

CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

CORPORATION OF THE MUNICIPALITY OF TWEED
FINANCIAL STATEMENTS
DECEMBER 31, 2012

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The Corporation of the
MUNICIPALITY OF TWEED

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Jo-Anne Albert
MAYOR

Patricia L. Bergeron, A.M.C.T.
CAO/CLERK

Management's Responsibility for the Consolidated Financial Statements

The 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 in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Municipal Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council, through the Audit Committee, reviews the Corporation's consolidated financial statements and discusses any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Corporation, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Patricia Bergeron
Chief Administrative Officer

Betty Gallagher
Deputy Clerk/Treasurer

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, 2012 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, 2012 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 25, 2013

Welch LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash - note 3	\$ 2,577,177	\$ 1,945,545
Taxes receivable	1,013,793	963,364
Accounts receivable	526,591	511,789
Long-term receivable - note 4	<u>69,244</u>	<u>75,963</u>
	<u>4,186,805</u>	<u>3,496,661</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ 160,031	\$ 205,325
Accrued liability - Waste disposal closure - note 5	584,000	561,800
Deferred revenue - note 6	595,620	205,015
Long-term debt- note 7	<u>69,244</u>	<u>75,963</u>
	<u>1,408,895</u>	<u>1,048,103</u>
 NET FINANCIAL ASSETS	<u>2,777,910</u>	<u>2,448,558</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets - note 1, schedule 1	26,101,897	26,650,522
Inventories of supplies	137,993	32,220
Prepaid expenses	<u>824</u>	<u>-</u>
	<u>26,240,714</u>	<u>26,682,742</u>
 ACCUMULATED SURPLUS - note 8	<u>\$ 29,018,624</u>	<u>\$ 29,131,300</u>

Contingent liabilities - note 12

Approved by Council:

..... Jo-Anne Allert Mayor

..... Patricia L. Berger CAO/Clerk

CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF OPERATIONS AND
ACCUMULATED SURPLUS (DEFICIT)
YEAR ENDED DECEMBER 31, 2012

	2012 <u>Budget</u> <i>(unaudited)</i>	2012 <u>Actual</u>	2011 <u>Actual</u>
REVENUE			
Municipal taxation	\$ 2,947,676	\$ 2,979,811	\$ 2,543,146
Taxation from other governments	21,600	18,348	21,259
Grants	1,616,706	1,646,021	1,889,204
User charges	801,164	833,515	881,857
Investment income	17,800	18,582	9,905
Penalties and interest on taxes	128,000	134,789	137,335
Other	<u>84,500</u>	<u>153,897</u>	<u>108,382</u>
	<u>5,617,446</u>	<u>5,784,963</u>	<u>5,591,088</u>
EXPENDITURE			
General government	742,138	756,557	807,647
Protection to persons and property	1,208,151	1,165,380	1,148,892
Transportation services	3,307,612	2,985,491	3,190,809
Environmental services	1,089,196	1,072,916	1,275,718
Recreation and cultural services	675,822	718,486	651,117
Planning and development	<u>130,525</u>	<u>139,438</u>	<u>73,560</u>
	<u>7,153,444</u>	<u>6,838,268</u>	<u>7,147,743</u>
NET EXPENDITURES	<u>(1,535,998)</u>	<u>(1,053,305)</u>	<u>(1,556,655)</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
Municipal taxation for capital purposes	543,194	543,194	879,290
Government transfers:			
Canada	132,500	90,463	460,605
Ontario	265,834	179,141	182,427
Tangible capital assets gain	-	7,500	77,670
Donations	-	-	1,914
User charges - water and sewer	<u>105,666</u>	<u>105,666</u>	<u>-</u>
	<u>1,047,194</u>	<u>925,964</u>	<u>1,601,906</u>
INTEREST EARNED ON RESERVE FUNDS	<u>-</u>	<u>14,665</u>	<u>24,389</u>
ANNUAL SURPLUS (DEFICIT)	<u>(488,804)</u>	<u>(112,676)</u>	<u>69,640</u>
ACCUMULATED SURPLUS, beginning of year	29,131,300	29,131,300	29,061,660
ACCUMULATED SURPLUS, end of year	<u>\$ 28,642,496</u>	<u>\$ 29,018,624</u>	<u>\$ 29,131,300</u>

