

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**CORPORATION OF THE MUNICIPALITY OF TWEED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

Management's Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-17
Schedule 1 - Consolidated Statement of Tangible Capital Assets	18
Schedule 2 - Consolidated Statement of Continuity of Reserves and Reserve Funds	19
Schedule 3 - Consolidated Schedule of Segment Disclosure Statement of Operations	20-22
Schedule 4 - Consolidated Schedule of Reconciliation of Financial Plan to the Budget	23
Trust Funds:	
Management's Responsibility for the Trust Fund Financial Statements	25
Independent Auditor's Report	26
Statement of Financial Position	27
Statement of Continuity	28
Notes to Financial Statements	29

To the Members of Council,  
of the **CORPORATION OF THE MUNICIPALITY OF TWEED**

We have audited the accompanying consolidated financial statements of **CORPORATION OF THE MUNICIPALITY OF TWEED**, which comprise the consolidated statement of financial position at December 31, 2013 and the consolidated statements of operations and accumulated surplus, changes 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 Consolidated 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation's internal control. 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 consolidated 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, consolidated the financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE MUNICIPALITY OF TWEED** as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Belleville, Ontario  
June 24, 2014

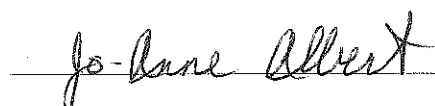
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

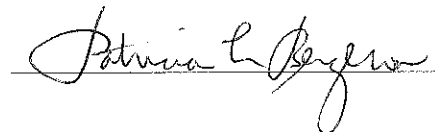
.../3

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash - note 4	\$ 3,745,061	\$ 2,577,177
Taxes receivable	1,047,995	1,013,793
Accounts receivable	331,578	526,591
Long-term receivable - note 5	<u>62,121</u>	<u>69,244</u>
	<u>5,186,755</u>	<u>4,186,805</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 189,483	\$ 160,031
Accrued liability - Waste disposal closure - note 7	612,000	584,000
Deferred revenue - note 8	1,347,052	595,620
Long-term debt- note 9	<u>62,121</u>	<u>69,244</u>
	<u>2,210,656</u>	<u>1,408,895</u>
 <b>NET FINANCIAL ASSETS</b>	<u>2,976,099</u>	<u>2,777,910</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - note 1, schedule 1	25,420,476	26,101,897
Inventories of supplies	25,376	137,993
Prepaid expenses	<u>704</u>	<u>824</u>
	<u>25,446,556</u>	<u>26,240,714</u>
 <b>ACCUMULATED SURPLUS - note 10</b>	<u>\$ 28,422,655</u>	<u>\$ 29,018,624</u>
Contingent liabilities - note 14		

Approved by Council:

 Mayor

 CAO/Clerk

(See accompanying notes)

.../4

**Welch LLP**

An independent Member of BKR International

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2013**

	2013 <u>Budget</u> <i>(unaudited)</i>	2013 <u>Actual</u>	2012 <u>Actual</u>
<b>REVENUE</b>			
Municipal taxation	\$ 3,155,289	\$ 3,149,194	\$ 2,979,811
Taxation from other governments	18,500	20,407	18,348
Grants	1,599,619	1,632,469	1,646,021
User charges	818,536	826,876	833,515
Investment income	14,227	22,997	18,582
Penalties and interest on taxes	128,000	138,045	134,789
Other	<u>81,710</u>	<u>124,191</u>	<u>153,897</u>
	<u>5,815,881</u>	<u>5,914,179</u>	<u>5,784,963</u>
<b>EXPENDITURE</b>			
General government	781,531	857,964	756,557
Protection to persons and property	1,179,952	1,135,095	1,165,380
Transportation services	3,310,590	3,282,948	2,985,491
Environmental services	1,099,019	990,414	1,072,916
Recreation and cultural services	745,942	758,350	718,486
Planning and development	<u>148,372</u>	<u>100,187</u>	<u>139,438</u>
	<u>7,265,406</u>	<u>7,124,958</u>	<u>6,838,268</u>
<b>NET EXPENDITURES</b>	<u>(1,449,525)</u>	<u>(1,210,779)</u>	<u>(1,053,305)</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Municipal taxation for capital purposes	435,511	435,511	543,194
Government transfers:			
Canada	-	(23,785)	90,463
Ontario	6,666	4,083	179,141
Tangible capital assets gain	-	(15,868)	7,500
Donations	-	37,471	-
Parkland	23,578	16,059	-
User charges - water and sewer	<u>129,334</u>	<u>129,334</u>	<u>105,666</u>
	<u>595,089</u>	<u>582,805</u>	<u>925,964</u>
<b>INTEREST EARNED ON RESERVE FUNDS</b>	<u>-</u>	<u>32,005</u>	<u>14,665</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(854,436)</u>	<u>(595,969)</u>	<u>(112,676)</u>
<b>ACCUMULATED SURPLUS, beginning of year</b>	29,018,624	29,018,624	29,131,300
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 28,164,188</u>	<u>\$ 28,422,655</u>	<u>\$ 29,018,624</u>

