

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**CONSOLIDATED FINANCIAL STATEMENTS**

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The Corporation of the  
**MUNICIPALITY OF TWEED**

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**CORPORATION OF THE MUNICIPALITY OF TWEED**

**For The Year Ended December 31, 2021**

**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

May 11, 2022

**INDEPENDENT AUDITOR'S REPORT****To the Members of Council, Inhabitants and Ratepayers  
of the Municipality of Tweed***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, 2021, 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, 2021, 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  
May 11, 2022

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2021**

	2021	2020
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	2,181,728	1,088,021
Investments (note 2)	1,817,362	2,218,669
Accounts receivable	1,603,322	1,882,119
Taxes receivable	662,127	866,688
Long term loans (note 8)	-	5,000
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,264,539</b>	<b>6,060,497</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,497,796	866,130
Deferred revenue - obligatory reserve funds (note 4)	420,265	89,634
Deferred revenue - other (note 6)	19,588	7,291
OILC temporary loan (note 16)	1,530,000	-
Long term debt (note 8)	-	5,000
Landfill closure and post-closure liability (note 9)	1,595,993	1,267,803
<b>TOTAL LIABILITIES</b>	<b>5,063,642</b>	<b>2,235,858</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,200,897</b>	<b>3,824,639</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 11)	34,132,724	29,854,952
Inventories of supplies	118,958	80,900
Prepaid expenses	35,663	31,548
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>34,287,345</b>	<b>29,967,400</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>35,488,242</b>	<b>33,792,039</b>

*The accompanying notes are an integral part of these financial statements*

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
<b>REVENUES</b>			
Property taxation	4,301,473	4,308,751	4,213,730
User charges	1,438,337	1,701,183	1,409,844
Government of Canada	1,127,472	1,267,930	804,824
Province of Ontario	3,779,697	3,424,415	2,996,279
Other municipalities	-	28,500	-
Penalties and interest on taxes	110,000	98,747	103,571
Investment income	77,400	36,486	67,128
Donations	11,250	56,478	40,037
Other grants	66,900	48,227	101,410
Parkland fees earned	-	-	40,000
Canada Community-Building Fund amounts earned	419,000	419,000	884,197
Gain/(loss) on disposal of tangible capital assets	100,000	277,132	(10,593)
<b>TOTAL REVENUES</b>	<b>11,431,529</b>	<b>11,666,849</b>	<b>10,650,427</b>
<b>EXPENSES</b>			
General government	1,315,169	1,274,548	1,150,949
Protection services	1,723,412	1,626,738	1,676,777
Transportation services	3,770,905	3,742,559	3,442,136
Environmental services	1,320,762	1,930,447	1,154,553
Recreation and cultural services	1,241,432	1,166,812	983,792
Planning and development	276,130	229,542	308,792
<b>TOTAL EXPENSES</b>	<b>9,647,810</b>	<b>9,970,646</b>	<b>8,716,999</b>
<b>ANNUAL SURPLUS</b>	<b><u>1,783,719</u></b>	<b>1,696,203</b>	<b>1,933,428</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>33,792,039</b>	<b>31,858,611</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>35,488,242</b>	<b>33,792,039</b>

*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, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
<b>ANNUAL SURPLUS</b>	1,783,719	1,696,203	1,933,428
Amortization of tangible capital assets	2,292,439	2,058,196	1,972,274
Purchase of tangible capital assets	(5,579,133)	(6,400,223)	(4,397,264)
Loss/(gain) on disposal of tangible capital assets	(100,000)	(277,132)	10,593
Proceeds on sale of tangible capital assets	100,000	341,387	43,792
Change in inventories of supplies	-	(38,058)	(23,114)
Change in prepaid expenses	-	(4,115)	(8,392)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(1,502,975)	(2,623,742)	(468,683)
<b>NET FINANCIAL ASSETS - beginning of year</b>	3,824,639	3,824,639	4,293,322
<b>NET FINANCIAL ASSETS - end of year</b>	2,321,664	1,200,897	3,824,639

