

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**CORPORATION OF THE MUNICIPALITY OF TWEED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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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, 2018**

**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.

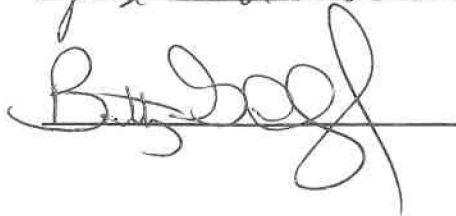
Mayor



Date

October 22, 2019

CAO/Clerk-Treasurer



Date

October 22, 2019

**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, 2018, 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, 2018, 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.

*Other Matter*

The consolidated financial statements of the Municipality for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on November 14, 2018.

*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  
October 22, 2019

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	4,160,323	3,567,005
Investments (note 5)	758,462	747,493
Accounts receivable	1,091,504	555,367
Taxes receivable	884,313	996,004
Long term loans (note 8)	18,159	23,540
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,912,761</b>	<b>5,889,409</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,941,709	796,159
Deferred revenue - obligatory reserves (note 6)	382,549	457,781
Deferred revenue - other (note 7)	86,542	49,757
Long term debt (note 8)	18,159	23,540
Landfill closure and post-closure liability (note 9)	826,000	970,000
<b>TOTAL LIABILITIES</b>	<b>3,254,959</b>	<b>2,297,237</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,657,802</b>	<b>3,592,172</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	28,070,808	27,190,374
Inventories of supplies	14,114	6,272
Prepaid expenses	1,108	4,089
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>28,086,030</b>	<b>27,200,735</b>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b>31,743,832</b>	<b>30,792,907</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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Property taxation	4,022,655	4,027,588	3,949,832
User charges	1,311,353	1,575,461	1,421,345
Government of Canada	39,689	35,406	107,504
Province of Ontario	3,544,093	3,511,818	2,053,824
Penalties and interest on taxes	132,000	124,732	131,453
Investment income	20,000	74,208	45,185
Donations	11,250	20,647	13,962
Parkland fees earned	4,250	5,935	13,162
Federal gas tax earned	375,840	458,575	436,438
Provincial gas tax earned	5,000	-	-
Other grants	-	5,000	67,489
<b>TOTAL REVENUES</b>	<b>9,466,130</b>	<b>9,839,370</b>	<b>8,240,194</b>
<b>EXPENSES</b>			
General government	963,736	1,225,144	956,083
Protection services	1,667,179	1,668,043	1,591,163
Transportation services	3,587,933	3,773,745	3,683,009
Environmental services	1,180,627	988,451	1,393,922
Recreation and cultural services	1,025,764	1,006,239	921,318
Planning and development	237,000	226,823	181,436
<b>TOTAL EXPENSES</b>	<b>8,662,239</b>	<b>8,888,445</b>	<b>8,726,931</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>803,891</u></b>	<b>950,925</b>	<b>(486,737)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>30,792,907</b>	<b>31,279,644</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>31,743,832</b>	<b>30,792,907</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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	803,891	950,925	(486,737)
Amortization of tangible capital assets	1,910,218	2,005,418	1,910,218
Purchase of tangible capital assets	(2,642,450)	(2,925,863)	(1,377,026)
Loss on disposal of tangible capital assets	-	-	410,067
Proceeds on sale of tangible capital assets	-	40,011	14,407
Change in inventories of supplies	-	(7,842)	3,169
Change in prepaid expenses	-	2,981	(1,171)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	71,659	65,630	472,927
<b>NET FINANCIAL ASSETS - beginning of year</b>	3,592,172	3,592,172	3,119,245
<b>NET FINANCIAL ASSETS - end of year</b>	3,663,831	3,657,802	3,592,172

*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, 2018**

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	950,925	(486,737)
Items not involving cash		
Amortization of tangible capital assets	2,005,418	1,910,218
Loss on disposal of tangible capital assets	-	410,067
Landfill closure and post-closure liability	(144,000)	281,000
Change in non-cash assets and liabilities		
Accounts receivable	(536,137)	211,348
Taxes receivable	111,691	9,896
Inventories of supplies	(7,842)	3,169
Prepaid expenses	2,981	(1,171)
Accounts payable and accrued liabilities	1,145,550	102,186
Deferred revenue - obligatory reserves	(75,232)	(74,982)
Deferred revenue - other	36,785	1,254
<b>Net change in cash from operating activities</b>	<b>3,490,139</b>	<b>2,366,248</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,925,863)	(1,377,026)
Proceeds on disposal of tangible capital assets	40,011	14,407
<b>Net change in cash from capital activities</b>	<b>(2,885,852)</b>	<b>(1,362,619)</b>
<b>INVESTING ACTIVITIES</b>		
Redemption of investments	8,594	-
Purchase of investments	(19,563)	(20,674)
<b>Net change in cash from investing activities</b>	<b>(10,969)</b>	<b>(20,674)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(5,381)	(5,076)
Long term loans receipts	5,381	5,076
<b>Net change in cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>593,318</b>	<b>982,955</b>
<b>CASH - beginning of year</b>	<b>3,567,005</b>	<b>2,584,050</b>
<b>CASH - end of year</b>	<b>4,160,323</b>	<b>3,567,005</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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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. 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) 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, with the exception of building permits that are recognized when the permits are issued.