(See accompanying notes)

.../5

**Welch LLP**

An Independent Member of BDO International

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2013**

	2013 <u>Budget</u> ( <i>unaudited</i> )	2013 <u>Actual</u>	2012 <u>Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (854,436)	\$ (595,969)	\$ (112,676)
Amortization of tangible capital assets	1,823,180	1,823,180	1,791,998
Acquisition of tangible capital assets	(922,694)	(1,172,876)	(1,323,300)
Changes in assets under construction	-	3,698	79,927
Loss (Gain) on sale of tangible capital assets	-	15,868	(7,500)
Proceeds on sale of tangible capital assets	-	11,551	7,500
Acquisition of inventories	-	(25,376)	(137,993)
Acquisition of prepaid expense	-	120	(824)
Consumption of inventories	<u>-</u>	<u>137,993</u>	<u>32,220</u>
<b>CHANGE IN NET ASSETS</b>	46,050	198,189	329,352
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>2,777,910</u>	<u>2,777,910</u>	<u>2,448,558</u>
<b>NET FINANCIAL ASSETS, end of year</b>	<u>\$ 2,823,960</u>	<u>\$ 2,976,099</u>	<u>\$ 2,777,910</u>

*(See accompanying notes)*

.../6

**Welch** LLP

An Independent Member of BKR International

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>OPERATING</b>		
Annual surplus (deficit)	\$ (595,969)	\$ (112,676)
Non-cash charges to operations:		
Amortization	1,823,180	1,791,998
Loss (Gain) on sale of tangible capital asset	15,868	(7,500)
Waste disposal closure	<u>28,000</u>	<u>22,200</u>
	1,271,079	1,694,022
Changes in non-cash charges to operations (net change):		
Taxes receivable	(34,202)	(50,428)
Accounts receivable	195,013	(14,801)
Inventory	112,618	(105,773)
Prepaid expenses	120	(824)
Long-term receivable	7,122	6,719
Accounts payable and accrued liabilities	29,452	(45,295)
Deferred revenue	<u>751,432</u>	<u>390,604</u>
	<u>2,332,634</u>	<u>1,874,224</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,169,178)	(1,243,373)
Proceeds on sale of tangible capital assets	<u>11,551</u>	<u>7,500</u>
	<u>(1,157,627)</u>	<u>(1,235,873)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(7,123)</u>	<u>(6,719)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,167,884	631,632
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,577,177</u>	<u>1,945,545</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,745,061</u>	<u>\$ 2,577,177</u>

*(See accompanying notes)*

.../7

**Welch LLP**

An Independent Member of DKK International

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

The Corporation of the Municipality of Tweed is a municipality in the Province of Ontario and operates under the provisions of the Ontario Municipal Act.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Municipality of Tweed are the representation of management prepared in accordance with accounting policies prescribed for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

**Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Corporation and which are owned or controlled by the Corporation. In addition to general government tax-supported operations, they include the following:

The Corporation of the Municipality of Tweed Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

**Accounting for County and School Board Transactions**

The assets, liabilities, revenues, and expenditures with respect to the operations of schools boards and the County of Hastings are not reflected in these consolidated financial statements.

**Trust Funds**

Trust funds and their related operations administered by the Corporation are not reflected in these consolidated financial statements, but are reported separately on the "Trust Funds Balance Sheet and Statement of Continuity".

**Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and a creation of a legal obligation to pay.

**Deferred Revenue**

The Corporation receives contributions under the authority of provincial legislation and funding agencies. These funds, by their nature, are restricted in their use, and, until applied to applicable projects, are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period in which they are expended.



**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reserves and Reserve Funds**

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

**Government Transfers**

Government transfers are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting policies for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets, its allowance for doubtful accounts, the carrying value of its inventory and solid waste landfill closure and post-closure costs. Actual results could differ from those estimates.

**Taxation and Related Revenues**

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council incorporating amounts to be raised for local services and amounts the Corporation is required to collect on behalf of Hastings County for general and library purposes and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessments. Once a supplementary assessment roll is received, the Corporation determines the taxes applicable and renders supplementary billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the county and school boards as appropriate.

**Non-Financial Assets**

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

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

**(a) Asset Categories and Estimated Useful Life**

Land	- not amortized
Buildings	- 40 to 50 years
Vehicles	- 5 to 10 years
Equipment	- 4 to 20 years
Transportation	
Bridges and other structures	- 20 to 75 years
Roads	- 10 to 70 years
Sidewalks	- 40 years
Waste and wastewater networks	
Underground networks	- 50 years

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

**(b) Contribution of Tangible Capital Assets**

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

**Inventories of Supplies**

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

**2. ADOPTION OF NEW ACCOUNTING STANDARDS**

During the year the Corporation prospectively adopted Public Sector Accounting Standards of the Chartered Professional Accountants Handbook, PS3410 Government transfers and PS3510 Tax revenue. There was no impact on the consolidated financial statements as a result of the adoption of these new standards.