*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, 2021**

	2021	2020
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	1,696,203	1,933,428
Items not involving cash		
Amortization of tangible capital assets	2,058,196	1,972,274
Loss/(gain) on disposal of tangible capital assets	(277,132)	10,593
Change in landfill closure and post-closure liability	328,190	(61,769)
Change in non-cash assets and liabilities		
Accounts receivable	278,797	(1,443,242)
Taxes receivable	204,561	33,425
Inventories of supplies	(38,058)	(23,114)
Prepaid expenses	(4,115)	(8,392)
Accounts payable and accrued liabilities	631,666	20,374
Deferred revenue - obligatory reserve funds	330,631	(543,672)
Deferred revenue - other	12,297	(30,241)
<b>Net change in cash from operating activities</b>	<b>5,221,236</b>	<b>1,859,664</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(6,400,223)	(4,397,264)
Proceeds on disposal of tangible capital assets	341,387	43,792
<b>Net change in cash from capital activities</b>	<b>(6,058,836)</b>	<b>(4,353,472)</b>
<b>INVESTING ACTIVITIES</b>		
Redemption of investments	1,602,506	303,224
Purchase of investments	(1,201,199)	(1,733,561)
<b>Net change in cash from investing activities</b>	<b>401,307</b>	<b>(1,430,337)</b>
<b>FINANCING ACTIVITIES</b>		
OLIC temporary loan	1,530,000	-
Debt principal repayments	(5,000)	(5,000)
Long term loan receipts	5,000	5,000
<b>Net change in cash from financing activities</b>	<b>1,530,000</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>1,093,707</b>	<b>(3,924,145)</b>
<b>CASH - beginning of year</b>	<b>1,088,021</b>	<b>5,012,166</b>
<b>CASH - end of year</b>	<b>2,181,728</b>	<b>1,088,021</b>

*The accompanying notes are an integral part of these financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

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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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(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.

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(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.

(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 of tangible capital assets are based on estimates of useful life and residual values; 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 2021 \$	Actual 2020 \$
One Fund Investments - Bond Fund	1,035,739	1,102,580	1,084,431
One Fund Investments - High Interest Savings	587,108	587,108	1,007,803
Guaranteed investment certificates, maturity dates from March 20, 2023 to October 5, 2026, interest rates ranging from 0.35% to .85% per annum	127,674	127,674	126,435
	<b>1,750,521</b>	<b>1,817,362</b>	<b>2,218,669</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**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, 2021 there was no balance outstanding (2020 - \$Nil).

**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:

	2021	2020
	\$	\$
Canada Community-Building Fund	377,457	51,530
Parkland	42,808	38,104
	<b>420,265</b>	<b>89,634</b>

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

	2021	2020
	\$	\$
Balance - beginning of year	89,634	633,306
Add amounts received:		
Canada Community-Building Fund	743,586	366,704
Parkland	4,500	9,000
Interest	1,545	4,821
	<b>749,631</b>	<b>380,525</b>
Less transfer to operations:		
Canada Community-Building Fund	419,000	884,197
Parkland	-	40,000
	<b>419,000</b>	<b>924,197</b>
Balance - end of year	<b>420,265</b>	<b>89,634</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 were \$123,374 (2020 - \$122,538).

Some of the employees of the Municipality, who are not members of OMERS, are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Municipality during the year amounted to \$28,102 (2020 - \$58,941). These contributions which match the employees' contribution for current service, are expense during the year in which services are rendered and represent the total pension obligation of the Municipality.

**6. DEFERRED REVENUE - OTHER**

Included in deferred revenue - other are the following amounts:

	2021 \$	2020 \$
Deposits and other	13,088	7,291
Library grants and donations	6,500	-
	<b>19,588</b>	<b>7,291</b>

The continuity of deferred revenue - other is as follows:

	2021 \$	2020 \$
Balance - beginning of year	7,291	37,532
Deposits and other	13,088	7,291
Library grants and donations	6,500	-
	<b>19,588</b>	<b>7,291</b>
Less transfer to operations:		
Association of Municipalities of Ontario	-	5,700
Deposits and other	7,291	31,832
	<b>7,291</b>	<b>37,532</b>
Balance - end of year	<b>19,588</b>	<b>7,291</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**7. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$11,386 (2020 - \$11,108) 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. LONG TERM DEBT**

	2021	2020
	\$	\$
Tile drainage loans due August 1, 2021	-	5,000

(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, 2021 is \$Nil (2020 - \$5,000).

