

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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The Corporation of the
MUNICIPALITY OF TWEED

255 Metcalf St., Postal Bag 729
Tweed, ON K0K 3J0
Tel.: (613) 478-2535
Fax: (613) 478-6457



Email: info@twp.tweed.on.ca
Website: www.tweed.ca
facebook.com/tweedontario

CORPORATION OF THE MUNICIPALITY OF TWEED

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Tweed 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 Municipality 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 Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality'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 Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Tweed. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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

Mayor

CAO/Treasurer

July 28, 2020

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Municipality of Tweed**

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Tweed and its local board (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 28, 2020

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	5,012,166	4,160,740
Investments (note 2)	788,332	758,462
Accounts receivable	438,877	1,091,504
Taxes receivable	900,113	884,313
Long term loans (note 9)	10,000	18,159
TOTAL FINANCIAL ASSETS	7,149,488	6,913,178
LIABILITIES		
Accounts payable and accrued liabilities	845,756	1,941,709
Deferred revenue - obligatory reserve funds (note 4)	633,306	382,549
Deferred revenue - other (note 6)	37,532	86,542
Long term debt (note 9)	10,000	18,159
Landfill closure and post-closure liability (note 10)	1,329,572	826,000
TOTAL LIABILITIES	2,856,166	3,254,959
NET FINANCIAL ASSETS	4,293,322	3,658,219
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	27,484,347	28,070,808
Inventories of supplies	57,786	14,114
Prepaid expenses	23,156	691
TOTAL NON-FINANCIAL ASSETS	27,565,289	28,085,613
ACCUMULATED SURPLUS (note 13)	31,858,611	31,743,832

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	4,124,907	4,159,619	4,027,588
User charges	1,419,239	1,517,384	1,575,461
Government of Canada	7,625	4,557	35,406
Province of Ontario	2,845,876	2,989,963	3,511,818
Penalties and interest on taxes	125,000	118,031	124,732
Investment income	45,000	110,339	74,208
Donations	15,250	54,737	20,647
Other grants	52,500	50,000	5,000
Parkland fees earned	-	-	5,935
Federal gas tax earned	693,845	525,008	458,575
TOTAL REVENUES	9,329,242	9,529,638	9,839,370
EXPENSES			
General government	979,146	1,078,563	1,225,144
Protection services	1,658,499	1,639,129	1,668,043
Transportation services	3,913,542	3,737,215	3,773,745
Environmental services	1,216,898	1,731,938	988,451
Recreation and cultural services	1,002,653	962,883	1,006,239
Planning and development	247,190	265,131	226,823
TOTAL EXPENSES	9,017,928	9,414,859	8,888,445
ANNUAL SURPLUS	<u>311,314</u>	114,779	950,925
ACCUMULATED SURPLUS - beginning of year		31,743,832	30,792,907
ACCUMULATED SURPLUS - end of year		31,858,611	31,743,832

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	311,314	114,779	950,925
Amortization of tangible capital assets	2,005,418	2,246,329	2,005,418
Purchase of tangible capital assets	(2,959,649)	(1,722,705)	(2,925,863)
Loss on disposal of tangible capital assets	-	62,837	-
Proceeds on sale of tangible capital assets	-	-	40,011
Change in inventories of supplies	-	(43,672)	(7,842)
Change in prepaid expenses	-	(22,465)	3,398
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(642,917)	635,103	66,047
NET FINANCIAL ASSETS - beginning of year	3,658,219	3,658,219	3,592,172
NET FINANCIAL ASSETS - end of year	3,015,302	4,293,322	3,658,219