**3. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, taxes receivable, accounts receivable, long-term receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**4. CASH**

The balance of cash consists of the following:

	<u>Market Value</u>	<u>2013</u>	<u>2012</u>
Undesignated cash			
Petty cash and chequing accounts	\$ 2,124,313	\$ 2,142,602	\$ 1,346,731
Guaranteed Investment Certificates	89,348	89,348	82,342
Mutual and segregated funds	547,671	569,201	543,730
Tweed Public Library Board	44,758	44,758	42,241
	<u>2,806,090</u>	<u>2,845,909</u>	<u>2,015,044</u>
Designated cash			
Federal gas tax agreement - chequing account	849,019	849,019	499,117
Planning Act - Parkland - chequing account	66,193	50,133	63,016
	<u>915,212</u>	<u>899,152</u>	<u>562,133</u>
	<u>\$ 3,721,302</u>	<u>\$ 3,745,061</u>	<u>\$ 2,577,177</u>

Cash received under the Federal Gas Tax agreement is restricted for expenditures on environmentally sustainable infrastructure.

Cash raised under the Planning Act regarding Parkland is restricted for capital costs for the acquisition of land or other capital expenditures for park or other recreational purposes.

**5. LONG-TERM RECEIVABLE**

The balance of long-term receivable consists of the following:

	<u>2013</u>	<u>2012</u>
Tile drainage and shore-line property assistance loans receivable	\$ <u>62,121</u>	\$ <u>69,244</u>

**6. BANK INDEBTEDNESS**

The Corporation has an operating line of credit of \$500,000 at an interest rate of prime plus .5% of which \$Nil was utilized at year-end.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**7. ACCRUED LIABILITY - WASTE DISPOSAL CLOSURE**

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the future discounted cash flows for the closure and post-closure care discounted at 4% and using an assumed rate of 2% for inflation.

The Corporation has two active and three closed landfill sites. For the closed sites, the estimated liability is recognized immediately. The estimated liability for the Marlbank and Hunt Road waste disposal sites is \$612,000 based on the present value of closure and post-closure costs estimated at \$1,095,496

The Marlbank Road Waste Disposal site has an estimated remaining capacity of 51% and is expected to provide capacity for 23 years based on current waste generation rates.

The Hunt Road Waste Disposal site was closed to use by the public, but will remain open to dispose of waste by the Municipality until filled, has an estimated remaining capacity of 30% and is expected to provide capacity for 43 years based on current waste generation rates.

A reserve fund of \$801,737 has been established to provide for this liability and is reported in schedule 2 to the financial statements.

Post-closure care is estimated to continue for a period of approximately 25 years.

**8. DEFERRED REVENUE**

The balance of deferred revenue consists of the following:

	Balance December 31, 2012	Additions	Transferred to income	Balance December 31, 2013
Obligatory Reserve Funds:				
Federal gas tax	\$ 499,117	\$ 349,902	\$ -	\$ 849,019
Parkland	63,016	3,176	16,059	50,133
Other				
Government transfers	12,678	420,750	12,678	420,750
Miscellaneous	11,109	8,724	-	19,833
Tweed Public Library	9,700	-	2,383	7,317
	<u>\$ 595,620</u>	<u>\$ 782,552</u>	<u>\$ 31,120</u>	<u>\$ 1,347,052</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**9. LONG-TERM DEBT**

The balance of long-term debt consists of the following:

	<u>2013</u>	<u>2012</u>
Debtures.	\$ 62,121	\$ 69,244

Outstanding debtures of \$62,121 (2012 - \$69,244) are recoverable through special charges levied directly on ratepayers. Outstanding debtures have a maturity date of July 1, 2020, bearing interest at 6.6%.

Principal repayments over the next five years are estimated to be as follows:

2014	\$ 7,550
2015	8,003
2016	7,124
2017	7,552
2018	8,005

**10. ACCUMULATED SURPLUS**

The accumulated surplus position is comprised of the following:

	<u>2013</u>	<u>2012</u>
Equity in tangible capital assets	\$ 25,420,476	\$ 26,101,897
Reserves and reserve funds - <i>schedule 2</i>	3,057,566	2,947,262
Amounts to be recovered		
Landfill closure and post-closure costs	(612,000)	(584,000)
Unrestricted surplus		
Municipality of Tweed	537,974	537,572
Municipality of Tweed Public Library Board	18,639	15,893
	<u>\$ 28,422,655</u>	<u>\$ 29,018,624</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**11. SEGMENTED INFORMATION**

Municipal services are provided by departments. Certain departments that have been separately disclosed in the segmented information along with the services they provide are as follows:

**General Government**

General government is comprised of council, chief administrative office (CAO/Clerk) department and Treasury department. A municipal council is the ultimate authority, subject to provincial law, for all actions taken on behalf of the municipal corporation in that it exercises both executive and legislative roles. It fulfills its role by making policies in accordance with the wishes and concerns of the general public, subject to provincial laws, policies and directives. Council plays a managerial role by monitoring ongoing administrative performance and ensuring the best care of resources. The CAO/Clerk is responsible to municipal council for the general control and management of the affairs of the municipality as prescribed by municipal council. The CAO/Clerk, as head of the Corporation's civic administration, provides leadership and direction to the Senior Management team, co-ordinates the administrative functions of the Corporation and exercises general management and control of Municipal operations. The CAO/Clerk ensures coordinated responsive services are delivered to the Municipality's residents and businesses in accordance with the approved policies and directions along with providing the following services: birth and death registrations, marriage, lottery and taxi licensing, commissioning oaths, Municipal by-laws and minutes. The Treasury department is responsible for the administration of taxes, accounts payable and receivable, financial statements and all other financial information and reporting for the Municipality.