(b) Interest paid during the year on long term debt amounted to \$1,435 (2020 - \$1,793).

**9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The estimated liability for landfill closure and post-closure costs for the two landfill sites the Municipality operates is \$1,595,993 (2020 - \$1,267,803). 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 \$1,188,988 (2020 - \$1,394,948) 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 \$1,986,193 as at December 31, 2021 (2020 - \$1,941,797).

The remaining capacity of the solid waste landfill sites is estimated at 74,931 m<sup>3</sup> (2020 - 175,764 m<sup>3</sup>) which is 13.3% (2020 - 31.3%) of the sites' total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,986,193 (2020 - \$1,941,797) as at December 31, 2021 using an inflation rate of 1.67% (2020 - 1.64%) and a discount rate of 3.14% (2020 - 2.46%). The Municipality has decided to close the Hunt Road site at December 31, 2021. The Marlbank Road site is expected to reach it's capacity in 2037.

**10. CONTINGENT LIABILITIES**

The Municipality, in the course of its operations, is often named in 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, 2021**

**11. TANGIBLE CAPITAL ASSETS**

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

	2021	2020
	\$	\$
General		
Land and land improvements	1,699,434	1,837,377
Buildings	2,955,465	2,875,296
Vehicles	1,116,006	1,204,632
Machinery and equipment	1,678,585	1,258,529
Infrastructure		
Buildings	878,048	987,822
Roads	9,536,859	8,295,154
Underground and other networks	3,585,169	3,706,278
Bridges and other structures	7,381,903	7,523,229
	28,831,469	27,688,317
Assets under construction	5,301,255	2,166,635
	34,132,724	29,854,952

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2021	2020
	\$	\$
General government	1,439,661	1,490,966
Protection services	925,494	832,607
Transportation services	18,628,269	18,692,378
Environmental services	10,039,791	5,997,323
Recreation and cultural services	3,083,926	2,827,312
Planning and development	15,583	14,366
	34,132,724	29,854,952



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**12. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded landfill closure and post-closure costs	(1,595,993)	(1,267,803)
Library board	10,162	1,601
	<b>(1,585,831)</b>	<b>(1,266,202)</b>
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	34,132,724	29,854,952
Unfunded capital - Municipal building	(9,528)	-
Unfunded capital - Fire hall	(58,900)	-
Unfunded capital - Lagoon system upgrades	(2,151,403)	-
Unfunded capital - Fitness shelter	-	(36,367)
	<b>31,912,893</b>	<b>29,818,585</b>
<b>Surplus</b>	<b>30,327,062</b>	<b>28,552,383</b>
<b>Reserves</b>		
Working funds	531,167	950,174
General government	428,355	154,394
Protection services	285,841	279,593
Transportation services	773,171	447,185
Water and sewer	1,257,312	1,203,417
Recreation services	442,953	545,443
Community improvement plan	45,154	48,919
<b>Total Reserves</b>	<b>3,763,953</b>	<b>3,629,125</b>
<b>Reserve Funds</b>		
Transportation services	208,239	215,583
Landfill	1,188,988	1,394,948
<b>Total Reserve Funds</b>	<b>1,397,227</b>	<b>1,610,531</b>
	<b>35,488,242</b>	<b>33,792,039</b>

**13. BUILDING SERVICES CONTRACTUAL AGREEMENT**

The Municipality of Tweed, the Township of Stirling-Rawdon, the Town of Deseronto, the Township of Tyendinaga, the Township of Madoc and the Municipality of Marmora and Lake 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, 2021**

