

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

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Township of Douro-Dummer

894 South Street
PO Box 92
Warsaw ON K0L 3A0

www.dourodummer.on.ca

Finance & Taxation Department

Darlene Heffernan, CMO

Treasurer

Ph 705-652-8392 Ext. 203

F 705-652-5044

dheffernan@dourodummer.on.ca

June 20, 2017

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

For The Year Ended December 31, 2016

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 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

June 20, 2017

Treasurer

Date

June 22, 2017

INDEPENDENT AUDITOR'S 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, 2016, 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.

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Douro-Dummer and its local board as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 18, 2017

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	1,557,851	1,165,098
Investments (note 3)	3,091,662	2,593,883
Accounts receivable	311,000	345,692
Taxes receivable	631,902	1,152,055
Inventory held for resale	108,619	108,619
TOTAL FINANCIAL ASSETS	5,701,034	5,365,347
LIABILITIES		
Accounts payable	759,224	467,306
Deferred revenue - obligatory reserve funds (note 4)	529,369	440,898
Deferred revenue - other	1,000	2,977
Landfill closure and post-closure liability (note 5)	347,000	367,000
Employee future benefits (note 6)	162,285	169,785
TOTAL LIABILITIES	1,798,878	1,447,966
NET FINANCIAL ASSETS	3,902,156	3,917,381
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	25,267,605	25,267,550
Prepaid expenses	14,646	30,690
Inventories of materials and supplies	141,092	148,854
TOTAL NON-FINANCIAL ASSETS	25,423,343	25,447,094
ACCUMULATED SURPLUS (note 8)	29,325,499	29,364,475

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, 2016

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	4,343,241	4,327,725	4,104,835
User charges	949,425	770,902	774,775
Government of Canada	15,193	4,671	8,593
Province of Ontario	694,613	701,918	705,210
Other municipalities	5,177	11,750	5,900
Penalties and interest on taxes	160,000	168,181	173,064
Investment income	54,653	76,783	76,028
Donations	1,305	1,290	2,896
Federal gas tax earned	206,894	167,675	83,790
Parkland fees earned	5,000	5,000	5,125
Development charges earned	36,000	36,000	34,625
TOTAL REVENUES	6,471,501	6,271,895	5,974,841
EXPENSES			
General government	1,047,683	986,975	989,000
Protection services	1,888,076	1,848,498	1,654,475
Transportation services	1,973,929	2,169,407	1,833,135
Environmental services	333,383	313,737	293,585
Health services	4,590	7,659	5,311
Recreation and cultural services	827,315	915,210	858,634
Planning and development	118,231	69,385	77,198
TOTAL EXPENSES	6,193,207	6,310,871	5,711,338
ANNUAL SURPLUS/(DEFICIT)	<u>278,294</u>	(38,976)	263,503
ACCUMULATED SURPLUS - beginning of year		29,364,475	29,100,972
ACCUMULATED SURPLUS - end of year		29,325,499	29,364,475

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, 2016

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	278,294	(38,976)	263,503
Amortization of tangible capital assets	1,257,745	1,272,432	1,257,745
Purchase of tangible capital assets	(1,914,074)	(1,456,657)	(821,729)
Loss on disposal of tangible capital assets	-	182,508	24,071
Proceeds on sale of tangible capital assets	-	1,662	18,116
Change in prepaid expenses	-	16,044	(19,645)
Change in inventories of materials and supplies	-	7,762	(22,143)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(378,035)	(15,225)	699,918
NET FINANCIAL ASSETS - beginning of year	3,917,381	3,917,381	3,217,463
NET FINANCIAL ASSETS - end of year	3,539,346	3,902,156	3,917,381