**Protection to Persons and Property**

Protection to persons and property is comprised of police services, fire services, and by-law enforcement. Police services are provided by the Ontario Provincial Police whose mandate is the safety of lives and property of citizens, to preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Fire Services are provided to the Municipality by volunteer firefighters. By-law enforcement is committed to serve, protect and provide a desired quality of life for citizens and visitors to the Municipality through education to raise awareness of community standards, and enforcement of Municipal by-laws to ensure timely compliance with a professional, unbiased approach.

**Transportation Services**

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, storm water management and street lighting.

**Environmental Services**

The Municipality contracts with Dave Moore & Sons for the collection and disposal of household and commercial solid waste with the Village of Tweed. The Municipality contracts with Quinte Waste Solutions for the collection of household recycling. The Municipality owns and operates two landfill sites within the Municipal limits. The Municipality contracts with Ontario Clean Water Agency for the management of municipal drinking water and sanitary sewer systems.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**11. SEGMENTED INFORMATION (continued)**

**Recreation and Cultural Services**

The Parks and Recreation department is a social service whose purpose is to assist individual and community development to enhance social functioning and to improve the quality of life. The Parks and Recreation department provides accessible recreational programs including aquatics, minor ball and skating and operates Municipal facilities, including community halls, arenas, parks, ball diamonds and soccer fields.

**Planning and Development**

The Municipality of Tweed, the Township of Stirling-Rawdon, the Town of Deseronto and the Township of Tyendinaga have entered into an agreement for joint building services. The joint building services agreement came into effect April 1, 2005. Building services is responsible for all economic development, building and planning matters, including the issuance of building permits, land severance and minor variance applications, applications for the official plan amendments and zoning by-law amendments, site plan control and subdivision matters and property standards inspections.

**Tweed Public Library**

Tweed Public Library contributes towards the information needs of the Municipality's citizens through the provision of library services.

**12. PENSION AGREEMENTS**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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 rate of pay. Employees and employers contribute jointly to the plan.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% (2012 - 8.3%) for earnings up to the annual maximum pensionable earnings of \$51,100 (2012 - \$50,100) and at a rate of 14.6% (2012 - 12.8%) for earnings greater than the annual maximum pensionable earnings.

Contributions for employees with a normal retirement age of 60 were being made at a rate of 9.3% (2012 - 9.4%) for earnings up to the annual maximum pensionable earnings of \$51,100 (2012 - \$50,100) and at a rate of 15.9% (2012 - 13.9%) for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2013 was \$90,298 (2012 - \$74,572) for current service and is included as an expenditure on the "Consolidated Statement of Operations and Accumulated Surplus". The actuarial valuation of the OMERS plan at December 31, 2013 indicated a deficit in the plan. OMERS is a multi-employer plan, any pension plan surplus or deficit are a joint responsibility of Ontario Municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**13. BUDGET FIGURES**

Budgets established by the Corporation are based on a project oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations and Accumulated Surplus" and the "Consolidated Statement of Change in Net Financial Assets". Budget figures have been reclassified for the purpose of these financial statements to conform with PSAB reporting requirements.

**14. CONTINGENT LIABILITIES**

In the course of its business, the Corporation becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

Contingent environmental liabilities may arise out of existing and former operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the conditions which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in the Corporation's consolidated statement of operations and accumulated surplus until the source and nature of the obligation becomes clear and is reasonably estimable.



**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**15. COMMITMENTS**

The Corporation has contracts committing it to payments in future years. The following agreements existed at December 31, 2013:

The Corporation has outstanding capital projects contractual commitments of approximately \$768,000.

An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Base charges for the 2013 year were \$758,337

An agreement with David Moore & Son for the collection of household waste to July 31, 2014. Base charges for the 2013 year were \$32,000.

An agreement with Quinte Waste Solutions for the collection of recycling. Base charges for the 2013 year were \$48,057.

An agreement with Ontario Clean Water Agency for the operating, maintaining and managing of the water and waste water systems to December 31, 2015. Base charges for the 2013 year were \$251,850.

Agreements with William Broek and Larry Palmateer for winter road maintenance to 2013 and 2015.

**16. COMPARATIVE FIGURES**

Certain comparative figures for 2012 have been reclassified to conform to the financial statement presentation adopted for 2013.