**14. EXPENSES BY OBJECT**

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

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	2,663,940	2,549,726	2,473,546
Interest charges	1,794	1,816	1,793
Materials	2,536,552	2,624,394	2,180,819
Contracted services	1,769,696	2,368,131	1,704,326
Rents and financial	84,060	93,284	89,315
External transfers	299,329	275,100	294,926
Amortization	2,292,439	2,058,196	1,972,274
	<b>9,647,810</b>	<b>9,970,647</b>	<b>8,716,999</b>

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

During 2021, 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	3,067,762	1,860,448
Taxation from other governments	1,812	11,026
<b>Amounts requisitioned and remitted</b>	<b>3,069,574</b>	<b>1,871,474</b>

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

**16. OILC ADVANCE**

In 2021, the Municipality entered into a temporary loan agreement with the Ontario Infrastructure and Lands Corporation (OILC) for the financing of the capital work to be completed on the Tweed Wastewater Lagoon System upgrades. The maximum aggregate principal amount is \$3,100,000. At December 31, 2021, the Municipality had drawn and received \$1,530,000 of this balance by the year end. This debt will be converted to a 30 year amortizing debenture once the project is completed.

**17. 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, 2021**

**18. BUDGET FIGURES**

The budget, approved by the Municipality, for 2021 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	8,912,201	8,601,870
Capital	5,275,634	5,585,965
<b>Total Council approved budget</b>	<b>14,187,835</b>	<b>14,187,835</b>
Less: Tangible capital assets capitalized	-	(5,579,133)
Add: Amortization of tangible capital assets	-	2,292,439
Less: Long term receivable receipts	(5,000)	-
Less: Principal repayment of long term debt	-	(5,000)
Less: Transfers to/from reserves and reserve funds	(1,752,435)	(1,282,522)
Proceeds of long term debt	(1,033,062)	-
Library Board budget	49,191	49,191
Reallocate tax write offs	(15,000)	(15,000)
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>11,431,529</b>	<b>9,647,810</b>

**19. UNCERTAINTY CAUSED BY COVID-19**

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Municipality'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 Municipality's operations. The extent of the impact of this outbreak and related containment measures on the Municipality's operations cannot be reliably estimated at this time.

## **20. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**21. OIL KINGS HOCKEY TEAM INFORMATION**

In 2021, the Municipality began operations of the Tweed Oil Kings, a men's hockey team that is a part of the Eastern Ontario Super Hockey League (EOSHL). The amounts presented below are also included in the Consolidated Statement of Operations and Accumulated Surplus. Various revenues and expenses related to the team are as follows:

	2021
	\$
<b>Revenue</b>	
Advertising	15,750
Ticket sales	12,211
Fundraising	8,858
Miscellaneous	202
	37,021
<b>Expenses</b>	
Equipment and uniforms	22,674
Merchandise for sale	5,939
Travel	4,393
Logos	3,749
Alcohol inventory & licence	3,475
League fees	2,000
Supplies	1,895
Ice rental	666
Referees and time keepers	3,710
	48,501
<b>Annual surplus (deficit)</b>	(11,480)

# CORPORATION OF THE MUNICIPALITY OF TWEED



## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2021

	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		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>COST</b>										
Balance, beginning of year	2,483,110	4,684,841	3,481,716	2,414,874	2,947,125	21,122,212	5,811,623	10,368,356	2,166,635	55,480,492
Add: additions during the year	14,425	-	97,588	554,100	-	1,170,527	-	23,909	4,539,674	6,400,223
Less: disposals during the year	46,595	-	29,500	97,654	-	1,282,850	-	-	-	1,456,599
Internal transfers	-	220,636	-	57,100	-	1,127,318	-	-	(1,405,054)	-
Balance, end of year	2,450,940	4,905,477	3,549,804	2,928,420	2,947,125	22,137,207	5,811,623	10,392,265	5,301,255	60,424,116
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	645,733	1,809,545	2,277,084	1,156,345	1,959,303	12,827,058	2,105,345	2,845,127	-	25,625,540
Add: additions during the year	105,773	140,467	183,264	191,074	109,774	1,041,500	121,109	165,235	-	2,058,196
Less: disposals during the year	-	-	26,550	97,584	-	1,268,210	-	-	-	1,392,344
Balance, end of year	751,506	1,950,012	2,433,798	1,249,835	2,069,077	12,600,348	2,226,454	3,010,362	-	26,291,392
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	1,699,434	2,955,465	1,116,006	1,678,585	878,048	9,536,859	3,585,169	7,381,903	5,301,255	34,132,724