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.

(e) 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.

(f) Reserves and Reserve Funds

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

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

During 2018, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,273,002	1,656,363
Taxation from other governments	1,727	9,635
<b>Amounts requisitioned and remitted</b>	<b>1,274,729</b>	<b>1,665,998</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**3. CHANGES IN ACCOUNTING POLICIES**

The Municipality has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Municipality having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Municipality's consolidated financial statements.

**4. 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, 2018 there was no balance outstanding.

**5. INVESTMENTS**

Investments are recorded at cost and consist of the following:

	Market Value \$	Actual 2018 \$	Actual 2017 \$
One Fund Investments	586,304	640,330	627,204
Guaranteed investment certificates, maturity dates from September 30, 2019 to November 2, 2021, interest rates ranging from 0.85% to 3.00% per annum.	118,132	118,132	120,289
	<b>704,436</b>	<b>758,462</b>	<b>747,493</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**6. 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:

	2018 \$	2017 \$
Federal gas tax	323,513	406,608
Parkland	59,036	51,173
	<b>382,549</b>	<b>457,781</b>

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

	2018 \$	2017 \$
Balance - beginning of year	457,781	532,763
Add amounts received:		
Federal gas tax	368,304	362,795
Parkland	12,750	6,000
Interest	8,224	5,823
	<b>389,278</b>	<b>374,618</b>
Less transfer to operations:		
Federal gas tax	458,575	436,438
Parkland	5,935	13,162
	<b>464,510</b>	<b>449,600</b>
Balance - end of year	<b>382,549</b>	<b>457,781</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**7. DEFERRED REVENUE - OTHER**

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
Government transfers	22,124	22,124
Other	26,426	27,633
Association of Municipalities of Ontario	37,992	-
	<b>86,542</b>	<b>49,757</b>

The continuity of deferred revenue - other is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	49,757	48,503
Add amounts received:		
Association of Municipalities of Ontario	42,992	-
Other	-	10,983
	<b>42,992</b>	<b>10,983</b>
Less transfer to operations:		
Association of Municipalities of Ontario	5,000	-
Other	1,207	9,729
	<b>6,207</b>	<b>9,729</b>
Balance - end of year	<b>86,542</b>	<b>49,757</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**8. LONG TERM DEBT**

	2018	2017
	\$	\$
Tile drainage loans due August 1, 2021	18,159	23,540

- (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, 2018 is \$18,159 (2017 - \$23,540).
- (b) Interest paid during the year on long term debt amounted to \$1,412 (2017 - \$1,717).
- (c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2019	5,704	1,090	6,794
2020	6,046	748	6,794
2021	6,409	385	6,794
	18,159	2,223	20,382

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

The liability for landfill closure and post-closure costs of \$826,000 (2017 - \$970,000) has been estimated using discounted future cash flows associated with closure and post-closure care activities for both of the sites the Municipality operates. 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. A reserve fund of \$1,157,084 (2017 - \$1,169,663) 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 remaining capacity of the solid waste landfill sites is estimated at 195,101 m<sup>3</sup> (2017 - 199,935 m<sup>3</sup>) which is 34.7% (2017 - 35.6%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,329,769 (2017 - \$1,592,383) as at December 31, 2018. The landfills are expected to reach capacity in 2037 and 2055.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**10. TANGIBLE CAPITAL ASSETS**

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

	2018	2017
	\$	\$
General		
Land and land improvements	2,024,293	2,000,176
Buildings	2,786,599	2,824,751
Vehicles	1,601,240	1,203,450
Machinery and equipment	641,267	660,318
Infrastructure		
Buildings	1,207,372	1,314,225
Roads	9,203,718	8,437,268
Underground and other networks	3,937,920	4,029,815
Bridges and other structures	6,242,444	6,382,545
	27,644,853	26,852,548
Assets under construction	425,955	337,826
	28,070,808	27,190,374