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019 \$	2018 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	114,779	950,925
Items not involving cash		
Amortization of tangible capital assets	2,246,329	2,005,418
Loss on disposal of tangible capital assets	62,837	-
Change in landfill closure and post-closure liability	503,572	(144,000)
Change in non-cash assets and liabilities		
Accounts receivable	652,627	(536,137)
Taxes receivable	(15,800)	111,691
Inventories of supplies	(43,672)	(7,842)
Prepaid expenses	(22,465)	3,398
Accounts payable and accrued liabilities	(1,095,953)	1,145,550
Deferred revenue - obligatory reserve funds	250,757	(75,232)
Deferred revenue - other	(49,010)	36,785
Net change in cash from operating activities	2,604,001	3,490,556
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,722,705)	(2,925,863)
Proceeds on disposal of tangible capital assets	-	40,011
Net change in cash from capital activities	(1,722,705)	(2,885,852)
INVESTING ACTIVITIES		
Redemption of investments	6,716	8,594
Purchase of investments	(36,586)	(19,563)
Net change in cash from investing activities	(29,870)	(10,969)
FINANCING ACTIVITIES		
Debt principal repayments	(8,159)	(5,381)
Long term loans receipts	8,159	5,381
Net change in cash from financing activities	-	-
NET CHANGE IN CASH	851,426	593,735
CASH - beginning of year	4,160,740	3,567,005
CASH - end of year	5,012,166	4,160,740

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

The Municipality of Tweed 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 Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Tweed Public Library Board

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

(b) Trust Funds

Trust funds and their related operations administered by the Municipality 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 years
Buildings	40-50 years
Roads	7-50 years
Bridges and other structures	20-75 years
Underground and other networks	50-75 years
Vehicles	5-10 years
Machinery and equipment	4-20 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.

(d) Inventories of Supplies

Inventories of supplies are recorded at the lower of cost, as determined by the first-in, first out method, and market.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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 Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality 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 Municipality 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 charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded when earned.

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

Donations are recognized when received.

(f) Non-Financial Assets

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

(g) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality'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; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

2. INVESTMENTS

Investments are recorded at cost and consist of the following:

	Market Value \$	Actual 2019 \$	Actual 2018 \$
One Fund Investments	601,619	653,877	640,330
Guaranteed investment certificates, maturity dates from March 16, 2020 to November 2, 2021, interest rates ranging from 0.80% to 3.00% per annum	134,455	134,455	118,132
	736,074	788,332	758,462

3. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum.. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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 Municipality are summarized below:

	2019 \$	2018 \$
Federal gas tax	564,768	323,513
Parkland	68,538	59,036
	633,306	382,549

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

	2019 \$	2018 \$
Balance - beginning of year	382,549	457,781
Add amounts received:		
Federal gas tax	759,733	368,304
Parkland	8,250	12,750
Interest	7,782	8,224
	775,765	389,278
Less transfer to operations:		
Federal gas tax	525,008	458,575
Parkland	-	5,935
	525,008	464,510
Balance - end of year	633,306	382,549

5. PENSION AGREEMENTS

Certain employees of the Municipality are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's required contributions to OMERS in 2019 were \$108,227 (2018 - \$102,320).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2019 \$	2018 \$
Government transfers	-	22,124
Other	31,832	26,426
Association of Municipalities of Ontario	5,700	37,992
	37,532	86,542

The continuity of deferred revenue - other is as follows:

	2019 \$	2018 \$
Balance - beginning of year	86,542	49,757
Add amounts received:		
Association of Municipalities of Ontario	-	42,992
Other	26,511	-
	26,511	42,992
Less transfer to operations:		
Association of Municipalities of Ontario	32,292	5,000
Other	21,105	1,207
Government transfers	22,124	-
	75,521	6,207
Balance - end of year	37,532	86,542

7. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$10,989 (2018 - \$11,011) 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 Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

8. COMPARATIVE FIGURES

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

9. LONG TERM DEBT

	2019	2018
	\$	\$
Tile drainage loans due August 1, 2021	10,000	18,159

- (a) The Municipality acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2019 is \$10,000 (2018 - \$18,159).
- (b) Interest paid during the year on long term debt amounted to \$1,793 (2018 - \$1,412).
- (c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2020	5,000	1,794	6,794
2021	5,000	1,794	6,794
	10,000	3,588	13,588

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for both of the sites the Municipality operates is \$1,329,572 (2018 - \$826,000). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation and a reserve fund. A reserve fund of \$1,146,853 (2018 - \$1,157,084) has been established to provide for this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$2,048,167 as at December 31, 2019 (2018 - \$1,329,769).

The remaining capacity of the solid waste landfill sites is estimated at 180,598 m³ (2018 - 195,101 m³) which is 32.2% (2018 - 34.7%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,329,769 (2018 - \$1,592,383) as at December 31, 2019 using an inflation rate of 2.19% (2018 - 2%) and a discount rate of 2.76% (2018 - 4%). The landfills are expected to reach capacity in 2037 and 2055.