# CORPORATION OF THE MUNICIPALITY OF TWEED



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	254,922	1,089,998	1,990,118	-	256,209	551,065	166,439	4,308,751
User charges	152,592	92,250	45,403	879,369	351,611	160,564	19,394	1,701,183
Government transfers - operating	152,180	546,696	998,742	-	110,359	599,815	83,479	2,491,271
Government transfers - capital	-	-	134,136	2,066,938	-	-	-	2,201,074
Other municipalities	-	-	-	-	-	28,500	-	28,500
Penalties and interest on taxes	98,747	-	-	-	-	-	-	98,747
Investment income	15,053	-	1,639	-	19,794	-	-	36,486
Donations	-	18,211	-	-	-	38,267	-	56,478
Other grants	15,181	6,000	-	-	-	27,046	-	48,227
Canada Community-Building Fund amounts earned	-	-	419,000	-	-	-	-	419,000
Gain/(loss) on disposal of tangible capital assets	294,722	-	(17,590)	-	-	-	-	277,132
<b>Total revenues</b>	<b>983,397</b>	<b>1,753,155</b>	<b>3,571,448</b>	<b>2,946,307</b>	<b>737,973</b>	<b>1,405,257</b>	<b>269,312</b>	<b>11,666,849</b>
<b>Expenses</b>								
Salaries and benefits	663,866	89,293	885,690	95,721	191,656	485,773	137,727	2,549,726
Interest charges	-	-	-	-	-	-	1,816	1,816
Materials	450,266	195,151	1,265,705	103,142	125,906	403,037	81,187	2,624,394
Contracted services	47,381	1,066,628	194,937	635,288	422,097	1,800	-	2,368,131
Rents and financial	77,450	-	4,328	-	3,102	4	8,400	93,284
External transfers	-	176,915	-	-	88,614	9,571	-	275,100
Amortization	35,585	98,751	1,391,899	264,922	-	266,627	412	2,058,196
<b>Total expenses</b>	<b>1,274,548</b>	<b>1,626,738</b>	<b>3,742,559</b>	<b>1,099,073</b>	<b>831,375</b>	<b>1,166,812</b>	<b>229,542</b>	<b>9,970,647</b>
<b>Net surplus/(deficit)</b>	<b>(291,151)</b>	<b>126,417</b>	<b>(171,111)</b>	<b>1,847,234</b>	<b>(93,402)</b>	<b>238,445</b>	<b>39,770</b>	<b>1,696,202</b>

# CORPORATION OF THE MUNICIPALITY OF TWEED



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	351,783	1,150,617	1,802,644	-	197,618	593,485	117,583	4,213,730
User charges	159,992	26,620	21,955	881,637	212,912	94,124	12,604	1,409,844
Government transfers - operating	363,721	583,014	913,395	-	100,133	393,375	59,579	2,413,217
Government transfers - capital	-	-	1,387,886	-	-	-	-	1,387,886
Penalties and interest on taxes	103,571	-	-	-	-	-	-	103,571
Investment income	30,219	-	2,400	882	33,627	-	-	67,128
Donations	-	2,780	2,552	-	-	34,705	-	40,037
Other grants	-	-	-	-	-	90,610	10,800	101,410
Parkland fees earned	-	-	-	-	-	40,000	-	40,000
Canada Community-Building Fund amounts earned	-	-	884,197	-	-	-	-	884,197
Gain/(loss) on disposal of tangible capital assets	(6,307)	-	36,829	-	(1,720)	(39,395)	-	(10,593)
<b>Total revenues</b>	<b>1,002,979</b>	<b>1,763,031</b>	<b>5,051,858</b>	<b>882,519</b>	<b>542,570</b>	<b>1,206,904</b>	<b>200,566</b>	<b>10,650,427</b>
<b>Expenses</b>								
Salaries and benefits	636,353	103,517	855,763	102,151	192,466	455,222	128,074	2,473,546
Interest charges	-	-	-	-	-	-	1,793	1,793
Materials	361,749	177,114	1,019,523	63,422	109,347	279,551	170,113	2,180,819
Contracted services	49,244	1,091,518	221,505	309,082	32,977	-	-	1,704,326
Rents and financial	72,336	-	5,949	-	2,621	9	8,400	89,315
External transfers	-	205,307	-	-	82,487	7,132	-	294,926
Amortization	31,267	99,321	1,339,396	260,000	-	241,878	412	1,972,274
<b>Total expenses</b>	<b>1,150,949</b>	<b>1,676,777</b>	<b>3,442,136</b>	<b>734,655</b>	<b>419,898</b>	<b>983,792</b>	<b>308,792</b>	<b>8,716,999</b>
<b>Net surplus/(deficit)</b>	<b>(147,970)</b>	<b>86,254</b>	<b>1,609,722</b>	<b>147,864</b>	<b>122,672</b>	<b>223,112</b>	<b>(108,226)</b>	<b>1,933,428</b>