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	1,532,821	1,494,872
Protection services	947,418	766,662
Transportation services	16,753,299	15,981,191
Environmental services	5,865,947	5,870,186
Recreation and cultural services	2,971,323	3,077,463
	28,070,808	27,190,374

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**11. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Surplus/(Deficit)</b>		
Operating	472,442	785,722
Unfunded landfill closure and post-closure costs	(826,000)	(970,000)
Library board	(4,268)	5,310
	(357,826)	(178,968)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	28,070,808	27,190,374
<b>Surplus</b>	27,712,982	27,011,406
<b>Reserves</b>		
Working funds	319,147	301,418
General government	79,032	89,829
Protection services	103,742	221,399
Transportation services	789,386	691,982
Water and sewer	989,115	716,494
Recreation services	252,876	311,255
Community improvement plan	53,780	30,000
<b>Total Reserves</b>	2,587,078	2,362,377
<b>Reserve Funds</b>		
Transportation services	118,132	120,289
Water	168,556	129,172
Landfill	1,157,084	1,169,663
<b>Total Reserve Funds</b>	1,443,772	1,419,124
	31,743,832	30,792,907

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**12. EXPENSES BY OBJECT**

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	2,235,617	2,340,104	2,198,260
Interest charges	-	1,412	1,717
Materials	2,404,698	2,383,149	2,171,055
Contracted services	1,770,286	1,704,141	1,673,050
Rents and financial	72,520	169,382	85,036
External transfers	268,900	284,839	277,528
Amortization	1,910,218	2,005,418	1,910,218
Loss (gain) on disposal of tangible capital assets	-	-	410,067
	<b>8,662,239</b>	<b>8,888,445</b>	<b>8,726,931</b>

**13. 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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$108,227 (2017 - \$102,320).

**14. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$11,011 (2017 - \$10,566) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**15. BUDGET FIGURES**

The budget, approved by the Municipality, for 2018 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	7,683,849	7,530,548
Capital	2,489,149	2,642,450
<b>Total Council approved budget</b>	<b>10,172,998</b>	<b>10,172,998</b>
Less: Tangible capital assets capitalized	-	(2,642,450)
Add: Amortization of tangible capital assets	-	1,910,218
Less: Principal repayment of long term debt	-	(6,793)
Less: Transfers to/from reserves and reserve funds	(676,949)	(771,734)
Less: Long term loans receivable receipts	(6,793)	-
Less: Board surplus	(23,126)	-
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>9,466,130</b>	<b>8,662,239</b>

**16. COMPARATIVE FIGURES**

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

**17. CONTINGENT LIABILITIES**

The Municipality, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

**18. BUILDING SERVICES CONTRACTUAL AGREEMENT**

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

**19. SEGMENTED INFORMATION**

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

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

**General Government**

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

**Protection Services**

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

**Transportation Services**

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

**Water and Sewer**

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

**Other Environmental Services**

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

**Recreation and Cultural Services**

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

**Planning and Development**

The planning and development services function manages commercial, industrial and residential development within the Municipality.

**CORPORATION OF THE MUNICIPALITY OF TWEED**



**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**For the Year Ended December 31, 2018**

	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	2,344,309	4,297,042	3,075,144	1,453,136	2,947,125	23,123,338	5,814,998	8,750,940	337,826	52,143,858
Add: additions during the year	158,582	76,584	612,245	98,283	-	1,863,908	28,132	-	88,129	2,925,863
Less: disposals during the year	40,011	-	-	14,385	-	817,317	-	-	-	871,713
<b>Balance, end of year</b>	<b>2,462,880</b>	<b>4,373,626</b>	<b>3,687,389</b>	<b>1,537,034</b>	<b>2,947,125</b>	<b>24,169,929</b>	<b>5,843,130</b>	<b>8,750,940</b>	<b>425,955</b>	<b>54,198,008</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	344,133	1,472,291	1,871,694	792,818	1,632,900	14,686,070	1,785,183	2,368,395	-	24,953,484
Add: additions during the year	94,454	114,736	214,455	117,334	106,853	1,097,458	120,027	140,101	-	2,005,418
Less: disposals during the year	-	-	-	14,385	-	817,317	-	-	-	831,702
<b>Balance, end of year</b>	<b>438,587</b>	<b>1,587,027</b>	<b>2,086,149</b>	<b>895,767</b>	<b>1,739,753</b>	<b>14,966,211</b>	<b>1,905,210</b>	<b>2,508,496</b>	<b>-</b>	<b>26,127,200</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,024,293</b>	<b>2,786,599</b>	<b>1,601,240</b>	<b>641,267</b>	<b>1,207,372</b>	<b>9,203,718</b>	<b>3,937,920</b>	<b>6,242,444</b>	<b>425,955</b>	<b>28,070,808</b>