11. CONTINGENT LIABILITIES

The Municipality, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

12. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land and land improvements	1,930,353	2,024,293
Buildings	2,712,175	2,786,599
Vehicles	1,369,891	1,601,240
Machinery and equipment	971,774	641,267
Infrastructure		
Buildings	1,097,597	1,207,372
Roads	8,891,913	9,203,718
Underground and other networks	3,803,727	3,937,920
Bridges and other structures	6,147,864	6,242,444
	26,925,294	27,644,853
Assets under construction	559,053	425,955
	27,484,347	28,070,808

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

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	1,517,361	1,532,821
Protection services	874,723	947,418
Transportation services	16,646,416	16,753,299
Environmental services	5,667,228	5,865,947
Recreation and cultural services	2,770,755	2,971,323
Planning and development	7,864	-
	27,484,347	28,070,808

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Operating	-	472,442
Unfunded landfill closure and post-closure costs	(1,329,572)	(826,000)
Library board	2,260	(4,268)
	(1,327,312)	(357,826)
Invested In Capital Assets		
Tangible capital assets - net book value	27,484,347	28,070,808
Surplus	26,157,035	27,712,982
Reserves		
Working funds	1,170,315	319,147
General government	581,178	79,032
Protection services	185,572	103,742
Transportation services	659,279	789,386
Water and sewer	1,209,407	989,115
Recreation services	369,091	252,876
Community improvement plan	71,945	53,780
Total Reserves	4,246,787	2,587,078
Reserve Funds		
Transportation services	137,236	118,132
Water	170,700	168,556
Landfill	1,146,853	1,157,084
Total Reserve Funds	1,454,789	1,443,772
	31,858,611	31,743,832

14. BUILDING SERVICES CONTRACTUAL AGREEMENT

The Municipality of Tweed, the Township of Stirling-Rawdon, the Town of Deseronto, the Township of Tyendinaga and the Township of Madoc have entered into an agreement for joint building services to be provided by the Township of Stirling-Rawdon. The joint building services agreement came into effect April 1, 2005. No revenues or expenses have been included in the Consolidated Statement of Operations and Accumulated Surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

15. EXPENSES BY OBJECT

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	2,368,170	2,304,212	2,340,104
Interest charges	-	1,793	1,412
Materials	2,543,303	2,739,959	2,383,149
Contracted services	1,724,076	1,725,434	1,704,141
Rents and financial	75,710	48,079	169,382
External transfers	301,251	286,217	284,839
Amortization	2,005,418	2,246,329	2,005,418
Loss (gain) on disposal of tangible capital assets	-	62,836	-
	9,017,928	9,414,859	8,888,445

16. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2019, requisitions were made by the County of Hastings and School Boards requiring the Municipality 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	1,270,173	1,715,547
Taxation from other governments	1,679	6,607
Amounts requisitioned and remitted	1,271,852	1,722,154

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

17. BUDGET FIGURES

The budget, approved by the Municipality, for 2019 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.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	8,455,691	7,105,162
Capital	1,797,654	3,148,183
Total Council approved budget	10,253,345	10,253,345
Less: Tangible capital assets capitalized	-	(2,959,649)
Add: Amortization of tangible capital assets	-	2,005,418
Less: Principal repayment of long term debt	-	(6,794)
Less: Transfers to/from reserves and reserve funds	(972,799)	(316,088)
Library Board budget	48,696	41,696
Adjusted budget per Consolidated Statement of Operations	9,329,242	9,017,928

18. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact.

At the time of approval of these consolidated financial statements, the Municipality has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Additional costs for enhanced facility cleaning and acquisition of personal protective equipment;
- Temporarily closed most facilities for walk-in access;
- Property tax due dates have been deferred; and
- Reduced revenues from user charges.