**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](http://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, 2021, 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, 2021, 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.

*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  
May 11, 2022

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2021**

	Recreation Associations \$	Santa Claus Parade Fund \$	2021 Total \$	2020 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	1,008	1,008	1,008
Investments (note 2)	10,373	-	10,373	10,347
Accounts receivable	5	-	5	3
	<b>10,378</b>	<b>1,008</b>	<b>11,386</b>	<b>11,358</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	-	250
<b>FUND BALANCES</b>	<b>10,378</b>	<b>1,008</b>	<b>11,386</b>	<b>11,108</b>
	<b>10,378</b>	<b>1,008</b>	<b>11,386</b>	<b>11,358</b>

**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2021**

	Recreation Associations \$	Santa Claus Parade Fund \$	2021 Total \$	2020 Total \$
<b>BALANCES - beginning of year</b>	<b>10,350</b>	<b>758</b>	<b>11,108</b>	<b>10,989</b>
<b>RECEIPTS</b>				
Donations	-	250	250	-
Interest	28	-	28	119
	<b>28</b>	<b>250</b>	<b>278</b>	<b>119</b>
<b>BALANCES - end of year</b>	<b>10,378</b>	<b>1,008</b>	<b>11,386</b>	<b>11,108</b>

*The accompanying notes are an integral part of these financial statements*

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

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**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 0.40% and maturity of November 15, 2022.

**CORPORATION OF THE MUNICIPALITY OF  
TWEED**

**TWEED PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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](http://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, 2021, the statements of operations and accumulated surplus, change in net financial assets 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, 2021, 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.

*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  
May 11, 2022

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TWEED PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2021**

	2021	2020
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	52,769	28,226
Accounts receivable	3,168	4,304
<b>TOTAL FINANCIAL ASSETS</b>	<b>55,937</b>	<b>32,530</b>
<b>LIABILITIES</b>		
Due to Municipality (note 6)	40,123	31,752
Deferred revenue (note 5)	6,500	-
<b>TOTAL LIABILITIES</b>	<b>46,623</b>	<b>31,752</b>
<b>NET FINANCIAL ASSETS</b>	<b>9,314</b>	<b>778</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	698,213	728,306
Prepaid expenses	848	823
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>699,061</b>	<b>729,129</b>
<b>ACCUMULATED SURPLUS (note 4)</b>	<b>708,375</b>	<b>729,907</b>

