

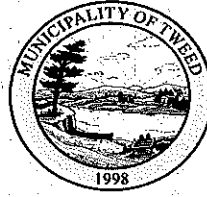
CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

**CORPORATION OF THE MUNICIPALITY OF TWEED
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

The Corporation of the
MUNICIPALITY OF TWEED

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



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

Management's Responsibility for the Consolidated Financial Statements


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


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

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

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

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


Jo-Anne Albert
Mayor


Betty Gallagher
CAO/Clerk-Treasurer

INDEPENDENT AUDITOR'S REPORT

Welch LLP®

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

We have audited the accompanying consolidated financial statements of **CORPORATION OF THE MUNICIPALITY OF TWEED**, which comprise the consolidated statement of financial position at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, consolidated the financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE MUNICIPALITY OF TWEED** as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Welch LLP

Belleville, Ontario
November 14, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

.../3

CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash - <i>note 3 and 18</i>	\$ 3,567,005	\$ 2,584,050
Investments - <i>note 4</i>	747,493	726,819
Taxes receivable	996,004	1,005,900
Accounts receivable	555,367	766,715
Long-term receivable - <i>note 5</i>	<u>23,540</u>	<u>28,616</u>
	<u>5,889,409</u>	<u>5,112,100</u>
 LIABILITIES		
Accounts payable and accrued liabilities	796,159	693,973
Accrued liability - Waste disposal closure - <i>note 7</i>	970,000	689,000
Deferred revenue - <i>note 8</i>	507,538	581,266
Long-term debt- <i>note 9</i>	<u>23,540</u>	<u>28,616</u>
	<u>2,297,237</u>	<u>1,992,855</u>
 NET FINANCIAL ASSETS	<u>3,592,172</u>	<u>3,119,245</u>
 NON-FINANCIAL ASSETS		
Tangible Capital Assets - <i>note 1, schedule 1</i>	27,190,374	28,148,040
Inventories of supplies	6,272	9,441
Prepaid expenses	<u>4,089</u>	<u>2,918</u>
	<u>27,200,735</u>	<u>28,160,399</u>
 ACCUMULATED SURPLUS - <i>note 10 and 18</i>	<u>\$ 30,792,907</u>	<u>\$ 31,279,644</u>
 Contingent liabilities - <i>note 14</i>		

(See accompanying notes)

.../4

Welch LLP[®]

An Independent Member of BKR International

CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2017

	2017 <u>Budget</u> (note 13)	2017 <u>Actual</u>	2016 <u>Actual</u> (note 18)
REVENUE			
Municipal taxation	\$ 3,532,265	\$ 3,496,167	\$ 3,419,859
Taxation from other governments	21,660	21,545	21,639
Grants	2,007,670	1,998,706	1,909,778
User charges	791,977	1,125,912	913,683
Investment income	21,717	21,176	20,877
Penalties and interest on taxes	138,000	131,453	135,284
Other	<u>95,950</u>	<u>187,234</u>	<u>143,950</u>
	<u>6,609,239</u>	<u>6,982,193</u>	<u>6,565,070</u>
EXPENDITURE			
General government	898,372	954,345	895,131
Protection to persons and property	1,592,798	1,582,909	1,575,772
Transportation services	3,421,912	3,287,604	3,457,184
Environmental services	1,142,546	1,393,922	1,159,456
Recreation and cultural services	887,024	916,648	922,893
Planning and development	<u>214,643</u>	<u>181,436</u>	<u>171,523</u>
	<u>8,157,295</u>	<u>8,316,864</u>	<u>8,181,959</u>
NET REVENUE (EXPENDITURES)	<u>(1,548,056)</u>	<u>(1,334,671)</u>	<u>(1,616,889)</u>
OTHER INCOME AND EXPENSES RELATED TO CAPITAL			
Municipal taxation for capital purposes	432,120	432,120	398,150
Government transfers:			
Canada	670,250	548,460	927,448
Ontario	57,998	57,998	1,437,171
Tangible capital assets gain (loss)	5,000	(410,067)	49,186
Donations	-	-	3,324
Other	80,750	120,019	-
User charges - water and sewer	<u>310,400</u>	<u>75,395</u>	<u>194,986</u>
	<u>1,556,518</u>	<u>823,925</u>	<u>3,010,265</u>
INTEREST EARNED ON RESERVE FUNDS	<u>-</u>	<u>24,009</u>	<u>24,612</u>
ANNUAL SURPLUS (DEFICIT)	8,462	(486,737)	1,417,988
ACCUMULATED SURPLUS, beginning of year	<u>31,279,644</u>	<u>31,279,644</u>	<u>29,861,656</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 31,288,106</u>	<u>\$ 30,792,907</u>	<u>\$ 31,279,644</u>