The Municipality plans to mitigate any additional operating costs with committed Provincial government funding, costs savings in other budget items and tight controls over the operating expenses.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

19. SEGMENTED INFORMATION

The Municipality of Tweed is a municipal government organization that provides a range of services to its residents. Municipality services are reported by function and their activities are separately disclosed in the segmented 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 Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control. The Municipality of Tweed and the Township of Stirling-Rawdon have entered into an agreement for joint fire services. The joint fire services agreement came into effect January 1, 2016.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control and street lighting.

Water and Sewer

This function is responsible for providing water and sewer services to the Municipality.

Other Environmental Services

This function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

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 Municipality.

CORPORATION OF THE MUNICIPALITY OF TWEED



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2019

	General				Infrastructure				Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Vehicles	Machinery and Equipment	Buildings	Roads	Underground and Other Networks	Bridges and Other Structures		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	2,462,880	4,373,626	3,687,389	1,537,034	2,947,125	24,169,929	5,843,130	8,750,940	425,955	54,198,008
Add: additions during the year	11,260	-	-	510,062	-	937,967	-	90,318	173,098	1,722,705
Less: disposals during the year	-	-	132,477	23,215	-	3,439,210	54,100	5,670	-	3,654,672
Internal transfers	-	40,000	-	-	-	-	-	-	(40,000)	-
Balance, end of year	2,474,140	4,413,626	3,554,912	2,023,881	2,947,125	21,668,686	5,789,030	8,835,588	559,053	52,266,041
ACCUMULATED AMORTIZATION										
Balance, beginning of year	438,587	1,587,027	2,086,149	895,767	1,739,753	14,966,211	1,905,210	2,508,496	-	26,127,200
Add: additions during the year	105,200	114,424	231,349	179,371	109,775	1,187,783	133,529	184,898	-	2,246,329
Less: disposals during the year	-	-	132,477	23,031	-	3,377,221	53,436	5,670	-	3,591,835
Balance, end of year	543,787	1,701,451	2,185,021	1,052,107	1,849,528	12,776,773	1,985,303	2,687,724	-	24,781,694
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,930,353	2,712,175	1,369,891	971,774	1,097,597	8,891,913	3,803,727	6,147,864	559,053	27,484,347

CORPORATION OF THE MUNICIPALITY OF TWEED



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	1,602,853	1,317,396	-	201,012	794,793	243,565	4,159,619
User charges	202,529	77,120	28,477	853,127	189,061	148,205	18,865	1,517,384
Government transfers - operating	657,009	817,376	673,807	-	102,506	449,973	124,206	2,824,877
Government transfers - capital	-	-	169,643	-	-	-	-	169,643
Penalties and interest on taxes	118,031	-	-	-	-	-	-	118,031
Investment income	57,923	-	10,618	3,402	38,396	-	-	110,339
Donations	-	-	-	-	-	54,737	-	54,737
Other grants	50,000	-	-	-	-	-	-	50,000
Federal gas tax earned	-	-	525,008	-	-	-	-	525,008
Total revenues	1,085,492	2,497,349	2,724,949	856,529	530,975	1,447,708	386,636	9,529,638
Expenses								
Salaries and benefits	612,679	114,808	823,134	91,476	148,309	398,904	114,902	2,304,212
Interest charges	-	-	-	-	-	-	1,793	1,793
Materials	272,488	144,049	1,135,329	103,507	633,510	311,418	139,658	2,739,959
Contracted services	51,175	1,095,401	180,766	315,369	82,723	-	-	1,725,434
Rents and financial	32,066	-	5,132	-	2,469	12	8,400	48,079
External transfers	12,000	189,314	-	-	77,206	7,697	-	286,217
Amortization	35,319	95,557	1,592,854	277,369	-	244,852	378	2,246,329
Loss (gain) on disposal of tangible capital assets	62,836	-	-	-	-	-	-	62,836
Total expenses	1,078,563	1,639,129	3,737,215	787,721	944,217	962,883	265,131	9,414,859
Net surplus/(deficit)	6,929	858,220	(1,012,266)	68,808	(413,242)	484,825	121,505	114,779