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CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2012

	2012 <u>Budget</u> (<i>unaudited</i>)	2012 <u>Actual</u>	2011 <u>Actual</u>
ANNUAL SURPLUS	(488,804)	(112,676)	69,640
Amortization of tangible capital assets	1,791,998	1,791,998	1,875,818
Acquisition of tangible capital assets	(1,354,594)	(1,323,300)	(2,392,886)
Changes in assets under construction	-	79,927	108,339
Gain on sale of tangible capital assets	-	(7,500)	(77,670)
Proceeds on sale of tangible capital assets	-	7,500	193,500
Acquisition of inventories	-	(137,993)	(32,220)
Acquisition of prepaid expense	-	(824)	-
Consumption of inventories	-	32,220	-
CHANGE IN NET ASSETS	(51,400)	329,352	(255,479)
NET FINANCIAL ASSETS, beginning of year	<u>2,448,558</u>	<u>2,448,558</u>	<u>2,704,037</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 2,397,158</u>	<u>\$ 2,777,910</u>	<u>\$ 2,448,558</u>

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CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING		
Annual surplus (deficit)	\$ (112,676)	\$ 69,640
Non-cash charges to operations:		
Amortization	1,791,998	1,875,818
Gain on sale of tangible capital asset	(7,500)	(77,670)
Waste disposal closure	<u>22,200</u>	<u>261,800</u>
	1,694,022	2,129,588
Changes in non-cash working capital components:		
Taxes receivable	(50,428)	(7,453)
Accounts receivable	(14,801)	1,443,584
Inventory	(105,773)	(32,220)
Prepaid expenses	(824)	-
Long-term receivable	6,719	(23,877)
Accounts payable and accrued liabilities	(45,295)	(183,721)
Deferred revenue	<u>390,604</u>	<u>26,748</u>
	<u>1,874,224</u>	<u>3,352,649</u>
CAPITAL		
Acquisition of tangible capital assets	(1,243,373)	(2,284,547)
Proceeds on sale of tangible capital assets	<u>7,500</u>	<u>193,500</u>
	<u>(1,235,873)</u>	<u>(2,091,047)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	50,000
Repayment of long-term debt	<u>(6,719)</u>	<u>(11,224)</u>
	<u>(6,719)</u>	<u>38,776</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	631,632	1,300,378
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,945,545</u>	<u>645,167</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,577,177</u>	<u>\$ 1,945,545</u>

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CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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 Canadian Institute of Chartered Accountants. 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, 2012

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 Canadian Institute of Chartered Accountants 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, 2012

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. 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, 2012

3. CASH

The balance of cash consists of the following:

	<u>Market Value</u>	<u>2012</u>	<u>2011</u>
Undesignated cash			
Petty cash and chequing accounts	\$ 1,346,730	\$ 1,346,731	\$ 1,114,904
Guaranteed Investment Certificates	82,342	82,342	74,797
Mutual and segregated funds	541,513	543,730	535,444
Tweed Public Library Board	<u>42,241</u>	<u>42,241</u>	<u>33,672</u>
	<u>2,012,826</u>	<u>2,015,044</u>	<u>1,758,817</u>
Designated cash			
Federal gas tax agreement - chequing account	499,117	499,117	127,859
Planning Act - Parkland - chequing account	<u>63,016</u>	<u>63,016</u>	<u>58,869</u>
	<u>562,133</u>	<u>562,133</u>	<u>186,728</u>
	<u>\$ 2,574,959</u>	<u>\$ 2,577,177</u>	<u>\$ 1,945,545</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.