(See accompanying notes)

.. /5

CORPORATION OF THE MUNICIPALITY OF TWEED
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2017

	2017 <u>Budget</u> (note 13)	2017 <u>Actual</u>	2016 <u>Actual</u> (note 18)
ANNUAL SURPLUS (DEFICIT)	\$ 8,462	\$ (486,737)	\$ 1,417,988
Amortization of tangible capital assets	1,910,218	1,910,218	1,979,917
Acquisition of tangible capital assets	(1,570,120)	(1,360,058)	(3,401,317)
Changes in assets under construction	-	(16,968)	(284,237)
Loss (Gain) on sale of tangible capital assets	-	410,067	(49,186)
Proceeds on sale of tangible capital assets	-	14,407	77,671
Change in inventories of supplies	-	3,169	17,389
Change in prepaid expense	-	(1,171)	93
CHANGE IN NET ASSETS	348,560	472,927	(241,682)
NET FINANCIAL ASSETS, beginning of year	<u>3,119,245</u>	<u>3,119,245</u>	<u>3,360,927</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 3,467,805</u>	<u>\$ 3,592,172</u>	<u>\$ 3,119,245</u>

(See accompanying notes)

.. /6

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u> <i>(note 18)</i>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (486,737)	\$ 1,417,988
Non-cash charges to operations:		
Amortization	1,910,218	1,979,917
Loss (Gain) on sale of tangible capital asset	410,067	(49,186)
Waste disposal closure	<u>281,000</u>	<u>31,000</u>
	2,114,548	3,379,719
Changes in non-cash financial assets and liabilities:		
Taxes receivable	9,896	(75,317)
Accounts receivable	211,348	(494,419)
Inventory	3,169	17,389
Prepaid expenses	(1,171)	93
Long-term receivable	5,076	17,953
Accounts payable and accrued liabilities	102,186	224,007
Deferred revenue	<u>(73,728)</u>	<u>(308,860)</u>
	<u>2,371,324</u>	<u>2,760,565</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,377,026)	(3,685,554)
Proceeds on sale of tangible capital assets	<u>14,407</u>	<u>77,671</u>
	<u>(1,362,619)</u>	<u>(3,607,883)</u>
INVESTING ACTIVITIES		
Increase in Investments	<u>(20,674)</u>	<u>(21,776)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(5,076)</u>	<u>(17,953)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	982,955	(887,047)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,584,050</u>	<u>3,471,097</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,567,005</u>	<u>\$ 2,584,050</u>

(See accompanying notes)

.. /7

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The Corporation of the Municipality of Tweed Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

Accounting for County and School Board Transactions

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

Trust Funds

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

Basis of Accounting

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

Deferred Revenue

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserves and Reserve Funds

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

Government Transfers

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

Use of Estimates

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

Taxation and Related Revenues

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

Non-Financial Assets

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when, as at the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

- i) an environmental standard exists;
- ii) contamination exceeds environmental standard;
- iii) the Corporation is directly responsible or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

Tangible Capital Assets

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

(a) Asset Categories and Estimated Useful Life

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

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

(b) Contribution of Tangible Capital Assets

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

Inventories of Supplies

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

2. FINANCIAL INSTRUMENTS

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

3. CASH

The balance of cash consists of the following:

	<u>2017</u>	<u>2016</u>
Undesignated cash		
Petty cash and chequing accounts	\$ 3,103,423	\$ 2,012,331
Tweed Public Library Board	<u>5,801</u>	<u>38,955</u>
	<u>3,109,224</u>	<u>2,051,286</u>
Designated cash		
Federal gas tax agreement - chequing account	406,608	475,028
Planning Act - Parkland - chequing account	<u>51,173</u>	<u>57,736</u>
	<u>457,781</u>	<u>532,764</u>
	<u>\$ 3,567,005</u>	<u>\$ 2,584,050</u>

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

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

4. INVESTMENTS

Investments consist of the following:

	<u>Market Value</u>	<u>2017</u>	<u>2016</u>
Guaranteed Investment Certificates	120,289	120,289	113,200
One Investment Program - bond fund	<u>577,574</u>	<u>627,204</u>	<u>613,619</u>
	<u>697,863</u>	<u>747,493</u>	<u>726,819</u>

Guaranteed investment certificates have effective interest rates of 1% to 1.3% with maturity dates of September 24, 2018 to October 3, 2021.

Investments held in the One Investment Program are managed by Local Authority Services, a affiliate of the Association of Municipalities of Ontario and are fully liquid.