# CORPORATION OF THE MUNICIPALITY OF TWEED



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

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

# CORPORATION OF THE MUNICIPALITY OF TWEED



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	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	428,622	1,039,132	1,670,227	-	243,539	420,985	147,327	3,949,832
User charges	161,127	24,708	7,477	847,126	171,475	194,969	14,463	1,421,345
Government transfers - operating	211,146	532,915	835,369	-	106,841	251,604	75,556	2,013,431
Government transfers - capital	-	-	57,998	-	-	89,899	-	147,897
Penalties and interest on taxes	131,453	-	-	-	-	-	-	131,453
Investment income	19,459	-	7,088	16,921	-	-	1,717	45,185
Donations	-	-	-	-	-	13,962	-	13,962
Parkland fees earned	-	-	-	-	-	13,162	-	13,162
Federal gas tax earned	-	-	436,438	-	-	-	-	436,438
Other grants	9,734	-	-	-	-	57,755	-	67,489
<b>Total revenues</b>	<b>961,541</b>	<b>1,596,755</b>	<b>3,014,597</b>	<b>864,047</b>	<b>521,855</b>	<b>1,042,336</b>	<b>239,063</b>	<b>8,240,194</b>
<b>Expenses</b>								
Salaries and benefits	586,057	105,335	806,294	89,400	134,911	370,221	106,042	2,198,260
Interest charges	-	-	-	-	-	-	1,717	1,717
Materials	209,096	128,175	923,851	121,927	368,507	354,222	65,277	2,171,055
Contracted services	56,169	1,076,129	177,835	293,187	69,730	-	-	1,673,050
Rents and financial	70,503	-	3,696	-	2,043	394	8,400	85,036
External transfers	9,650	180,093	-	7,501	75,703	4,581	-	277,528
Amortization	22,870	93,177	1,375,928	231,013	-	187,230	-	1,910,218
Loss (gain) on disposal of tangible capital assets	1,738	8,254	395,405	-	-	4,670	-	410,067
<b>Total expenses</b>	<b>956,083</b>	<b>1,591,163</b>	<b>3,683,009</b>	<b>743,028</b>	<b>650,894</b>	<b>921,318</b>	<b>181,436</b>	<b>8,726,931</b>
<b>Net surplus/(deficit)</b>	<b>5,458</b>	<b>5,592</b>	<b>(668,412)</b>	<b>121,019</b>	<b>(129,039)</b>	<b>121,018</b>	<b>57,627</b>	<b>(486,737)</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, 2018, 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, 2018, 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.

*Other Matter*

The financial statements of the Trust Funds for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on November 14, 2018.

*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  
October 22, 2019

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	Recreation Associations \$	Santa Claus Parade Fund \$	2018 Total \$	2017 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	858	858	458
Investments (note 2)	10,153	-	10,153	10,108
	10,153	858	11,011	10,566
<b>FUND BALANCES</b>	10,153	858	11,011	10,566

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

**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2018**

	Recreation Associations \$	Santa Claus Parade Fund \$	2018 Total \$	2017 Total \$
<b>BALANCES - beginning of year</b>	10,108	458	10,566	11,115
<b>RECEIPTS</b>				
Donations	-	2,000	2,000	1,000
Interest	45	-	45	51
	45	2,000	2,045	1,051
<b>EXPENSES</b>				
Parade costs	-	1,600	1,600	1,600
<b>BALANCES - end of year</b>	10,153	858	11,011	10,566

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

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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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 0.6% and maturity of November 14, 2019.

**CORPORATION OF THE MUNICIPALITY OF TWEED**

**TWEED PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**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, 2018, the statements of operations and accumulated surplus, change in net financial assets (liabilities) 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, 2018, 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 and other fees, donations and other revenue, 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 and other fees, donations and other revenues, 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.

*Other Matter*

The financial statements of the Board for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on November 14, 2018.