CORPORATION OF THE MUNICIPALITY OF TWEED



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	441,529	1,058,454	1,700,525	-	248,202	428,812	150,066	4,027,588
User charges	149,631	60,838	9,485	907,175	257,442	161,992	28,898	1,575,461
Government transfers - operating	233,872	559,260	876,666	-	112,122	247,196	79,291	2,108,407
Government transfers - capital	-	-	1,407,817	-	-	31,000	-	1,438,817
Penalties and interest on taxes	124,732	-	-	-	-	-	-	124,732
Investment income	50,547	-	1,635	22,026	-	-	-	74,208
Donations	-	-	-	-	-	20,647	-	20,647
Other grants	-	-	5,000	-	-	-	-	5,000
Parkland fees earned	-	-	-	-	-	5,935	-	5,935
Federal gas tax earned	-	-	458,575	-	-	-	-	458,575
Total revenues	1,000,311	1,678,552	4,459,703	929,201	617,766	895,582	258,255	9,839,370
Expenses								
Salaries and benefits	614,419	133,303	841,146	89,400	143,741	399,139	118,956	2,340,104
Interest charges	-	-	-	-	-	-	1,412	1,412
Materials	388,594	165,438	1,312,023	81,659	(42,175)	379,555	98,055	2,383,149
Contracted services	45,031	1,087,760	180,985	312,591	77,774	-	-	1,704,141
Rents and financial	153,907	-	4,749	-	2,305	21	8,400	169,382
External transfers	3,400	194,616	-	6,615	75,722	4,486	-	284,839
Amortization	19,793	86,926	1,434,842	218,140	22,679	223,038	-	2,005,418
Total expenses	1,225,144	1,668,043	3,773,745	708,405	280,046	1,006,239	226,823	8,888,445
Net surplus/(deficit)	(224,833)	10,509	685,958	220,796	337,720	(110,657)	31,432	950,925

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Municipality of Tweed**

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Tweed (the Trust Funds), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 28, 2020

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	Recreation Associations \$	Santa Claus Parade Fund \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS				
Cash	-	508	508	858
Investments (note 2)	10,214	-	10,214	10,153
Accounts receivable	17	500	517	-
	10,231	1,008	11,239	11,011
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	250	250	-
FUND BALANCES	10,231	758	10,989	11,011
	10,231	1,008	11,239	11,011

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019**

	Recreation Associations \$	Santa Claus Parade Fund \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	10,153	858	11,011	10,566
RECEIPTS				
Donations	-	1,500	1,500	2,000
Interest	78	-	78	45
	78	1,500	1,578	2,045
EXPENSES				
Parade costs	-	1,600	1,600	1,600
BALANCES - end of year	10,231	758	10,989	11,011

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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

(c) Revenue Recognition

Donations are recognized when they are received. Interest income is recognized when earned.

2. INVESTMENTS

Investments consist of a GIC with interest rate of 1.3% and maturity of November 13, 2020.

**CORPORATION OF THE MUNICIPALITY OF
TWEED**

TWEED PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Tweed Public Library Board, the
Members of Council, Inhabitants and Ratepayers of the
Municipality of Tweed**

**T: (705) 742-3418
F: (705) 742-9775**

www.bakertilly.ca

Qualified Opinion

We have audited the financial statements of the Tweed Public Library Board of the Corporation of the Municipality of Tweed (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from fines, other fees and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to fines, other fees and donations revenue, annual deficit, assets and accumulated surplus.

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

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 28, 2020

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**TWEED PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019 \$	2018 \$
FINANCIAL ASSETS		
Cash	46,097	16,119
Accounts receivable	5,287	4,239
TOTAL FINANCIAL ASSETS	51,384	20,358
LIABILITIES		
Accounts payable and accrued liabilities	537	11,827
Due to Municipality (note 6)	44,981	9,193
Deferred revenue	4,297	4,297
TOTAL LIABILITIES	49,815	25,317
NET FINANCIAL ASSETS/(NET DEBT)	1,569	(4,959)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	756,566	787,448
Prepaid expenses	691	691
TOTAL NON-FINANCIAL ASSETS	757,257	788,139
ACCUMULATED SURPLUS (note 5)	758,826	783,180