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

5. LONG-TERM RECEIVABLE

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

	<u>2017</u>	<u>2016</u>
Tile drainage and shore-line property assistance loans receivable	\$ 23,540	\$ 28,616

6. BANK INDEBTEDNESS

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

7. ACCRUED LIABILITY - WASTE DISPOSAL CLOSURE

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

The Corporation has two active and three closed landfill sites. For the closed sites, the estimated liability is recognized immediately. The estimated liability for the Marlbank and Hunt Road waste disposal sites is \$970,000 based on the present value of closure and post-closure costs estimated at \$1,592,383

The Marlbank Road Waste Disposal site has an estimated remaining capacity of 43% and is expected to provide capacity for 20 years based on current waste generation rates.

The Hunt Road Waste Disposal site was closed to use by the public, but will remain open to dispose of waste by the Municipality until filled, has an estimated remaining capacity of 30% and is expected to provide capacity for 38 years based on current waste generation rates.

A reserve fund of \$1,169,663 has been established to provide for this liability and is reported in schedule 2 to the financial statements.

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

8. DEFERRED REVENUE

The balance of deferred revenue consists of the following:

	Balance December 31, 2016	Additions	Transferred to income	Balance December 31, 2017
Obligatory Reserve Funds:				
Federal gas tax	\$ 475,028	\$ 368,018	\$ 436,438	\$ 406,608
Parkland	57,735	6,600	13,162	51,173
Other				
Government transfers	22,124	-	-	22,124
Miscellaneous	22,130	-	-	22,130
Tweed Public Library	4,249	10,983	9,729	5,503
	<u>\$ 581,266</u>	<u>\$ 385,601</u>	<u>\$ 459,329</u>	<u>\$ 507,538</u>

9. LONG-TERM DEBT

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

	2017	2016
Debtures	<u>\$ 23,540</u>	<u>\$ 28,616</u>

Outstanding debtures of \$23,540 (2016 - \$28,616) are recoverable through special charges levied directly on ratepayers. Outstanding debtures have a maturity date of October 1, 2021, bearing interest at 6%.

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

2018	\$ 5,381
2019	5,704
2020	6,046
2021	6,409

10. ACCUMULATED SURPLUS

The accumulated surplus position is comprised of the following:

	2017	2016
Equity in tangible capital assets	\$ 27,190,374	\$ 28,148,040
Reserves and reserve funds - <i>schedule 2</i>	3,781,501	3,166,801
Amounts to be recovered		
Landfill closure and post-closure costs	(970,000)	(689,000)
Unrestricted surplus		
Municipality of Tweed	785,722	358,188
Municipality of Tweed Public Library Board	5,310	14,285
	<u>\$ 30,792,907</u>	<u>\$ 30,998,314</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

11. SEGMENTED INFORMATION

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

General Government

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

Protection to Persons and Property

Protection to persons and property is comprised of police services, fire services, and by-law enforcement. Police services are provided by the Ontario Provincial Police whose mandate is the safety of lives and property of citizens, to preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Fire Services are provided to the Municipality by volunteer firefighters. The Municipality of Tweed and the Township of Stirling-Rawdon have entered into an agreement for joint fire department administration services which came into effect in 2016. The By-law enforcement is committed to serve, protect and provide a desired quality of life for citizens and visitors to the Municipality through education to raise awareness of community standards, and enforcement of Municipal by-laws to ensure timely compliance with a professional, unbiased approach.

Transportation Services

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

Environmental Services

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

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

11. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services

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

Planning and Development

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

Tweed Public Library

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

12. PENSION AGREEMENTS

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rate of pay. Employees and employers contribute jointly to the plan.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% (2016 - 9.0%) for earnings up to the annual maximum pensionable earnings of \$55,300 (2016 - \$54,900) and at a rate of 14.6% (2016 - 14.6%) for earnings greater than the annual maximum pensionable earnings.

Contributions for employees with a normal retirement age of 60 were being made at a rate of 9.2% (2016 - 9.2%) for earnings up to the annual maximum pensionable earnings of \$55,300 (2016 - \$54,900) and at a rate of 15.8% (2016 - 15.8%) for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2017 was \$102,320 (2016 - \$99,567) for current service and is included as an expenditure on the "Consolidated Statement of Operations and Accumulated Surplus". The actuarial valuation of the OMERS plan at December 31, 2017 indicated a surplus of \$605,000 (2016 - deficit of \$2,341,000,000) in the plan. OMERS is a multi-employer plan, any pension plan surplus or deficit are a joint responsibility of Ontario Municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit in the consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

13. BUDGET FIGURES

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

14. CONTINGENT LIABILITIES

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

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

15. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Corporation has contracts committing it to payments in future years. The following agreements existed at December 31, 2017:

An agreement with David Moore & Son for the collection of household waste to July 31, 2018. The agreed charges for the August 1, 2017 to July 31, 2018 is \$34,960 + HST. Charges for the 2017 year were \$34,982.