*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  
October 22, 2019



**CORPORATION OF THE  
MUNICIPALITY OF TWEED**



**TWEED PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	16,119	5,801
Accounts receivable	4,239	11,984
<b>TOTAL FINANCIAL ASSETS</b>	<b>20,358</b>	<b>17,785</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	11,827	5,570
Due to Municipality	9,193	4,562
Deferred revenue	4,297	5,503
<b>TOTAL LIABILITIES</b>	<b>25,317</b>	<b>15,635</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>(4,959)</b>	<b>2,150</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	787,448	814,239
Prepaid expenses	691	3,160
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>788,139</b>	<b>817,399</b>
<b>ACCUMULATED SURPLUS (note 5)</b>	<b>783,180</b>	<b>819,549</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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Municipality of Tweed	145,000	147,382	126,000
Province of Ontario	15,676	16,216	15,656
Government of Canada	14,689	10,406	16,405
Other grants	2,500	2,617	504
Donations	7,250	13,589	8,297
Fines and other fees	5,145	4,068	4,478
Other	6,065	1,941	6,513
<b>TOTAL REVENUES</b>	<b>196,325</b>	<b>196,219</b>	<b>177,853</b>
<b>EXPENSES</b>			
Salaries and benefits	147,660	140,949	135,059
Tapes, video and programs	2,781	3,099	1,478
Internet sustainability	1,500	1,177	2,670
Professional development	2,000	1,755	957
Supplies and maintenance	24,211	23,514	17,747
Office and administration	3,500	7,178	5,735
Specific projects	3,000	601	4,937
Utilities	13,800	9,511	10,331
Amortization	43,972	44,804	43,972
<b>TOTAL EXPENSES</b>	<b>242,424</b>	<b>232,588</b>	<b>222,886</b>
<b>ANNUAL DEFICIT</b>	<b><u>(46,099)</u></b>	<b>(36,369)</b>	<b>(45,033)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>819,549</b>	<b>864,582</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>783,180</b>	<b>819,549</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 (LIABILITIES)  
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL DEFICIT</b>	(46,099)	(36,369)	(45,033)
Amortization of tangible capital assets	43,972	44,804	43,198
Acquisition of tangible capital assets	(21,000)	(18,013)	(7,140)
Change in prepaid expenses	-	2,469	(592)
<b>DECREASE IN NET FINANCIAL ASSETS (LIABILITIES)</b>	(23,127)	(7,109)	(9,567)
<b>NET FINANCIAL ASSETS - beginning of year</b>	2,150	2,150	11,717
<b>NET FINANCIAL ASSETS (LIABILITIES) - end of year</b>	(20,977)	(4,959)	2,150

*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, 2018**

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(36,369)	(45,033)
Items not involving cash		
Amortization of tangible capital assets	44,804	43,198
Change in non-cash assets and liabilities		
Accounts receivable	7,745	(10,088)
Prepaid expenses	2,469	(592)
Accounts payable and accrued liabilities	6,257	(14,753)
Due to Municipality	4,631	-
Deferred revenue	(1,206)	1,254
<b>Net change in cash from operating activities</b>	<b>28,331</b>	<b>(26,014)</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(18,013)	(7,140)
<b>NET CHANGE IN CASH</b>	<b>10,318</b>	<b>(33,154)</b>
<b>CASH - beginning of year</b>	<b>5,801</b>	<b>38,955</b>
<b>CASH - end of year</b>	<b>16,119</b>	<b>5,801</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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

**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 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets (Liabilities). The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**3. COMPARATIVE FIGURES**

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

**TWEED PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**4. TANGIBLE CAPITAL ASSETS**

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

	Buildings \$	Equipment \$	Computers \$	Books \$	2018 Totals \$	2017 Totals \$
<b>COST</b>						
Balance, beginning of year	876,450	147,979	3,769	80,090	1,108,288	1,113,051
Add: additions during the year	-	-	7,968	10,045	18,013	7,140
Less: disposals during the year	-	-	2,482	11,903	14,385	11,903
<b>Balance, end of year</b>	<b>876,450</b>	<b>147,979</b>	<b>9,255</b>	<b>78,232</b>	<b>1,111,916</b>	<b>1,108,288</b>
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	175,242	76,975	3,254	38,578	294,049	262,754
Add: additions during the year	21,912	9,865	1,851	11,176	44,804	43,198
Less: disposals during the year	-	-	2,482	11,903	14,385	11,903
<b>Balance, end of year</b>	<b>197,154</b>	<b>86,840</b>	<b>2,623</b>	<b>37,851</b>	<b>324,468</b>	<b>294,049</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>679,296</b>	<b>61,139</b>	<b>6,632</b>	<b>40,381</b>	<b>787,448</b>	<b>814,239</b>

**5. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018 \$	2017 \$
<b>Surplus/(Deficit)</b>		
Operations	(4,268)	5,310
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	787,448	814,239
	<b>783,180</b>	<b>819,549</b>

**6. CHANGES IN ACCOUNTING POLICIES**

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 7.

**7. 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 related party expense transactions are as follows:

	2018	2017
	\$	\$
Unallocated costs:		
Water and sewer	745	715
	745	715

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

- Payroll services
- Rental of land
- Cooling system upgrades



**7.. INTER-ENTITY TRANSACTIONS, continued**

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.