**17. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS**

Further to note 1, the taxation, other revenues and expenditures of school boards and the County of Hastings are comprised of the following:

	<u>2013</u>		<u>2012</u>	
	<u>School Boards</u>	<u>County</u>	<u>School Boards</u>	<u>County</u>
Taxation	\$ 1,307,907	\$ 1,452,081	\$ 1,309,481	\$ 1,384,690
Taxation from other governments	<u>4,389</u>	<u>10,660</u>	<u>4,228</u>	<u>7,374</u>
Amounts received or receivable	1,312,296	1,462,741	1,313,709	1,392,064
Requisition	<u>1,312,296</u>	<u>1,462,741</u>	<u>1,313,709</u>	<u>1,392,064</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2013**

	GENERAL							INFRASTRUCTURE			TOTALS
	Land	Building	Vehicles	Equipment	Other	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	
<b>COST</b>											
Balance, beginning of year	\$ 1,693,836	\$ 3,870,642	\$ 2,482,471	\$ 1,474,623	\$ 204,957	\$ 3,698	\$ 2,693,427	\$ 19,318,701	\$ 4,843,007	\$ 8,193,327	\$ 44,778,689
Additions during the year	11,562	96,429	-	325,725	65,907	69,739	15,921	505,794	13,226	68,573	1,172,876
Disposals during the year	25,996	-	-	-	12,406	3,698	-	217,000	-	-	259,100
Balance, end of year	<u>1,679,402</u>	<u>3,967,071</u>	<u>2,482,471</u>	<u>1,800,348</u>	<u>258,458</u>	<u>69,739</u>	<u>2,709,348</u>	<u>19,607,495</u>	<u>4,856,233</u>	<u>8,261,900</u>	<u>45,692,465</u>
<b>ACCUMULATED AMORTIZATION</b>											
Balance, beginning of year	73,398	989,337	1,362,827	648,424	102,136	-	1,129,413	11,486,244	993,038	1,891,975	18,676,792
Amortization during the year	27,486	99,246	161,656	123,693	33,466	-	91,373	1,063,966	92,883	129,411	1,823,180
Accumulated amortization on disposals	-	-	-	-	10,983	-	-	217,000	-	-	227,983
Balance, end of year	<u>100,884</u>	<u>1,088,583</u>	<u>1,524,483</u>	<u>772,117</u>	<u>124,619</u>	<u>-</u>	<u>1,220,786</u>	<u>12,333,210</u>	<u>1,085,921</u>	<u>2,021,386</u>	<u>20,271,989</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,578,518</u>	<u>\$ 2,878,488</u>	<u>\$ 957,988</u>	<u>\$ 1,028,231</u>	<u>\$ 133,839</u>	<u>\$ 69,739</u>	<u>\$ 1,488,562</u>	<u>\$ 7,274,285</u>	<u>\$ 3,770,312</u>	<u>\$ 6,240,514</u>	<u>\$ 25,420,476</u>

**YEAR ENDED DECEMBER 31, 2012**

	GENERAL							INFRASTRUCTURE			TOTALS
	Land	Building	Vehicles	Equipment	Other	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	
<b>COST</b>											
Balance, beginning of year	\$ 1,685,098	\$ 3,826,449	\$ 2,420,986	\$ 1,397,567	\$ 225,055	\$ 79,927	\$ 2,651,737	\$ 18,883,639	\$ 4,748,641	\$ 8,187,401	\$ 44,106,500
Additions during the year	8,738	44,193	76,875	125,786	8,744	3,698	41,690	913,284	94,366	5,926	1,323,300
Disposals during the year	-	-	15,390	48,730	28,842	79,927	-	478,222	-	-	651,111
Balance, end of year	<u>1,693,836</u>	<u>3,870,642</u>	<u>2,482,471</u>	<u>1,474,623</u>	<u>204,957</u>	<u>3,698</u>	<u>2,693,427</u>	<u>19,318,701</u>	<u>4,843,007</u>	<u>8,193,327</u>	<u>44,778,689</u>
<b>ACCUMULATED AMORTIZATION</b>											
Balance, beginning of year	48,720	896,370	1,190,070	604,797	109,813	-	1,039,632	10,892,350	903,632	1,770,594	17,455,978
Amortization during the year	24,678	92,967	188,147	92,357	21,165	-	89,781	1,072,116	89,406	121,381	1,791,998
Accumulated amortization on disposals	-	-	15,390	48,730	28,842	-	-	478,222	-	-	571,184
Balance, end of year	<u>73,398</u>	<u>989,337</u>	<u>1,362,827</u>	<u>648,424</u>	<u>102,136</u>	<u>-</u>	<u>1,129,413</u>	<u>11,486,244</u>	<u>993,038</u>	<u>1,891,975</u>	<u>18,676,792</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,620,438</u>	<u>\$ 2,881,305</u>	<u>\$ 1,119,644</u>	<u>\$ 826,199</u>	<u>\$ 102,821</u>	<u>\$ 3,698</u>	<u>\$ 1,564,014</u>	<u>\$ 7,832,457</u>	<u>\$ 3,849,969</u>	<u>\$ 6,301,352</u>	<u>\$ 26,101,897</u>