4. LOANS RECEIVABLE

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

	<u>2012</u>	<u>2011</u>
Tile drainage and shore-line property assistance loans receivable	<u>\$ 69,244</u>	<u>\$ 75,963</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

5. 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 \$584,000 based on the present value of closure and post-closure costs estimated at \$3,615,988

The Marlbank Road Waste Disposal site has an estimated remaining capacity of 51% and is expected to provide capacity for 24 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 44 years based on current waste generation rates.

A reserve of \$781,169 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.

6. DEFERRED REVENUE

The balance of deferred revenue consists of the following:

	Balance December 31, 2011	Additions	Transferred to income	Balance December 31, 2012
Obligatory Reserve Funds:				
Federal gas tax	\$ 127,859	\$ 371,258	\$ -	\$ 499,117
Parkland	58,869	4,147	-	63,016
Other				
Government transfers	12,678	-	-	12,678
Miscellaneous	5,609	5,500	-	11,109
Tweed Public Library	-	9,700	-	9,700
	<u>\$ 205,015</u>	<u>\$ 390,605</u>	<u>\$ -</u>	<u>\$ 595,620</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

7. LONG-TERM DEBT

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

	<u>2012</u>	<u>2011</u>
Debentures.	\$ 69,244	\$ 75,963

Outstanding debentures of \$69,244 (2011 - \$75,963) are recoverable through special charges levied directly on ratepayers. Outstanding debentures 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:

2013	\$ 7,122
2014	7,550
2015	8,003
2016	7,124
2017	7,552

8. ACCUMULATED SURPLUS

The accumulated surplus position is comprised of the following:

	<u>2012</u>	<u>2011</u>
Equity in tangible capital assets	\$ 26,101,897	\$ 26,650,522
Reserves and reserve funds - <i>schedule 2</i>	2,947,262	2,797,462
Amounts to be recovered		
Landfill closure and post-closure costs	(584,000)	(561,800)
Unrestricted surplus		
Municipality of Tweed	537,572	223,497
Municipality of Tweed Public Library Board	15,893	21,619
	<u>\$ 29,018,624</u>	<u>\$ 29,131,300</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

9. 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, 2012

9. 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.

10. 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 8.3% (2011 - 7.4%) for earnings up to the annual maximum pensionable earnings of \$50,100 (2011 - \$48,300) and at a rate of 12.8% (2011 - 10.7%) 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 9.4% (2011 - 8.9%) for earnings up to the annual maximum pensionable earnings of \$51,100 (2011 - \$48,300) and at a rate of 13.9% (2011 - 14.1%) for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2012 was \$68,594 (2011 - \$64,442) 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, 2012 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, 2012

11. 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.

12. 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.

13. COMMITMENTS

The Corporation has contracts committing it to payments in future years. The following agreements existed at December 31, 2012:

An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Base charges for the 2012 year were \$807,487

An agreement with David Moore & Son for the collection of household waste to July 31, 2014. Base charges for the 2012 year were \$32,000.

An agreement with Quinte Waste Solutions for the collection of recycling. Base charges for the 2012 year were \$44,471.

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 2012 year were \$251,850.

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

14. COMPARATIVE FIGURES

Certain comparative figures for 2011 have been reclassified to conform to the financial statement presentation adopted for 2012.

15. 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>2012</u>		<u>2011</u>	
	<u>School Boards</u>	<u>County</u>	<u>School Boards</u>	<u>County</u>
Taxation	\$ 1,309,552	\$ 1,384,690	\$ 1,290,240	\$ 1,347,482
Taxation from other governments	<u>4,228</u>	<u>7,374</u>	<u>4,712</u>	<u>10,949</u>
Amounts received or receivable	1,313,780	1,392,064	1,294,952	1,358,431
Requisition	<u>1,313,780</u>	<u>1,392,064</u>	<u>1,294,952</u>	<u>1,358,431</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
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	2012
COST											
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	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
ACCUMULATED AMORTIZATION											
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	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
Net Book Value of Tangible Capital Assets	\$ 1,620,438	\$ 2,881,305	\$ 1,119,644	\$ 826,199	\$ 102,821	\$ 3,698	\$ 1,564,014	\$ 7,832,457	\$ 3,849,969	\$ 6,301,352	\$ 26,101,897