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(38,976)	263,503
Items not affecting cash		
Amortization of tangible capital assets	1,272,432	1,257,745
Loss on disposal of tangible capital assets	182,508	24,071
Loss(gain) on disposal of investments	-	(8,933)
Change in landfill closure and post-closure liability	(20,000)	(19,100)
Change in employee future benefits	(7,500)	(4,956)
Change in non-cash assets and liabilities		
Accounts receivable	34,692	(13,625)
Taxes receivable	520,153	(48,308)
Inventory held for resale	-	(3,300)
Prepaid expenses	16,044	(19,645)
Inventories of materials and supplies	7,762	(22,143)
Accounts payable	291,918	(379,638)
Deferred revenue - obligatory reserve funds	88,471	109,589
Deferred revenue - other	(1,977)	2,977
Net change in cash from operating activities	2,345,527	1,138,237
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,456,657)	(821,729)
Proceeds on disposal of tangible capital assets	1,662	18,116
Net change in cash from capital activities	(1,454,995)	(803,613)
INVESTING ACTIVITIES		
Purchase of investments	(497,779)	(1,083,980)
Disposal of investments	-	709,919
Net change in cash from investing activities	(497,779)	(374,061)
NET CHANGE IN CASH	392,753	(39,437)
CASH - beginning of year	1,165,098	1,204,535
CASH - end of year	1,557,851	1,165,098

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, 2016

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 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 improvement:	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, 2016

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.

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.

(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 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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. 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 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 held for resale

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.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2016, 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 \$
Property taxes	2,611,285	4,268,078
Taxation from other governments	556	4,387
Amounts requisitioned and remitted	2,611,841	4,272,465

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, 2016

3. INVESTMENTS

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

	Market Value 2016 \$	Cost 2016 \$	Cost 2015 \$
Short-term investments			
One Fund - money market fund	472,259	484,581	473,206
GICs - interest ranging from 1.10% to 2.35%, maturing 2017	523,314	520,763	473,002
CIBC - 2.35% Bond, maturing October, 2017	50,735	49,900	49,900
	1,046,308	1,055,244	996,108
Long-term investments			
GICs - interest ranging from 1.50% to 2.86%, maturing 2018 to 2021	1,844,014	1,835,485	1,396,842
BNS - 2.09% Bond, maturing September, 2020	101,722	100,457	100,457
BMO - 2.10% Bond, maturing October, 2020	101,555	100,476	100,476
	2,047,291	2,036,418	1,597,775
	3,093,599	3,091,662	2,593,883

The investments are exposed to interest rate risk. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

4. 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:

	2016	2015
	\$	\$
Parkland	14,931	11,681
Development charges	108,309	66,873
Federal gas tax	406,129	362,344
	529,369	440,898

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

	2016	2015
	\$	\$
Balance - beginning of year	440,898	331,309
Add amounts received:		
Development charges	77,435	26,586
Parkland fees	8,250	6,000
Federal gas tax	206,894	197,042
Interest	4,567	3,501
	297,146	233,129
Less transfer to operations:		
Development charges earned	36,000	34,625
Parkland fees earned	5,000	5,125
Federal gas tax earned	167,675	83,790
	208,675	123,540
Balance - end of year	529,369	440,898

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

5. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill post-closure costs of \$347,000 (2015 - \$367,000) have been estimated using discounted future cash flows associated with post-closure care activities for the three closed sites owned by the Township. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site has been closed. The Township has a landfill reserve of \$70,949 (2015 - \$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 total discounted future cash flows for closure and post-closure costs is estimated at \$431,000 as at December 31, 2016 (2015 - \$464,000) using a discount factor of 4% and an inflation rate of 2%.

6. EMPLOYEE FUTURE AMOUNTS PAYABLE

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

	2016	2015
	\$	\$
Accrued benefit obligation	75,269	100,371
Unamortized actuarial gain	87,016	69,414
	<u>162,285</u>	<u>169,785</u>

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, 2016 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	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:

	2016	2015
	\$	\$
Current year benefit cost	2,713	2,602
Interest on accrued benefit obligation	4,199	4,150
Amortization of actuarial gains	(8,559)	(6,254)
Expense	<u>(1,647)</u>	<u>498</u>

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

7. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
General		
Land and land improvements	1,974,883	1,887,871
Buildings and building improvements	1,756,821	1,847,118
Machinery and equipment	1,612,936	1,704,817
Vehicles	1,284,450	1,439,740
Computers and computer software	40,241	54,703
Infrastructure		
Roads and bridges	18,441,449	18,069,730
	25,110,780	25,003,979
Assets under construction	156,825	263,571
	25,267,605	25,267,550

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

During the year there were no write-downs of assets (2015 - \$Nil) and no interest capitalized (2015 - \$Nil).