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS**  
**DECEMBER 31, 2013**

	Balance, beginning of year	Revenue Contributions		Transfers		Balance, end of year
		Interest on Reserve Funds	From Operations	To Operations	To Capital Acquisitions	
<b>Reserve Funds</b>						
Waste site reclamation	\$ 781,169	\$ 28,664	\$ 128,904	\$ 137,000	\$ -	\$ 801,737
Roads	82,342	1,610	5,396	-	-	89,348
Village infrastructure	164,056	1,731	-	-	-	165,787
	<u>1,027,567</u>	<u>32,005</u>	<u>134,300</u>	<u>137,000</u>	<u>-</u>	<u>1,056,872</u>
<b>Reserves</b>						
Working capital	358,039	-	-	-	57,600	300,439
Contingencies	150,000	-	-	-	-	150,000
Water and sewer	520,648	-	154,727	-	-	675,375
Municipal building expenditure	36,770	-	-	2,755	-	34,015
Capital acquisitions - Fire	89,925	-	75,000	-	-	164,925
Capital acquisitions - Arena	21,300	-	5,000	-	-	26,300
Arena - Building	3,000	-	6,800	-	-	9,800
Fire - Overage wages	-	-	15,000	-	-	15,000
Fire - Equipment maintenance	20,000	-	-	-	-	20,000
Fire - Fire hall - Bay for EMS	-	-	18,700	-	-	18,700
Heritage	50,000	-	-	-	-	50,000
Hamlets	32,680	-	3,107	13,780	-	22,007
Parks	17,394	-	14,030	2,280	11,570	17,574
Public works - O/T overage	15,000	-	-	-	-	15,000
Public works - Equipment	285,989	-	100,000	-	176,730	209,259
Public works - Winter maintenance	74,300	-	53,700	105,700	-	22,300
Public works - Roads and streets	244,650	-	100,000	-	94,650	250,000
	<u>1,919,695</u>	<u>-</u>	<u>546,064</u>	<u>124,515</u>	<u>340,550</u>	<u>2,000,694</u>
<b>Total</b>	<u>\$ 2,947,262</u>	<u>\$ 32,005</u>	<u>\$ 680,364</u>	<u>\$ 261,515</u>	<u>\$ 340,550</u>	<u>\$ 3,057,566</u>

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

**BUDGET**

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
<b>REVENUES</b>									
Municipal taxation	\$ (519,531)	\$ 1,135,532	\$ 1,942,710	\$ 53,480	\$ 413,703	\$ 129,395	\$ -	\$ -	\$ 3,155,289
Taxation from other governments	18,500	-	-	-	-	-	-	-	18,500
Government Transfers	-	-	-	-	-	-	-	-	-
Government of Canada	-	-	-	-	1,200	-	14,843	-	16,043
Province of Ontario	1,379,935	162,165	-	10,000	5,000	10,000	16,476	-	1,583,576
Other Municipalities	-	-	-	-	-	-	115,041	(115,041)	-
User charges	13,700	9,000	4,000	660,156	128,050	-	3,630	-	818,536
Investment income	10,000	-	-	-	-	-	50	-	14,227
Penalty and interest on taxes	128,000	-	-	-	-	4,177	-	-	128,000
Donations	-	-	-	-	-	-	-	-	5,750
Miscellaneous	39,600	10,000	-	-	10,000	-	5,750	-	75,960
	<u>1,070,204</u>	<u>1,316,697</u>	<u>1,946,710</u>	<u>723,636</u>	<u>557,953</u>	<u>148,372</u>	<u>167,350</u>	<u>(115,041)</u>	<u>5,815,881</u>
<b>CURRENT - EXPENDITURES</b>									
Salaries, wages and employee benefits	448,850	151,877	729,690	203,480	234,790	55,595	102,200	-	1,926,482
Interest on long-term debt	-	-	-	-	-	4,177	-	-	4,177
Materials and supplies	248,620	97,855	1,063,520	362,650	208,122	81,400	37,607	-	2,099,774
Contracted services and general services	-	812,000	153,500	326,850	-	-	13,543	-	1,305,893
Rents and financial expenses	52,300	-	-	-	-	7,200	-	-	59,500
External transfers	-	46,400	-	-	115,041	-	-	(115,041)	46,400
Amortization	31,761	71,820	1,363,880	206,039	103,378	-	46,302	-	1,823,180
	<u>781,531</u>	<u>1,179,952</u>	<u>3,310,590</u>	<u>1,099,019</u>	<u>661,331</u>	<u>148,372</u>	<u>199,652</u>	<u>(115,041)</u>	<u>7,265,406</u>
	\$ 288,673	\$ 136,745	\$ (1,363,880)	\$ (375,383)	\$ (103,378)	\$ -	\$ (32,302)	\$ -	\$ (1,449,525)