DECEMBER 31, 2011

	GENERAL						INFRASTRUCTURE			TOTALS	
	Land	Building	Vehicles	Equipment	Other	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	2011
COST											
Balance, beginning of year	\$ 1,680,098	\$ 3,727,082	\$ 2,153,191	\$ 1,224,197	\$ 201,753	\$ 108,339	\$ 2,651,737	\$ 18,382,043	\$ 4,748,641	\$ 7,988,535	\$ 42,865,616
Additions during the year	5,000	195,289	566,023	175,620	24,302	79,927	-	1,147,859	-	198,866	2,392,886
Disposals during the year	-	95,922	298,228	2,250	1,000	108,339	-	646,263	-	-	1,152,002
Balance, end 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
ACCUMULATED AMORTIZATION											
Balance, beginning of year	24,235	897,093	1,165,828	531,518	81,683	-	951,241	10,407,241	814,919	1,634,235	16,507,993
Amortization during the year	24,485	91,862	202,040	74,557	28,797	-	88,391	1,140,614	88,713	136,359	1,875,818
Accumulated amortization on disposals	-	92,585	177,798	1,278	667	-	-	655,505	-	-	927,833
Balance, end 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
Net Book Value of Tangible Capital Assets	\$ 1,636,378	\$ 2,930,079	\$ 1,230,916	\$ 792,770	\$ 115,242	\$ 79,927	\$ 1,612,105	\$ 7,991,289	\$ 3,845,009	\$ 6,416,807	\$ 26,650,522

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS
DECEMBER 31, 2012

	Balance, beginning of year	Revenue Contributions		Interest on Reserve Funds	Transfers		Balance, end of year
		From Operations	Total		To Operations	To Capital Acquisitions	
Reserve Funds							
Waste site reclamation	\$ 733,258	\$ 10,988	\$ 166,911	\$ -	\$ 119,000	\$ -	\$ 781,169
Roads	74,797	1,964	7,545	-	-	-	82,342
Village infrastructure	162,344	1,712	1,712	-	-	-	164,056
	<u>970,399</u>	<u>14,664</u>	<u>176,168</u>		<u>119,000</u>	<u>-</u>	<u>1,027,567</u>
Reserves							
Working capital	390,699	-	-	-	26,300	6,360	358,039
Contingencies	150,000	-	-	-	-	-	150,000
Water and sewer	449,300	109,400	109,400	-	-	-	520,648
Municipal building expenditure	20,000	28,470	28,470	-	6,700	38,052	36,770
Capital acquisitions - Fire	65,000	60,000	60,000	-	-	5,000	89,925
Capital acquisitions - Arena	16,300	5,000	5,000	-	-	35,075	21,300
Arena - Roof	38,300	-	-	-	-	-	3,000
Fire - Overage wages	3,000	12,000	12,000	-	15,000	35,300	-
Fire - Equipment maintenance	20,000	-	-	-	-	-	20,000
Heritage	50,000	-	-	-	-	-	50,000
Hamlets	24,720	7,960	7,960	-	-	-	32,680
Parks	3,700	13,694	13,694	-	-	-	17,394
Public works - O/T overage	15,000	-	-	-	-	-	15,000
Public works - Equipment	220,377	100,000	100,000	-	-	34,388	285,989
Public works - Winter maintenance	128,000	-	-	-	53,700	-	74,300
Public works - Roads and streets	232,667	100,600	100,600	-	-	88,617	244,650
	<u>1,827,063</u>	<u>437,124</u>	<u>437,124</u>		<u>101,700</u>	<u>242,792</u>	<u>1,919,695</u>
Total	<u>\$ 2,797,462</u>	<u>\$ 598,628</u>	<u>\$ 613,292</u>		<u>\$ 220,700</u>	<u>\$ 242,792</u>	<u>\$ 2,947,262</u>