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

	2016	2015
	\$	\$
General government	1,306,222	1,355,557
Protection services	975,927	981,279
Transportation services	19,744,504	19,694,309
Environmental services	56,610	65,773
Health services	26,133	-
Recreation and cultural services	2,237,221	2,314,848
Planning and development	920,988	855,784
	25,267,605	25,267,550

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Surplus/(Deficit)		
Inventory held for resale	108,619	108,619
Unfunded employee future benefits	(162,285)	(169,785)
Unfunded landfill closure and post-closure costs	(347,000)	(367,000)
Douro-Dummer Public Library	(616)	(7,313)
	(401,282)	(435,479)
Invested In Capital Assets		
Tangible capital assets - net book value	25,267,605	25,267,550
Surplus	24,866,323	24,832,071
Reserves		
Working funds	1,250,366	1,412,808
Self insurance	39,945	38,552
Post employment benefits	55,191	51,849
Future capital projects	2,728,418	2,643,751
Future operations	376,473	376,661
Total Reserves	4,450,393	4,523,621
Reserve Funds		
Future capital projects	8,783	8,783
	29,325,499	29,364,475

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	2,012,002	1,919,061	1,893,680
Interest charges	22,000	-	-
Materials	1,297,901	1,393,564	1,218,844
Contracted services	1,502,068	1,438,204	1,221,941
Rents and financial	4,007	6,228	1,410
External transfers	97,484	98,874	93,647
Amortization	1,257,745	1,272,432	1,257,745
Loss (gain) on disposal of tangible capital assets	-	182,508	24,071
	6,193,207	6,310,871	5,711,338

10. 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 470,000 active, inactive and retired members from 990 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 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$105,660 (2015 - \$104,079).

11. TRUST FUNDS

Trust funds administered by the Township amounting to \$41,195 (2015 - \$41,533) 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

12. BUDGET FIGURES

The budget, approved by the Township, for 2016 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.

13. 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.

14. 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

14. SEGMENTED INFORMATION, continued

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.

15. 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 installment over a 20-year period starting in 2023. The agreement is contingent upon specific conditions being met. The Township will take ownership of the property on December 30, 2023 at which time the agreement will be complete.

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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2016

	General				Infrastructure		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	2,098,291	5,089,493	3,056,763	3,536,581	185,739	28,556,025	263,571
Add: additions during the year	109,973	20,204	151,743	35,699	-	1,060,524	78,514
Less: disposals during the year	-	20,245	56,483	23,697	-	601,220	-
Internal transfers	-	1,628	-	-	-	183,632	(185,260)
Balance, end of year	2,208,264	5,091,080	3,152,023	3,548,583	185,739	29,198,961	156,825
ACCUMULATED AMORTIZATION							
Balance, beginning of year	210,420	3,242,375	1,351,946	2,096,841	131,036	10,486,295	-
Add: additions during the year	22,961	91,884	235,891	190,668	14,462	716,566	-
Less: disposals during the year	-	-	48,750	23,376	-	445,349	-
Balance, end of year	233,381	3,334,259	1,539,087	2,264,133	145,498	10,757,512	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,974,883	1,756,821	1,612,936	1,284,450	40,241	18,441,449	156,825
							25,267,605

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	676,042	1,558,558	1,339,688	191,723	9,715	473,071	78,928	4,327,725
User charges	20,805	189,742	42,847	165,709	-	323,251	28,548	770,902
Government transfers - operating	594,300	12,126	32,422	-	4,671	26,274	-	669,793
Government transfers - capital	-	-	36,796	-	-	-	-	36,796
Other municipalities	-	11,750	-	-	-	-	-	11,750
Penalties and interest on taxes	168,181	-	-	-	-	-	-	168,181
Investment income	76,783	-	-	-	-	-	-	76,783
Donations	-	350	-	-	-	940	-	1,290
Federal gas tax earned	517	-	167,158	-	-	-	-	167,675
Parkland fees earned	-	-	-	-	-	5,000	-	5,000
Development charges earned	-	4,000	25,000	-	-	7,000	-	36,000
Total revenues	1,536,628	1,776,526	1,643,911	357,432	14,386	835,536	107,476	6,271,895
Expenses								
Salaries and benefits	636,887	346,492	550,089	40,520	2,050	314,858	28,165	1,919,061
Materials	212,486	229,729	447,196	75,953	5,242	415,359	7,599	1,393,564
Contracted services	51,792	1,068,689	87,461	188,102	204	24,958	16,998	1,438,204
Rents and financial	6,228	-	-	-	-	-	-	6,228
External transfers	2,212	96,662	-	-	-	-	-	98,874
Amortization	77,877	109,426	923,976	9,162	163	151,563	265	1,272,432
Loss (gain) on disposal of tangible capital assets	(507)	(2,500)	160,685	-	-	8,472	16,358	182,508
Total expenses	986,975	1,848,498	2,169,407	313,737	7,659	915,210	69,385	6,310,871
Net surplus/(deficit)	549,653	(71,972)	(525,496)	43,695	6,727	(79,674)	38,091	(38,976)

