012 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Board.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

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, in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
December 17, 2013

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF FINANCIAL POSITION (Unaudited) At December 31, 2012

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash	50	-
Accounts receivable	15,327	26,904
TOTAL FINANCIAL ASSETS	15,377	26,904
LIABILITIES		
Due to Township	1,568	21,937
NET FINANCIAL ASSETS	13,809	4,967
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	47,894	50,479
ACCUMULATED SURPLUS (note 3)	61,703	55,446

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 (Unaudited) For the Year Ended December 31, 2012

	Budget 2012 \$ (note 4)	Actual 2012 \$	Actual 2011 \$
REVENUES			
Municipal contributions	60,900	60,900	39,070
Province of Ontario	14,107	17,057	14,428
User charges	880	1,867	1,825
Other grants	7,335	5,635	17,802
TOTAL REVENUES	83,222	85,459	73,125
EXPENSES			
Salaries, wages and benefits	48,672	45,171	41,694
Subscriptions and videos	450	308	100
Supplies, materials and rentals	7,425	6,696	3,695
Public relations and advertising	550	541	96
Memberships, staff training and mileage	3,350	1,931	9,613
Utilities	7,075	7,174	6,867
Property maintenance and repairs	5,700	5,093	4,874
Contracted services	1,000	1,000	1,000
Amortization	11,324	11,288	11,324
TOTAL EXPENSES	85,546	79,202	79,263
ANNUAL SURPLUS/(DEFICIT)	(2,324)	6,257	(6,138)
ACCUMULATED SURPLUS - beginning of year	55,446	55,446	61,584
ACCUMULATED SURPLUS - end of year	53,122	61,703	55,446

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 (Unaudited) For the Year Ended December 31, 2012

	Budget 2012 \$ (note 4)	Actual 2012 \$	Actual 2011 \$
ANNUAL SURPLUS/(DEFICIT)	(2,324)	6,257	(6,138)
Amortization of tangible capital assets	11,324	11,288	11,324
Acquisition of tangible capital assets	(4,500)	(8,703)	(7,821)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	4,500	8,842	(2,635)
NET FINANCIAL ASSETS - beginning of year	4,967	4,967	7,602
NET FINANCIAL ASSETS - end of year	9,467	13,809	4,967

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 (Unaudited) For the Year Ended December 31, 2012

	2012	2011
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	6,257	(6,138)
Decrease in accounts receivable	11,577	5,068
Increase/(decrease) in due to Township	(20,369)	(2,433)
Non-cash charges to operations		
Amortization of tangible capital assets	11,288	11,324
Net increase in cash from operating transactions	8,753	7,821
CAPITAL		
Acquisition of tangible capital assets	(8,703)	(7,821)
INCREASE IN CASH	50	-
CASH - beginning of year	-	-
CASH - end of year	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 (Unaudited) For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

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

(b) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(c) Financial Instruments

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

(d) Tangible Capital Assets

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

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.

(e) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS (Unaudited) For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Government funding

Government funding is recognized in the financial statements as revenue 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.

(g) Reserves

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

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Building \$	Equipment and Books \$	Computer \$	2012 Totals \$	2011 Totals \$
COST						
Balance, beginning of year	4,120	58,479	215,719	7,879	286,197	278,376
Add: additions during the year	-	-	8,703	-	8,703	7,821
Less: disposals during the year	-	-	152,153	-	152,153	-
Balance, end of year	4,120	58,479	72,269	7,879	142,747	286,197
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	46,725	181,114	7,879	235,718	224,394
Add: additions during the year	-	804	10,484	-	11,288	11,324
Less: disposals during the year	-	-	152,153	-	152,153	-
Balance, end of year	-	47,529	39,445	7,879	94,853	235,718
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,120	10,950	32,824	-	47,894	50,479

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS (Unaudited) For the Year Ended December 31, 2012

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2012	2011
	\$	\$
Surplus/(Deficit)		
Current fund	(8,569)	(8,205)
Invested in Capital Assets		
Tangible capital assets - net book value	47,894	50,479
Surplus	39,325	42,274
Reserves		
Future capital projects	22,378	13,172
	61,703	55,446

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2012 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to review.

5. COMPARATIVE FIGURES

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