An agreement with YMCA of Central East Ontario to operate and manage a pool facility at 175 Alexander Street, Tweed.

An agreement with Ontario Clean Water Agency for the operating, maintaining and managing of the water and waste water systems. Charges for the 2017 year were \$254,498.

Agreements with Larry Palmateer for winter road maintenance to 2020. Fees are based on an hourly rate and \$20,000 per season for standby. Charges for 2017 year were \$123,265.

CORPORATION OF THE MUNICIPALITY OF TWEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

16. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

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

	<u>2017</u>		<u>2016</u>	
	<u>School Boards</u>	<u>County</u>	<u>School Boards</u>	<u>County</u>
Taxation	\$ 1,290,837	\$ 1,618,338	\$ 1,321,527	\$ 1,593,596
Taxation from other governments	<u>3,981</u>	<u>10,916</u>	<u>5,609</u>	<u>12,621</u>
Amounts received or receivable	1,294,818	1,629,254	1,327,136	1,606,217
Requisition	<u>1,294,818</u>	<u>1,629,254</u>	<u>1,327,136</u>	<u>1,606,217</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

17. COMPARATIVE FIGURES

Certain comparative figures for 2016 have been reclassified to conform to the financial statement presentation adopted for 2017.

18. RESTATEMENT OF FINANCIAL STATEMENTS

The Corporation has reclassified tax adjustments from general government expenditures and property tax payments on the Corporation owned properties to municipal taxation revenue to be consistent with the presentation required by the financial information return (FIR) by the Ministry of Municipal Affairs. As a result of the adjustment the following amounts decreased taxation revenue by \$33,779, general government expenditures by \$33,779 and this adjustment has no impact on annual surplus for 2016.

The Corporation has also restated the 2016 comparative figures to correct accounting errors made in recording gas tax and parkland revenues. As a result cash and annual surplus increased by \$281,330.

The following summarizes these adjustments:

	<u>Financial Assets</u>	<u>Annual Surplus</u>
As previously reported	\$ 4,830,770	\$ 1,136,658
Adjustment to cash	281,330	-
Adjustment to other revenue	-	4,965
Adjustment to capital government transfers Canada	-	276,365
	<u>\$ 5,112,100</u>	<u>\$ 1,417,988</u>

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2017

	GENERAL					INFRASTRUCTURE					TOTALS
	Land	Building	Vehicles	Equipment	Other	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	2017
COST											
Balance, beginning of year	\$ 2,165,181	\$ 4,114,547	\$ 3,343,275	\$ 1,216,170	\$ 255,864	\$ 320,858	\$ 2,888,698	\$ 22,970,556	\$ 5,856,400	\$ 9,341,213	\$ 52,472,762
Additions during the year	179,128	210,683	40,110	58,443	19,979	16,968	58,427	759,759	-	33,529	1,377,026
Disposals during the year	-	28,188	308,241	37,185	60,135	-	-	606,977	41,402	623,802	1,705,930
Balance, end of year	<u>2,344,309</u>	<u>4,297,042</u>	<u>3,075,144</u>	<u>1,237,428</u>	<u>215,708</u>	<u>337,826</u>	<u>2,947,125</u>	<u>23,123,338</u>	<u>5,814,998</u>	<u>8,750,940</u>	<u>52,143,858</u>
ACCUMULATED AMORTIZATION											
Balance, beginning of year	271,133	1,392,694	1,952,891	621,920	156,670	-	1,528,968	14,244,824	1,707,120	2,448,502	24,324,722
Amortization during the year	73,000	107,785	213,540	85,146	19,661	-	103,932	1,048,223	119,465	139,466	1,910,218
Accumulated amortization on disposals	-	28,188	294,737	37,185	53,394	-	-	606,977	41,402	219,573	1,281,456
Balance, end of year	<u>344,133</u>	<u>1,472,291</u>	<u>1,871,694</u>	<u>669,881</u>	<u>122,937</u>	<u>-</u>	<u>1,632,900</u>	<u>14,686,070</u>	<u>1,785,183</u>	<u>2,368,395</u>	<u>24,953,484</u>
Net Book Value of Tangible Capital Assets	<u>\$ 2,000,176</u>	<u>\$ 2,824,751</u>	<u>\$ 1,203,450</u>	<u>\$ 567,547</u>	<u>\$ 92,771</u>	<u>\$ 337,826</u>	<u>\$ 1,314,225</u>	<u>\$ 8,437,268</u>	<u>\$ 4,029,815</u>	<u>\$ 6,382,545</u>	<u>\$ 27,190,374</u>