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

BUDGET

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ (572,714)	\$ 1,010,095	\$ 1,943,710	\$ 89,610	\$ 368,350	\$ 108,625	\$ -	\$ -	\$ 2,947,676
Taxation from other governments	21,600	-	-	-	-	-	-	-	21,600
Government Transfers	-	-	-	-	-	-	-	-	-
Government of Canada	1,391,800	164,300	-	-	1,200	-	1,230	-	2,430
Province of Ontario	-	-	-	40,000	-	-	18,176	-	1,614,276
Other Municipalities	-	-	-	-	-	-	97,700	(97,700)	-
User charges	13,100	6,000	2,000	649,834	127,050	-	3,180	-	801,164
Investment income	6,500	-	-	-	-	11,300	-	-	17,800
Penalty and interest on taxes	128,000	-	-	-	-	-	-	-	128,000
Donations	-	-	-	-	-	-	-	-	-
Miscellaneous	34,000	7,500	-	-	12,000	-	5,750	-	5,750
	<u>1,022,286</u>	<u>1,187,895</u>	<u>1,945,710</u>	<u>779,444</u>	<u>508,600</u>	<u>130,525</u>	<u>140,686</u>	<u>(97,700)</u>	<u>78,750</u>
									<u>5,617,446</u>
CURRENT - EXPENDITURES									
Salaries, wages and employee benefits	423,650	140,335	710,290	202,360	217,390	52,925	94,760	-	1,841,710
Interest on long-term debt	-	-	-	-	-	11,300	-	-	11,300
Materials and supplies	239,870	96,560	1,071,420	359,400	198,510	59,100	34,726	-	2,059,586
Contracted services and general services	-	853,000	164,000	323,350	-	-	-	-	1,340,350
Rents and financial expenses	52,300	-	-	-	-	7,200	-	-	59,500
External transfers	-	49,000	-	-	97,700	-	-	(97,700)	49,000
Amortization	26,318	69,256	1,361,902	204,086	84,076	-	46,360	-	1,791,998
	<u>742,138</u>	<u>1,208,151</u>	<u>3,307,612</u>	<u>1,089,196</u>	<u>597,676</u>	<u>130,525</u>	<u>175,846</u>	<u>(97,700)</u>	<u>7,153,444</u>
	<u>\$ 280,148</u>	<u>\$ (20,256)</u>	<u>\$ (1,361,902)</u>	<u>\$ (309,752)</u>	<u>\$ (89,076)</u>	<u>\$ -</u>	<u>\$ (35,160)</u>	<u>\$ -</u>	<u>\$ (1,535,998)</u>

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

ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
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>159,888</u>	<u>(97,700)</u>	<u>5,784,963</u>
CURRENT - EXPENDITURES									
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>