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

**ACTUAL**

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
<b>REVENUES</b>									
Municipal taxation	\$ (530,626)	\$ 1,135,532	\$ 1,942,710	\$ 53,480	\$ 413,703	\$ 134,395	\$ -	\$ -	\$ 3,149,194
Taxation from other governments	20,407	-	-	-	-	-	-	-	20,407
Government Transfers									
Government of Canada	-	-	-	-	1,200	-	4,115	-	5,315
Province of Ontario	1,423,658	162,165	-	4,083	4,240	-	33,008	-	1,627,154
Other Municipalities	-	-	-	-	-	-	115,041	(115,041)	-
User charges	20,677	13,866	9,015	647,027	132,785	-	3,506	-	826,876
Investment income	18,836	-	-	-	-	4,155	6	-	22,997
Penalty and interest on taxes	138,045	-	-	-	-	-	-	-	138,045
Donations	-	-	-	-	-	-	-	-	10,984
Miscellaneous	84,427	7,270	-	-	7,826	7,400	6,284	-	113,207
	<u>1,175,424</u>	<u>1,318,833</u>	<u>1,951,725</u>	<u>704,590</u>	<u>559,754</u>	<u>145,950</u>	<u>172,944</u>	<u>(115,041)</u>	<u>5,914,179</u>
<b>CURRENT - EXPENDITURES</b>									
Salaries, wages and employee benefits	486,236	160,789	706,064	195,311	234,746	36,460	105,609	-	1,925,215
Interest on long-term debt	-	-	-	-	-	4,155	-	-	4,155
Materials and supplies	288,465	92,804	1,048,855	259,010	223,796	52,372	39,043	-	2,004,345
Contracted services and general services	-	760,278	164,149	330,054	-	-	5,476	-	1,259,957
Rents and financial expenses	51,502	-	-	-	-	7,200	-	-	58,702
External transfers	-	49,404	-	-	115,041	-	-	(115,041)	49,404
Amortization	31,761	71,820	1,363,880	206,039	103,378	-	46,302	-	1,823,180
	<u>857,964</u>	<u>1,135,095</u>	<u>3,282,948</u>	<u>990,414</u>	<u>676,961</u>	<u>100,187</u>	<u>196,430</u>	<u>(115,041)</u>	<u>7,124,958</u>
	\$ 317,460	\$ 183,738	\$ (1,331,223)	\$ (285,824)	\$ (117,207)	\$ 45,763	\$ (23,486)	\$ -	\$ (1,210,779)

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2012**

**ACTUAL**

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
<b>REVENUES</b>									
Municipal taxation	\$ (533,879)	\$ 1,010,095	\$ 1,943,710	\$ 89,610	\$ 368,350	\$ 101,925	\$ -	\$ -	\$ 2,979,811
Taxation from other governments	18,348	-	-	-	-	-	-	-	18,348
Government Transfers									
Government of Canada	-	-	-	-	3,147	-	17,300	-	20,447
Province of Ontario	1,394,800	164,300	-	37,000	2,760	-	26,714	-	1,625,574
Other Municipalities	-	-	-	-	-	-	97,700	(97,700)	-
User charges	13,290	9,353	12,472	660,857	133,822	-	3,721	-	833,515
Investment income	13,869	-	-	-	-	4,558	155	-	18,582
Penalty and interest on taxes	134,789	-	-	-	-	-	-	-	134,789
Donations	-	-	-	-	-	-	-	-	7,001
Miscellaneous	88,012	10,845	-	-	36,342	4,400	7,297	-	146,896
	<u>1,129,229</u>	<u>1,194,593</u>	<u>1,956,182</u>	<u>787,467</u>	<u>544,421</u>	<u>110,883</u>	<u>159,838</u>	<u>(97,700)</u>	<u>5,784,963</u>
<b>CURRENT - EXPENDITURES</b>									
Salaries, wages and employee benefits	465,172	148,068	696,895	201,122	230,067	52,192	103,091	-	1,896,607
Interest on long-term debt	-	-	-	-	-	4,558	-	-	4,558
Materials and supplies	215,891	92,374	758,803	345,273	205,734	75,488	37,701	-	1,731,264
Contracted services and general services	-	808,916	167,891	322,435	-	-	11,457	-	1,310,699
Rents and financial expenses	49,176	-	-	-	-	7,200	-	-	56,376
External transfers	-	46,766	-	-	97,700	-	-	(97,700)	46,766
Amortization	26,318	69,256	1,361,902	204,086	84,076	-	46,360	-	1,791,998
	<u>756,557</u>	<u>1,165,380</u>	<u>2,985,491</u>	<u>1,072,916</u>	<u>617,577</u>	<u>139,438</u>	<u>198,609</u>	<u>(97,700)</u>	<u>6,838,268</u>
	<u>\$ 372,672</u>	<u>\$ 29,213</u>	<u>\$ (1,029,309)</u>	<u>\$ (285,449)</u>	<u>\$ (73,156)</u>	<u>\$ (28,555)</u>	<u>\$ (38,721)</u>	<u>\$ -</u>	<u>\$ (1,053,305)</u>

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET**  
**YEAR ENDED DECEMBER 31, 2013**