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	382,180	1,417,747	1,638,189	148,672	-	429,127	88,920	4,104,835
User charges	14,078	205,786	35,641	144,915	-	351,131	23,224	774,775
Government transfers - operating	581,000	34,263	34,843	-	8,593	22,904	-	681,603
Government transfers - capital	-	-	25,000	-	-	7,200	-	32,200
Other municipalities	-	5,900	-	-	-	-	-	5,900
Penalties and interest on taxes	173,064	-	-	-	-	-	-	173,064
Investment income	76,028	-	-	-	-	-	-	76,028
Donations	-	350	-	-	1,000	1,546	-	2,896
Federal gas tax earned	-	-	83,790	-	-	-	-	83,790
Parkland fees earned	-	-	-	-	-	5,125	-	5,125
Development charges earned	-	-	25,625	-	-	9,000	-	34,625
Total revenues	1,226,350	1,664,046	1,843,088	293,587	9,593	826,033	112,144	5,974,841
Expenses								
Salaries and benefits	638,039	322,154	522,772	40,741	728	318,227	51,019	1,893,680
Materials	216,598	241,575	303,428	74,824	4,583	369,932	7,904	1,218,844
Contracted services	55,720	893,676	74,519	168,858	-	20,755	8,413	1,221,941
Rents and financial	1,410	-	-	-	-	-	-	1,410
External transfers	978	92,669	-	-	-	-	-	93,647
Amortization	73,818	104,284	947,927	9,162	-	122,289	265	1,257,745
Loss (gain) on disposal of tangible capital assets	2,437	117	(15,511)	-	-	27,431	9,597	24,071
Total expenses	989,000	1,654,475	1,833,135	293,585	5,311	858,634	77,198	5,711,338
Net surplus/(deficit)	237,350	9,571	9,953	2	4,282	(32,601)	34,946	263,503

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of 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, 2016, 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.

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Douro-Dummer as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 18, 2017

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2016

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2016 Total \$	2015 Total \$
FINANCIAL ASSETS						
Cash	8,450	14,440	-	1,521	24,411	23,790
Loans receivable	-	11,577	-	-	11,577	12,053
Due from Township	-	989	3,700	179	4,868	5,021
Due from Province	-	339	-	-	339	669
	8,450	27,345	3,700	1,700	41,195	41,533
FUND BALANCES	8,450	27,345	3,700	1,700	41,195	41,533

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, 2016**

	H. Sherry Scholarship \$	Ontario Home Renewal Program \$	Cemetery Perpetual Care \$	Caldwell Charity Fund \$	2016 Total \$	2015 Total \$
BALANCES -						
beginning of year	8,306	27,821	3,700	1,706	41,533	41,090
RECEIPTS						
Interest earned	144	7	28	14	193	984
EXPENSES						
Transfer to Province	-	330	-	-	330	330
Transfer to Township	-	-	28	20	48	48
Administration fees	-	153	-	-	153	163
	-	483	28	20	531	541
BALANCES - end of						
year	8,450	27,345	3,700	1,700	41,195	41,533

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, 2016

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. 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, 2016 are comprised of repayable loans of \$11,577 (2015 - \$12,053).

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.