*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, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
<b>REVENUES</b>			
Municipality of Tweed (note 6)	154,000	163,591	165,936
Province of Ontario	14,976	15,859	19,334
Government of Canada	2,300	1,296	-
Other grants	16,900	3,146	1,610
Donations	11,250	16,316	11,283
Fines and other fees	3,765	1,670	1,450
Other	-	17	1,297
<b>TOTAL REVENUES</b>	<b>203,191</b>	<b>201,895</b>	<b>200,910</b>
<b>EXPENSES</b>			
Salaries and benefits	146,600	151,476	150,478
Electronic and other resources	1,781	3,666	3,172
Internet sustainability	1,300	1,460	1,266
Professional development	1,700	132	1,379
Supplies and maintenance	18,350	7,301	11,373
Office and administration	4,960	3,907	5,329
Specific projects	-	673	883
Utilities	13,500	8,317	9,839
Amortization	46,111	46,495	46,110
<b>TOTAL EXPENSES</b>	<b>234,302</b>	<b>223,427</b>	<b>229,829</b>
<b>ANNUAL DEFICIT</b>	<b><u>(31,111)</u></b>	<b>(21,532)</b>	<b>(28,919)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>729,907</b>	<b>758,826</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>708,375</b>	<b>729,907</b>

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TWEED PUBLIC LIBRARY BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2021**

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
<b>ANNUAL DEFICIT</b>	(31,111)	(21,532)	(28,919)
Amortization of tangible capital assets	46,111	46,495	46,110
Acquisition of tangible capital assets	(15,000)	(16,402)	(17,850)
Change in prepaid expenses	-	(25)	(132)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	8,536	(791)
<b>NET FINANCIAL ASSETS - beginning of year</b>	778	778	1,569
<b>NET FINANCIAL ASSETS - end of year</b>	778	9,314	778

*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, 2021**

	2021	2020
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(21,532)	(28,919)
Items not involving cash		
Amortization of tangible capital assets	46,495	46,110
Change in non-cash assets and liabilities		
Accounts receivable	1,136	983
Prepaid expenses	(25)	(132)
Accounts payable and accrued liabilities	-	(537)
Due to Municipality	8,371	(13,229)
Deferred revenue	6,500	(4,297)
<b>Net change in cash from operating activities</b>	<b>40,945</b>	<b>(21)</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(16,402)	(17,850)
<b>NET CHANGE IN CASH</b>	<b>24,543</b>	<b>(17,871)</b>
<b>CASH - beginning of year</b>	<b>28,226</b>	<b>46,097</b>
<b>CASH - end of year</b>	<b>52,769</b>	<b>28,226</b>

*The accompanying notes are an integral part of these financial statements*

**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 of tangible capital assets are based on estimates of useful life and residual values.

(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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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.

**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 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**TWEED PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**3. TANGIBLE CAPITAL ASSETS**

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

	Buildings \$	Equipment \$	Computers \$	Books \$	2021 Totals \$	2020 Totals \$
<b>COST</b>						
Balance, beginning of year	876,450	148,386	13,691	80,052	1,118,579	1,113,345
Add: additions during the year	-	744	-	15,658	16,402	17,850
Less: disposals during the year	-	-	-	11,851	11,851	12,616
<b>Balance, end of year</b>	<b>876,450</b>	<b>149,130</b>	<b>13,691</b>	<b>83,859</b>	<b>1,123,130</b>	<b>1,118,579</b>
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	240,976	106,570	6,084	36,643	390,273	356,779
Add: additions during the year	21,911	9,865	2,739	11,980	46,495	46,110
Less: disposals during the year	-	-	-	11,851	11,851	12,616
<b>Balance, end of year</b>	<b>262,887</b>	<b>116,435</b>	<b>8,823</b>	<b>36,772</b>	<b>424,917</b>	<b>390,273</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>613,563</b>	<b>32,695</b>	<b>4,868</b>	<b>47,087</b>	<b>698,213</b>	<b>728,306</b>

**4. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2021 \$	2020 \$
<b>Surplus</b>		
Operations	10,162	1,601
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	698,213	728,306
	<b>708,375</b>	<b>729,907</b>

**TWEED PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

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**5. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	2021	2020
	\$	\$
Kimberley Foundation grant	4,000	-
Specified donation for books	2,500	-
	<b>6,500</b>	<b>-</b>

**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 the inter-entity expense transactions are as follows:

	2021	2020
	\$	\$
Unallocated costs:		
Water and sewer	651	846
	<b>651</b>	<b>846</b>

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

- Payroll services
- Rental of land
- Building insurance
- 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. UNCERTAINTY CAUSED BY COVID-19**

In March 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.