The accompanying notes are an integral part of these financial statements

**TWEED PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Municipality of Tweed (note 6)	151,000	151,000	147,382
Province of Ontario	19,876	17,427	16,216
Government of Canada	5,625	537	10,406
Other grants	2,500	-	2,617
Donations	10,250	10,504	13,589
Fines and other fees	4,545	4,267	4,068
Other	5,900	1,581	1,941
TOTAL REVENUES	199,696	185,316	196,219
EXPENSES			
Salaries and benefits	147,435	126,413	140,949
Tapes, video and programs	3,671	3,517	3,099
Internet sustainability	1,500	1,242	1,177
Professional development	2,000	1,153	1,755
Supplies and maintenance	18,300	13,813	23,514
Office and administration	6,390	6,273	7,178
Specific projects	-	1,221	601
Utilities	13,400	11,144	9,511
Amortization	44,804	44,894	44,804
TOTAL EXPENSES	237,500	209,670	232,588
ANNUAL DEFICIT	<u>(37,804)</u>	(24,354)	(36,369)
ACCUMULATED SURPLUS - beginning of year		783,180	819,549
ACCUMULATED SURPLUS - end of year		758,826	783,180

The accompanying notes are an integral part of these financial statements

**TWEED PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL DEFICIT	(37,804)	(24,354)	(36,369)
Amortization of tangible capital assets	44,804	44,894	44,804
Acquisition of tangible capital assets	-	(14,012)	(18,013)
Change in prepaid expenses	-	-	2,469
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	7,000	6,528	(7,109)
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	(4,959)	(4,959)	2,150
NET FINANCIAL ASSETS/(NET DEBT) - end of year	2,041	1,569	(4,959)

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF TWEED**



**TWEED PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019 \$	2018 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(24,354)	(36,369)
Items not involving cash		
Amortization of tangible capital assets	44,894	44,804
Change in non-cash assets and liabilities		
Accounts receivable	(1,048)	7,745
Prepaid expenses	-	2,469
Accounts payable and accrued liabilities	(11,290)	6,257
Due to Municipality	35,788	4,631
Deferred revenue	-	(1,206)
Net change in cash from operating activities	43,990	28,331
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,012)	(18,013)
NET CHANGE IN CASH	29,978	10,318
CASH - beginning of year	16,119	5,801
CASH - end of year	46,097	16,119

The accompanying notes are an integral part of these financial statements

**TWEED PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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.

Fines and other fees are recognized as revenue in the year the goods and services are provided.

Donations and other revenue is recognized when the amounts are received.

Contributions from the Municipality of Tweed are recognized as approved by the Municipality.

(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	40 years
Equipment	15 years
Computers	5 years
Books	7 years

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

**TWEED PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) Non-Financial Assets

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

(f) Inter-Entity Transactions

The Tweed Public Library Board is a Board of the Municipality of Tweed and is consolidated with the Municipality's financial statements.

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

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

2. BUDGET FIGURES

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets/(Net Debt). 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 audit.

3. COMPARATIVE FIGURES

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

**TWEED PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. TANGIBLE CAPITAL ASSETS

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

	Buildings \$	Equipment \$	Computers \$	Books \$	2019 Totals \$	2018 Totals \$
COST						
Balance, beginning of year	876,450	147,979	9,255	78,232	1,111,916	1,108,288
Add: additions during the year	-	-	798	13,214	14,012	18,013
Less: disposals during the year	-	-	-	12,583	12,583	14,385
Balance, end of year	876,450	147,979	10,053	78,863	1,113,345	1,111,916
ACCUMULATED AMORTIZATION						
Balance, beginning of year	197,154	86,840	2,623	37,851	324,468	294,049
Add: additions during the year	21,911	9,865	1,851	11,267	44,894	44,804
Less: disposals during the year	-	-	-	12,583	12,583	14,385
Balance, end of year	219,065	96,705	4,474	36,535	356,779	324,468
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	657,385	51,274	5,579	42,328	756,566	787,448

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019 \$	2018 \$
Surplus/(Deficit)		
Operations	2,260	(4,268)
Invested In Capital Assets		
Tangible capital assets - net book value	756,566	787,448
	758,826	783,180

**TWEED PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

6. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Municipality of Tweed.

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

Details of inter-entity expense transactions are as follows:

	2019	2018
	\$	\$
Unallocated costs:		
Water and sewer	968	745
	968	745

In addition, the following services are provided to the Board by the Municipality at no cost:

- Payroll services
- Rental of land
- Cooling system upgrades

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

7. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.