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
DECEMBER 31, 2011

ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ (577,966)	\$ 932,826	\$ 1,792,225	\$ 31,790	\$ 266,291	\$ 97,980	\$ -	\$ -	\$ 2,543,146
Taxation from other governments	21,259	-	-	-	-	-	-	-	21,259
Government Transfers									
Government of Canada	798	-	-	-	1,200	-	11,880	-	13,878
Province of Ontario	1,479,150	213,612	-	40,000	51,236	8,298	83,030	-	1,875,326
Other Municipalities	-	-	-	-	-	-	96,277	(96,277)	-
User charges	13,090	10,570	21,135	704,018	125,860	-	7,184	-	881,857
Investment income	8,111	-	-	-	-	-	-	-	9,905
Penalty and interest on taxes	137,335	-	-	-	-	1,794	-	-	137,335
Donations	-	-	-	-	-	-	-	-	16,911
Miscellaneous	39,716	532	-	-	23,942	11,200	14,168	-	91,471
	<u>1,121,493</u>	<u>1,157,540</u>	<u>1,813,360</u>	<u>775,808</u>	<u>468,529</u>	<u>119,272</u>	<u>229,450</u>	<u>(96,277)</u>	<u>5,591,088</u>
CURRENT - EXPENDITURES									
Salaries, wages and employee benefits	416,441	145,825	686,681	191,617	211,045	20,763	93,517	-	1,765,889
Interest on long-term debt	-	-	-	-	-	1,794	-	-	1,794
Materials and supplies	275,106	83,914	853,280	570,913	191,481	43,803	26,415	-	2,044,912
Contracted services and general services	-	802,044	201,203	312,815	-	-	-	-	1,316,062
Rents and financial expenses	91,914	-	-	-	-	7,200	-	-	99,114
External transfers	-	44,154	-	-	96,277	-	-	(96,277)	44,154
Amortization	24,186	72,955	1,449,645	200,373	82,412	-	46,247	-	1,875,818
	<u>807,647</u>	<u>1,148,892</u>	<u>3,190,809</u>	<u>1,275,718</u>	<u>581,215</u>	<u>73,560</u>	<u>166,179</u>	<u>(96,277)</u>	<u>7,147,743</u>
	<u>\$ 313,846</u>	<u>\$ 8,648</u>	<u>\$ (1,377,449)</u>	<u>\$ (499,910)</u>	<u>\$ (112,686)</u>	<u>\$ 45,712</u>	<u>\$ 63,271</u>	<u>\$ -</u>	<u>\$ (1,556,655)</u>

CORPORATION OF THE MUNICIPALITY OF TWEED

SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET

YEAR ENDED DECEMBER 31, 2012

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	PSAB BUDGET
REVENUES							
Municipal taxation	\$ 2,947,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,947,676
Taxation from other governments	21,600	-	-	-	-	-	21,600
Government Transfers							
Government of Canada	1,200	-	-	-	1,230	-	2,430
Province of Ontario	1,556,100	40,000	-	-	18,176	-	1,614,276
Other Municipalities	-	-	-	-	97,700	(97,700)	-
User fees and sale of goods and services	797,984	-	-	-	3,180	-	801,164
Investment income	17,800	-	-	-	-	-	17,800
Penalty and interest on taxes	128,000	-	-	-	-	-	128,000
Donations	-	-	-	-	-	-	5,750
Miscellaneous	64,100	-	-	-	5,750	-	78,750
	<u>5,534,460</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>140,686</u>	<u>(97,700)</u>	<u>5,617,446</u>
EXPENDITURES							
Current							
General government	715,820	-	-	26,318	-	-	742,138
Protection services	1,138,895	-	-	69,256	-	-	1,208,151
Transportation services	1,945,710	-	-	1,361,902	-	-	3,307,612
Environmental services	845,110	40,000	-	204,086	-	-	1,089,196
Recreational and cultural services	508,600	5,000	-	84,076	175,846	(97,700)	675,822
Planning and development	123,825	6,700	-	-	-	-	130,525
Capital							
General government	-	33,000	-	(33,000)	-	-	-
Protection services	-	31,000	-	(31,000)	-	-	-
Transportation services	-	910,200	-	(910,200)	-	-	-
Environmental services	-	329,400	-	(329,400)	-	-	-
Recreational and cultural services	-	50,994	-	(50,994)	-	-	-
	<u>5,277,960</u>	<u>1,406,294</u>	<u>-</u>	<u>391,044</u>	<u>175,846</u>	<u>(97,700)</u>	<u>7,153,444</u>
NET REVENUES (EXPENDITURES)	256,500	(1,366,294)	-	(391,044)	(35,160)	-	(1,535,998)
OTHER INCOME AND EXPENSES RELATED TO CAPITAL							
Municipal taxation	-	543,194	-	-	-	-	543,194
Government transfers	-	132,500	-	-	-	-	132,500
Canada	-	265,834	-	-	-	-	265,834
Ontario	-	-	-	-	-	-	-
Other	-	105,666	-	-	-	-	105,666
User charges - water and sewer	-	1,047,194	-	-	-	-	1,047,194
FINANCING AND TRANSFERS							
Debt repayment	(6,719)	-	-	6,719	-	-	-
Benefiting landowners principal repayments	6,719	-	-	(6,719)	-	-	-
Transfers from (to) other funds	(256,500)	319,100	(62,600)	-	-	-	-
	<u>(256,500)</u>	<u>319,100</u>	<u>(62,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ -	\$ (62,600)	\$ (391,044)	\$ (35,160)	\$ -	\$ (488,804)