3. 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, 2016



Collins Barrow Kawarthas LLP
272 Charlotte Street
Peterborough, Ontario K9J 2V4
T: 705.742.3418
F: 705.742.9775
www.collinsbarrow.com

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, 2016 and the statements of operations and accumulated surplus, change in net financial assets (liabilities) 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 inquiry, 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 Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 18, 2017

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY STATEMENT OF FINANCIAL POSITION (Unaudited) At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	17,363	50
Accounts receivable	768	3,911
TOTAL FINANCIAL ASSETS	18,131	3,961
LIABILITIES		
Due to Township	15,742	313
Deferred revenue	-	2,977
TOTAL LIABILITIES	15,742	3,290
NET FINANCIAL ASSETS	2,389	671
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	55,178	51,974
ACCUMULATED SURPLUS (note 3)	57,567	52,645

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, 2016

	Budget 2016 \$ (see Note 4)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Municipal contributions	89,141	89,141	74,159
Province of Ontario	17,808	21,081	18,019
User charges	1,570	1,614	2,206
Other grants	6,865	5,193	4,885
TOTAL REVENUES	115,384	117,029	99,269
EXPENSES			
Salaries, wages and benefits	66,968	60,720	66,018
Subscriptions and videos	450	3,045	185
Supplies, materials and rentals	11,462	11,735	7,264
Public relations and advertising	675	1,376	474
Memberships, staff training and mileage	8,056	3,962	6,926
Utilities	8,665	8,130	7,690
Property maintenance and repairs	7,427	7,780	7,771
Contracted services	2,181	3,561	2,041
Amortization	12,734	11,798	12,734
TOTAL EXPENSES	118,618	112,107	111,103
ANNUAL SURPLUS/(DEFICIT)	<u>(3,234)</u>	4,922	(11,834)
ACCUMULATED SURPLUS - beginning of year		52,645	64,479
ACCUMULATED SURPLUS - end of year		57,567	52,645

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 (LIABILITIES) (Unaudited)

For the Year Ended December 31, 2016

	Budget 2016 \$ (Note 4)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(3,234)	4,922	(11,834)
Amortization of tangible capital assets	12,734	11,798	12,734
Acquisition of tangible capital assets	(13,500)	(15,002)	(15,697)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS (LIABILITIES)	(4,000)	1,718	(14,797)
NET FINANCIAL ASSETS - beginning of year	671	671	15,468
NET FINANCIAL ASSETS (LIABILITIES) - end of year	(3,329)	2,389	671

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	4,922	(11,834)
Items not involving cash		
Amortization of tangible capital assets	11,798	12,734
Change in non-cash assets and liabilities		
Accounts receivable	3,143	(2,222)
Due to Township	15,429	(265)
Deferred revenue	(2,977)	2,977
Net change in cash from operating activities	32,315	1,390
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(15,002)	(15,697)
NET CHANGE IN CASH	17,313	(14,307)
CASH - beginning of year	50	14,357
CASH - end of year	17,363	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, 2016

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 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.

User fees 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 improvement:	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.

(e) 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.

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

**DOURO-DUMMER PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
For the Year Ended December 31, 2016**

2. TANGIBLE CAPITAL ASSETS

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

	Buildings and building improvements \$	Equipment and Books \$	Computer \$	2016 Totals \$	2015 Totals \$
COST					
Balance, beginning of year	67,830	74,412	7,879	150,121	165,054
Add: additions during the year	-	15,002	-	15,002	15,697
Less: disposals during the year	-	20,054	-	20,054	30,630
Balance, end of year	67,830	69,360	7,879	145,069	150,121
ACCUMULATED AMORTIZATION					
Balance, beginning of year	49,983	40,285	7,879	98,147	116,043
Add: additions during the year	903	10,895	-	11,798	12,734
Less: disposals during the year	-	20,054	-	20,054	30,630
Balance, end of year	50,886	31,126	7,879	89,891	98,147
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	16,944	38,234	-	55,178	51,974

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016 \$	2015 \$
Surplus/(Deficit)		
Operations	(616)	(7,313)
Invested In Capital Assets		
Tangible capital assets - net book value	55,178	51,974
Surplus	54,562	44,661
Reserves		
Future capital projects	3,005	7,984
	57,567	52,645

CORPORATION OF THE TOWNSHIP OF DOURO-DUMMER

DOURO-DUMMER PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS (Unaudited) For the Year Ended December 31, 2016

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2016 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets (Liabilities). The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual 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.