YEAR ENDED DECEMBER 31, 2016

	GENERAL					INFRASTRUCTURE					TOTALS
	Land	Building	Vehicles	Equipment	Other	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	2016
COST											
Balance, beginning of year	\$ 2,141,365	\$ 4,029,564	\$ 2,936,944	\$ 1,181,831	\$ 262,097	\$ 36,621	\$ 2,870,631	\$ 21,495,795	\$ 5,807,653	\$ 9,289,310	\$ 50,051,811
Additions during the year	23,816	84,983	589,538	95,295	12,187	284,237	18,067	2,475,160	50,368	51,903	3,685,554
Disposals during the year	-	-	183,207	60,956	18,420	-	-	1,000,399	1,621	-	1,264,603
Balance, end of year	<u>2,165,181</u>	<u>4,114,547</u>	<u>3,343,275</u>	<u>1,216,170</u>	<u>255,864</u>	<u>320,858</u>	<u>2,888,698</u>	<u>22,970,556</u>	<u>5,856,400</u>	<u>9,341,213</u>	<u>52,472,762</u>
ACCUMULATED AMORTIZATION											
Balance, beginning of year	198,134	1,286,743	1,899,222	580,416	152,389	-	1,425,036	14,152,233	1,589,275	2,297,475	23,580,923
Amortization during the year	72,999	105,951	218,300	92,551	22,701	-	103,932	1,092,990	119,466	151,027	1,979,917
Accumulated amortization on disposals	-	-	164,631	51,047	18,420	-	-	1,000,399	1,621	-	1,236,118
Balance, end of year	<u>271,133</u>	<u>1,392,694</u>	<u>1,952,891</u>	<u>621,920</u>	<u>156,670</u>	<u>-</u>	<u>1,528,968</u>	<u>14,244,824</u>	<u>1,707,120</u>	<u>2,448,502</u>	<u>24,324,722</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,894,048</u>	<u>\$ 2,721,853</u>	<u>\$ 1,390,384</u>	<u>\$ 594,250</u>	<u>\$ 99,194</u>	<u>\$ 320,858</u>	<u>\$ 1,359,730</u>	<u>\$ 8,725,732</u>	<u>\$ 4,149,280</u>	<u>\$ 6,892,711</u>	<u>\$ 28,148,040</u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS
DECEMBER 31, 2017

	Balance, beginning of year	Interest on Reserve Funds	Revenue Contributions			Total	To Operations	Transfers		Total	Balance, end of year
			From Operations	From Capital				To Capital Acquisitions			
Reserve Funds											
Waste site reclamation	\$ 1,057,850	\$ 20,479	\$ 171,476	\$ -	\$ 191,955	\$ 80,142	\$ -	\$ -	\$ 80,142	\$ 1,169,663	
Roads	113,201	1,952	5,136	-	7,088	-	-	-	-	120,289	
Village infrastructure	127,624	1,578	-	-	1,578	30	-	-	30	129,172	
	<u>1,298,675</u>	<u>24,009</u>	<u>176,612</u>	<u>-</u>	<u>200,621</u>	<u>80,172</u>	<u>-</u>	<u>-</u>	<u>80,172</u>	<u>1,419,124</u>	
Reserves											
Working capital	191,788	-	-	-	-	11,414	28,956	-	40,370	151,418	
Contingencies	150,000	-	-	-	-	-	-	-	-	150,000	
Water and sewer	456,778	-	259,716	-	259,716	-	-	-	-	716,494	
Municipal building expenditure	65,633	-	-	39,800	39,800	-	15,604	15,604	89,829		
Capital acquisitions - Fire	92,567	-	40,000	4,104	44,104	-	19,584	19,584	117,087		
Capital acquisitions - Arena	27,200	-	5,000	42,429	47,429	-	-	-	74,629		
Community improvement plan	5,000	-	25,000	-	25,000	-	-	-	30,000		
Arena - Building	9,800	-	-	-	-	-	-	-	9,800		
Fire - Overage wages	4,500	-	10,500	-	10,500	-	-	-	15,000		
Fire - Equipment maintenance	20,000	-	-	-	-	-	-	-	20,000		
Fire - Fire hall - Bay for EMS	87,706	-	-	-	-	-	18,394	18,394	69,312		
Heritage	50,000	-	-	-	-	7,000	-	7,000	43,000		
Hamlets	41,248	-	-	-	-	9,694	-	9,694	31,554		
Parks	127,949	-	5,000	21,051	26,051	1,728	-	1,728	152,272		
Public works - O/T overage	15,000	-	-	-	-	-	-	-	15,000		
Public works - Equipment	39,447	-	80,000	2,535	82,535	-	-	-	121,982		
Public works - Equipment Contingency	510	-	14,490	-	14,490	-	-	-	15,000		
Public works - Winter maintenance	13,000	-	-	-	-	13,000	-	13,000	-		
Public works - Bridges	470,000	-	70,000	-	70,000	-	-	-	540,000		
	<u>1,868,126</u>	<u>-</u>	<u>509,706</u>	<u>109,919</u>	<u>619,625</u>	<u>42,836</u>	<u>82,538</u>	<u>125,374</u>	<u>2,362,377</u>		
Total	<u>\$ 3,166,801</u>	<u>\$ 24,009</u>	<u>\$ 686,318</u>	<u>\$ 109,919</u>	<u>\$ 820,246</u>	<u>\$ 123,008</u>	<u>\$ 82,538</u>	<u>\$ 205,546</u>	<u>\$ 3,781,501</u>		

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

BUDGET

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ 3,532,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,532,265
Taxation from other governments	21,660	-	-	-	-	-	-	-	21,660
Government Transfers									
Government of Canada	-	-	-	-	1,200	-	4,415	-	5,615
Province of Ontario	1,986,400	-	-	-	-	-	15,655	-	2,002,055
Other Municipalities	-	-	-	-	-	-	127,000	(127,000)	-
User charges	21,800	15,000	2,000	606,900	140,662	-	5,615	-	791,977
Investment income	20,000	-	-	-	-	1,717	-	-	21,717
Penalty and interest on taxes	138,000	-	-	-	-	-	-	-	138,000
Donations	-	-	-	-	4,000	-	6,250	-	10,250
Miscellaneous	58,600	8,200	-	-	1,000	11,000	6,900	-	85,700
	<u>5,778,725</u>	<u>23,200</u>	<u>2,000</u>	<u>606,900</u>	<u>146,862</u>	<u>12,717</u>	<u>165,835</u>	<u>(127,000)</u>	<u>6,609,239</u>
CURRENT - EXPENDITURES									
Salaries, wages and employee benefits	541,124	113,900	826,950	228,800	239,995	107,258	107,348	-	2,165,375
Interest on long-term debt	-	-	-	-	-	1,717	-	-	1,717
Materials and supplies	310,778	245,755	1,040,829	306,542	292,576	97,168	60,875	-	2,354,523
Contracted services and general services	-	1,077,440	178,205	376,191	-	-	-	-	1,631,836
Rents and financial expenses	23,600	-	-	-	-	8,500	-	-	32,100
External transfers	-	62,526	-	-	126,000	-	-	(127,000)	61,526
Amortization	22,870	93,177	1,375,928	231,013	143,258	-	43,972	-	1,910,218
	<u>898,372</u>	<u>1,592,798</u>	<u>3,421,912</u>	<u>1,142,546</u>	<u>801,829</u>	<u>214,643</u>	<u>212,195</u>	<u>(127,000)</u>	<u>8,157,295</u>
	<u>\$ 4,880,353</u>	<u>\$ (1,569,598)</u>	<u>\$ (3,419,912)</u>	<u>\$ (535,646)</u>	<u>\$ (654,967)</u>	<u>\$ (201,926)</u>	<u>\$ (46,360)</u>	<u>\$ -</u>	<u>\$ (1,548,056)</u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ 3,496,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,496,167
Taxation from other governments	21,545	-	-	-	-	-	-	-	21,545
Government Transfers									
Government of Canada	-	-	-	-	1,200	-	13,266	-	14,466
Province of Ontario	1,964,941	-	-	-	-	-	19,299	-	1,984,240
Other Municipalities	-	-	-	-	-	-	126,000	(126,000)	-
User charges	21,145	18,038	7,477	943,206	131,568	-	4,478	-	1,125,912
Investment income	19,459	-	-	-	-	1,717	-	-	21,176
Penalty and interest on taxes	131,453	-	-	-	-	-	-	-	131,453
Donations	-	-	-	-	5,665	-	8,297	-	13,962
Miscellaneous	139,982	6,670	-	-	5,644	14,463	6,513	-	173,272
	<u>5,794,692</u>	<u>24,708</u>	<u>7,477</u>	<u>943,206</u>	<u>144,077</u>	<u>16,180</u>	<u>177,853</u>	<u>(126,000)</u>	<u>6,982,193</u>
CURRENT - EXPENDITURES									
Salaries, wages and employee benefits	586,057	105,335	806,294	224,310	234,775	106,042	135,059	-	2,197,872
Interest on long-term debt	-	-	-	-	-	1,717	-	-	1,717
Materials and supplies	321,666	239,966	927,547	573,416	315,728	65,277	43,856	-	2,487,456
Contracted services and general services	-	1,076,129	177,835	365,183	-	-	-	-	1,619,147
Rents and financial expenses	23,752	-	-	-	-	8,400	-	-	32,152
External transfers	-	68,302	-	-	126,000	-	-	(126,000)	68,302
Amortization	22,870	93,177	1,375,928	231,013	143,258	-	43,972	-	1,910,218
	<u>954,345</u>	<u>1,582,909</u>	<u>3,287,604</u>	<u>1,393,922</u>	<u>819,761</u>	<u>181,436</u>	<u>222,887</u>	<u>(126,000)</u>	<u>8,316,864</u>
	<u>\$ 4,840,347</u>	<u>\$ (1,558,201)</u>	<u>\$ (3,280,127)</u>	<u>\$ (450,716)</u>	<u>\$ (675,684)</u>	<u>\$ (165,256)</u>	<u>\$ (45,034)</u>	<u>\$ -</u>	<u>\$ (1,334,671)</u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

ACTUAL

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING DEVELOPMENT	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	CONSOLIDATED
REVENUES									
Municipal taxation	\$ 3,419,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,419,859
Taxation from other governments	21,639	-	-	-	-	-	-	-	21,639
Government Transfers									
Government of Canada	-	-	-	-	1,200	-	1,419	-	2,619
Province of Ontario	1,886,461	-	-	-	-	-	20,698	-	1,907,159
Other Municipalities	-	-	-	-	-	-	126,000	(126,000)	-
User charges	21,915	34,049	19,137	681,711	152,094	-	4,777	-	913,683
Investment income	18,423	-	-	-	-	2,454	-	-	20,877
Penalty and interest on taxes	135,284	-	-	-	-	-	-	-	135,284
Donations	-	-	-	-	1,520	-	14,800	-	16,320
Miscellaneous	99,183	8,376	-	-	7,494	6,283	6,294	-	127,630
	<u>5,602,764</u>	<u>42,425</u>	<u>19,137</u>	<u>681,711</u>	<u>162,308</u>	<u>8,737</u>	<u>173,988</u>	<u>(126,000)</u>	<u>6,565,070</u>
CURRENT - EXPENDITURES									
Salaries, wages and employee benefits	537,576	122,891	801,447	227,456	248,660	94,401	122,494	-	2,154,925
Interest on long-term debt	-	-	-	-	-	2,454	-	-	2,454
Materials and supplies	311,829	222,888	1,047,009	323,581	313,638	66,168	44,319	-	2,329,432
Contracted services and general services	-	1,077,263	174,413	377,406	-	-	-	-	1,629,082
Rents and financial expenses	22,501	-	-	-	-	8,500	-	-	31,001
External transfers	-	55,148	-	-	126,000	-	-	(126,000)	55,148
Amortization	23,225	97,582	1,434,315	231,013	149,130	-	44,652	-	1,979,917
	<u>895,131</u>	<u>1,575,772</u>	<u>3,457,184</u>	<u>1,159,456</u>	<u>837,428</u>	<u>171,523</u>	<u>211,465</u>	<u>(126,000)</u>	<u>8,181,959</u>
	<u>\$ 4,707,633</u>	<u>\$ (1,533,347)</u>	<u>\$ (3,438,047)</u>	<u>\$ (477,745)</u>	<u>\$ (675,120)</u>	<u>\$ (162,786)</u>	<u>\$ (37,477)</u>	<u>\$ -</u>	<u>\$ (1,616,889)</u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED
SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET
YEAR ENDED DECEMBER 31, 2017

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	TWEED PUBLIC LIBRARY BOARD	ELIMINATIONS	PSAB BUDGET
REVENUES							
Municipal taxation	\$ 3,532,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,532,265
Taxation from other governments	21,660	-	-	-	-	-	21,660
Government Transfers							
Government of Canada	1,200	-	-	-	4,415	-	5,615
Province of Ontario	1,986,400	-	-	-	15,655	-	2,002,055
Other Municipalities	-	-	-	-	127,000	(127,000)	-
User fees and sale of goods and services	786,362	-	-	-	5,615	-	791,977
Investment income	21,717	-	-	-	-	-	21,717
Penalty and interest on taxes	138,000	-	-	-	-	-	138,000
Donations	4,000	-	-	-	6,250	-	10,250
Miscellaneous	78,800	-	-	-	6,900	-	85,700
	<u>6,570,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,835</u>	<u>(127,000)</u>	<u>6,609,239</u>
EXPENDITURES							
Current							
General government	875,502	-	-	22,870	-	-	898,372
Protection services	1,499,621	-	-	93,177	-	-	1,592,798
Transportation services	2,045,984	-	-	1,375,928	-	-	3,421,912
Environmental services	911,533	-	-	231,013	-	-	1,142,546
Recreational and cultural services	658,571	-	-	143,258	212,195	(127,000)	887,024
Planning and development	214,643	-	-	-	-	-	214,643
Capital							
General government	-	54,000	-	(54,000)	-	-	-
Protection services	-	96,500	-	(96,500)	-	-	-
Transportation services	-	581,970	-	(581,970)	-	-	-
Environmental services	-	310,400	-	(310,400)	-	-	-
Recreational and cultural services	-	527,250	-	(527,250)	-	-	-
	<u>6,205,854</u>	<u>1,570,120</u>	<u>-</u>	<u>296,126</u>	<u>212,195</u>	<u>(127,000)</u>	<u>8,157,295</u>
NET REVENUES (EXPENDITURES)	364,550	(1,570,120)	-	(296,126)	(46,360)	-	(1,548,056)
OTHER INCOME AND EXPENSES RELATED TO CAPITAL							
Municipal taxation	-	432,120	-	-	-	-	432,120
Government transfers							
Canada	-	670,250	-	-	-	-	670,250
Ontario	-	57,998	-	-	-	-	57,998
Tangible capital assets gain(loss)	-	5,000	-	-	-	-	5,000
Other	-	80,750	-	-	-	-	80,750
User charges - water and sewer	-	310,400	-	-	-	-	310,400
	<u>-</u>	<u>1,556,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,556,518</u>
FINANCING AND TRANSFERS							
Debt repayment	(6,435)	-	-	6,435	-	-	-
Benefiting landowners principal repayments	6,435	-	-	(6,435)	-	-	-
Transfers from (to) other funds	<u>(364,550)</u>	<u>13,602</u>	<u>350,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(364,550)</u>	<u>13,602</u>	<u>350,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ -	\$ 350,948	\$ (296,126)	\$ (46,360)	\$ -	\$ 8,462

(See accompanying notes)

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

FINANCIAL STATEMENTS
December 31, 2017

The Corporation of the
MUNICIPALITY OF TWEED

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



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

Management's Responsibility for the Trust Fund Financial Statements

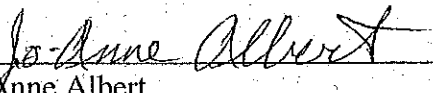
The Trust Fund financial statements of the Corporation of the Municipality of Tweed are the responsibility of management and have been approved by Council.

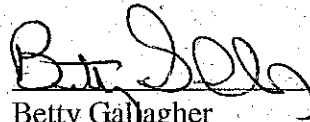
The Trust Fund financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the Trust Fund financial statements. The preparation of Trust Fund financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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


Jo-Anne Albert
Mayor


Betty Gallagher
Acting CAO/Clerk-Treasurer

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds which comprise the statement of financial position as at December 31, 2017 and the statements of financial activities and changes in fund balances for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

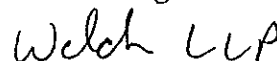
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimated made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE MUNICIPALITY OF TWEED** Trust Funds as at December 31, 2017 and the results of its operations in accordance with Canadian public sector accounting standards.



Belleville, Ontario
November 14, 2018

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

CORPORATION OF THE MUNICIPALITY OF TWEED
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

	<u>Recreation Associations</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
Cash	\$ -	\$ 458	\$ 458
Investments	<u>10,108</u>	<u>-</u>	<u>10,108</u>
	<u>\$ 10,108</u>	<u>\$ 458</u>	<u>\$ 10,566</u>

FUND BALANCES

Fund balances	\$ <u>10,108</u>	\$ <u>458</u>	\$ <u>10,566</u>
---------------	------------------	---------------	------------------

(See accompanying notes)

**CORPORATION OF THE MUNICIPALITY OF TWEED
TRUST FUNDS
STATEMENT OF CONTINUITY
YEAR ENDED DECEMBER 31, 2017**

	<u>Recreation Associations</u>	<u>Santa Claus Parade Fund</u>	<u>Total</u>
FUND BALANCES , beginning of year	\$ <u>10,057</u>	\$ <u>1,058</u>	\$ <u>11,115</u>
RECEIPTS			
Donations	-	1,000	1,000
Interest earned	<u>51</u>	<u>-</u>	<u>51</u>
	<u>51</u>	<u>1,000</u>	<u>1,051</u>
EXPENDITURES			
Parade expenses	<u>-</u>	<u>1,600</u>	<u>1,600</u>
FUND BALANCE , end of year	\$ <u><u>10,108</u></u>	\$ <u><u>458</u></u>	\$ <u><u>10,566</u></u>

(See accompanying notes)

CORPORATION OF THE MUNICIPALITY OF TWEED - TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES

Basis of Accounting

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

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

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information is readily determinable.