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

FINANCIAL STATEMENTS

December 31, 2012

The Corporation of the
MUNICIPALITY OF TWEED

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Jo-Anne Albert
MAYOR

Patricia L. Bergeron, A.M.C.T.
CAO/CLERK

Management's Responsibility for the Trust Fund Financial Statements

The Trust Fund financial statements of the Corporation of the Municipality of Tweed are the responsibility of management and have been approved by Council.

The Trust Fund financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of Trust Fund financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the Trust Fund financial statements. These systems are monitored and evaluated by management.

Municipal Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council, through the Audit Committee, reviews the Corporation's Trust Fund financial statements and discusses any significant financial reporting or internal control matters prior to Council approval of the Trust Fund financial statements.

The Trust Fund financial statements have been audited by Welch LLP, independent external auditors appointed by the Corporation, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's Trust Fund financial statements.

Patricia Bergeron
Chief Administrative Officer

Betty Gallagher
Deputy Clerk/Treasurer

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, 2012 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, 2012 in accordance with the cash receipts and disbursements basis of accounting described in the notes to financial statements.

Welch LLP

Belleville, Ontario
June 25, 2013

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

CORPORATION OF THE MUNICIPALITY OF TWEED
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
Cash	\$ -	\$ 458	\$ 1,908	\$ 2,366
Investments	9,736	-	-	9,736
Loans receivable	-	936	-	936
	<u>\$ 9,736</u>	<u>\$ 1,394</u>	<u>\$ 1,908</u>	<u>\$ 13,038</u>

FUND BALANCE

Fund balances	<u>\$ 9,736</u>	<u>\$ 1,394</u>	<u>\$ 1,908</u>	<u>\$ 13,038</u>
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Approved by Council:

Jo-Anne Allbert Mayor
Patricia L. Bergeron CAO/Clerk

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED

TRUST FUNDS

STATEMENT OF CONTINUITY

YEAR ENDED DECEMBER 31, 2012

	<u>Recreation Associations</u>	<u>Ontario Home Renewal Plan</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
FUND BALANCES, beginning of year	\$ <u>11,622</u>	\$ <u>5,095</u>	\$ <u>1,683</u>	\$ <u>18,400</u>
RECEIPTS				
Donations	-	-	1,600	1,600
Interest earned	<u>81</u>	<u>-</u>	<u>-</u>	<u>81</u>
	<u>81</u>	<u>-</u>	<u>1,600</u>	<u>1,681</u>
EXPENDITURES				
Parade expenses	-	-	1,375	1,375
OHRP discharges	-	3,701	-	3,701
Funds returned to committees	<u>1,967</u>	<u>-</u>	<u>-</u>	<u>1,967</u>
	<u>1,967</u>	<u>3,701</u>	<u>1,375</u>	<u>7,043</u>
FUND BALANCES, end of year	\$ <u><u>9,736</u></u>	\$ <u><u>1,394</u></u>	\$ <u><u>1,908</u></u>	\$ <u><u>13,038</u></u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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, 2012 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.