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	PSAB BUDGET
<b>REVENUES</b>							
Municipal taxation	\$ 3,155,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,155,289
Taxation from other governments	18,500	-	-	-	-	-	18,500
Government Transfers							
Government of Canada	1,200	-	-	-	14,843	-	16,043
Province of Ontario	1,567,100	-	-	-	16,476	-	1,583,576
Other Municipalities	-	-	-	-	115,041	(115,041)	-
User fees and sale of goods and services	787,941	26,965	-	-	3,630	-	818,536
Investment income	14,177	-	-	-	50	-	14,227
Penalty and interest on taxes	128,000	-	-	-	-	-	128,000
Donations	-	-	-	-	5,750	-	5,750
Miscellaneous	64,400	-	-	-	11,560	-	75,960
	<u>5,736,607</u>	<u>26,965</u>	<u>-</u>	<u>-</u>	<u>167,350</u>	<u>(115,041)</u>	<u>5,815,881</u>
<b>EXPENDITURES</b>							
Current							
General government	749,770	-	-	31,761	-	-	781,531
Protection services	1,108,132	-	-	71,820	-	-	1,179,952
Transportation services	1,946,710	-	-	1,363,880	-	-	3,310,590
Environmental services	842,980	50,000	-	206,039	-	-	1,099,019
Recreational and cultural services	552,953	5,000	-	103,378	199,652	(115,041)	745,942
Planning and development	138,372	10,900	-	-	-	-	148,372
Capital							
General government	-	28,000	-	(28,000)	-	-	-
Protection services	-	58,000	-	(58,000)	-	-	-
Transportation services	-	583,000	-	(583,000)	-	-	-
Environmental services	-	166,100	-	(166,100)	-	-	-
Recreational and cultural services	-	87,594	-	(101,594)	14,000	-	-
	<u>5,338,917</u>	<u>987,694</u>	<u>-</u>	<u>840,184</u>	<u>213,652</u>	<u>(115,041)</u>	<u>7,265,406</u>
<b>NET REVENUES (EXPENDITURES)</b>	397,690	(960,729)	-	(840,184)	(46,302)	-	(1,449,525)
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>							
Municipal taxation	-	435,511	-	-	-	-	435,511
Government transfers	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
Ontario	-	6,666	-	-	-	-	6,666
Other	-	-	-	-	-	-	-
User charges - water and sewer	-	129,334	-	-	-	-	129,334
Parkland	-	23,578	-	-	-	-	23,578
	-	<u>595,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,089</u>
<b>FINANCING AND TRANSFERS</b>							
Debt repayment	(7,123)	-	-	7,123	-	-	-
Benefiting landowners principal repayments	7,123	-	-	(7,123)	-	-	-
Transfers from (to) other funds	(397,690)	365,640	32,050	-	-	-	-
	<u>(397,690)</u>	<u>365,640</u>	<u>32,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ -	\$ -	\$ 32,050	\$ (840,184)	\$ (46,302)	\$ -	\$ (854,436)

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF  
TWEED TRUST FUNDS**

**FINANCIAL STATEMENTS**

December 31, 2013



## INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the  
Corporation of the Municipality of Tweed

We have audited the statement of financial position of the **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds as at December 31, 2013 and the statement of continuity for the year then ended, and a summary of significant accounting policies. These financial statements have been prepared by management using the cash receipts and disbursements basis of accounting described in the notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in the notes to financial statements; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the presentation 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 control relevant to the Corporation'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 Corporation's internal control. 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 statement.

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 presents fairly, in all material respects, the cash receipts and disbursements and financial position of the **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds for the year ended December 31, 2013 in accordance with the cash receipts and disbursements basis of accounting described in the notes to financial statements.

*Welch LLP*

Belleville, Ontario  
June 24, 2014

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**TRUST FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
Cash	\$ -	\$ 488	\$ 2,108	\$ 2,596
Investments	9,839	-	-	9,839
Loans receivable	-	936	-	936
	<u>\$ 9,839</u>	<u>\$ 1,424</u>	<u>\$ 2,108</u>	<u>\$ 13,371</u>

**FUND BALANCE**

Fund balances	<u>\$ 9,839</u>	<u>\$ 1,424</u>	<u>\$ 2,108</u>	<u>\$ 13,371</u>
---------------	-----------------	-----------------	-----------------	------------------

Approved by Council:

Jo-Anne Albert Mayor  
Patricia L. Berger CAO/Clerk

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
<b>FUND BALANCES, beginning of year</b>	\$ <u>9,736</u>	\$ <u>1,394</u>	\$ <u>1,908</u>	\$ <u>13,038</u>
<b>RECEIPTS</b>				
Donations	-	-	1,500	1,500
Interest earned	<u>103</u>	<u>30</u>	<u>-</u>	<u>133</u>
	<u>103</u>	<u>30</u>	<u>1,500</u>	<u>1,633</u>
<b>EXPENDITURES</b>				
Parade expenses	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>1,300</u>
	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>1,300</u>
<b>FUND BALANCES, end of year</b>	\$ <u><u>9,839</u></u>	\$ <u><u>1,424</u></u>	\$ <u><u>2,108</u></u>	\$ <u><u>13,371</u></u>

*(See accompanying notes)*

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**1. ACCOUNTING PRINCIPLES**

**Basis of Accounting**

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**2. ONTARIO HOME RENEWAL PROGRAM**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 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 portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2013 consist of repayable loans totalling \$936 and forgivable loans totalling \$NIL. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event that the home owner ceases to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable.