

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Schedule of Tangible Capital Assets	18
Schedules of Segment Disclosure	19 - 20
TRUST FUNDS	
Independent Auditor's Report	21
Statement of Financial Position	23
Statement of Continuity	23
Notes to the Financial Statements	24
LOCAL BOARD	
Tweed Public Library Board	25 - 35

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CORPORATION OF THE MUNICIPALITY OF TWEED

For The Year Ended December 31, 2022

MANAGEMENT REPORT

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

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

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

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

Mayor

CAO/Treasurer

March 28, 2023

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, 2022, 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, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 29, 2023



CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	818,702	2,181,728
Investments (note 2)	2,813,326	1,817,362
Accounts receivable	912,461	1,584,947
Taxes receivable	691,922	662,127
TOTAL FINANCIAL ASSETS	5,236,411	6,246,164
LIABILITIES		
Accounts payable and accrued liabilities	1,253,633	1,479,421
Deferred revenue - obligatory reserve funds (note 4)	65,550	420,265
Deferred revenue - other (note 6)	31,329	19,588
OILC temporary loan	-	1,530,000
Long term debt (note 8)	2,207,429	-
Landfill closure and post-closure liability (note 9)	1,540,567	1,595,993
TOTAL LIABILITIES	5,098,508	5,045,267
NET FINANCIAL ASSETS	137,903	1,200,897
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	34,634,917	34,132,724
Inventories of supplies	205,957	118,958
Prepaid expenses	54,377	35,663
TOTAL NON-FINANCIAL ASSETS	34,895,251	34,287,345
ACCUMULATED SURPLUS (note 12)	35,033,154	35,488,242

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	4,417,438	4,439,489	4,308,751
User charges	1,670,779	1,548,182	1,700,343
Government of Canada	451,300	122,067	1,254,103
Province of Ontario	2,854,817	2,515,077	3,462,683
Other municipalities	-	90,000	28,500
Penalties and interest on taxes	100,000	87,569	98,747
Investment income	67,400	86,016	36,486
Donations	13,024	98,343	56,778
Other grants	316,530	39,308	24,327
Canada Community-Building Fund amounts earned	741,517	741,517	419,000
Gain/(loss) on disposal of tangible capital assets	155,095	33,673	277,132
TOTAL REVENUES	10,787,900	9,801,241	11,666,850
EXPENSES			
General government	1,598,405	1,514,507	1,274,548
Protection services	1,789,056	1,687,368	1,626,738
Transportation services	3,820,681	4,048,884	3,742,560
Environmental services	1,422,701	1,430,767	1,930,447
Recreation and cultural services	1,242,167	1,237,244	1,166,812
Planning and development	338,510	337,559	229,542
TOTAL EXPENSES	10,211,520	10,256,329	9,970,647
ANNUAL SURPLUS/(DEFICIT)	<u>576,380</u>	(455,088)	1,696,203
ACCUMULATED SURPLUS - beginning of year		35,488,242	33,792,039
ACCUMULATED SURPLUS - end of year		35,033,154	35,488,242

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	576,380	(455,088)	1,696,203
Amortization of tangible capital assets	2,283,520	2,154,920	2,058,196
Purchase of tangible capital assets	(4,118,237)	(2,899,243)	(6,400,223)
Gain on disposal of tangible capital assets	(155,095)	(33,673)	(277,132)
Proceeds on sale of tangible capital assets	350,000	275,803	341,387
Change in inventories of supplies	-	(86,999)	(38,058)
Change in prepaid expenses	-	(18,714)	(4,115)
DECREASE IN NET FINANCIAL ASSETS	(1,063,432)	(1,062,994)	(2,623,742)
NET FINANCIAL ASSETS - beginning of year	1,200,897	1,200,897	3,824,639
NET FINANCIAL ASSETS - end of year	137,465	137,903	1,200,897

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, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(455,088)	1,696,203
Items not involving cash		
Amortization of tangible capital assets	2,154,920	2,058,196
Gain on disposal of tangible capital assets	(33,673)	(277,132)
Change in landfill closure and post-closure liability	(55,426)	328,190
Change in non-cash assets and liabilities		
Accounts receivable	672,486	278,797
Taxes receivable	(29,795)	204,561
Inventories of supplies	(86,999)	(38,058)
Prepaid expenses	(18,714)	(4,115)
Accounts payable and accrued liabilities	(225,788)	631,666
Deferred revenue - obligatory reserve funds	(354,715)	330,631
Deferred revenue - other	11,741	12,297
Net change in cash from operating activities	1,578,949	5,221,236
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,899,243)	(6,400,223)
Proceeds on disposal of tangible capital assets	275,803	341,387
Net change in cash from capital activities	(2,623,440)	(6,058,836)
INVESTING ACTIVITIES		
Redemption of investments	500,000	1,602,506
Purchase of investments	(1,495,964)	(1,201,199)
Net change in cash from investing activities	(995,964)	401,307
FINANCING ACTIVITIES		
OLIC temporary loan received (repayment)	(1,530,000)	1,530,000
Debt principal repayments	(18,432)	(5,000)
Long term debt issued	2,225,861	-
Long term loan receipts	-	5,000
Net change in cash from financing activities	677,429	1,530,000
NET CHANGE IN CASH	(1,363,026)	1,093,707
CASH - beginning of year	2,181,728	1,088,021
CASH - end of year	818,702	2,181,728

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

The Municipality of Tweed is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Tweed Public Library Board

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

(b) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	40-50 years
Roads	7-50 years
Bridges and other structures	20-75 years
Underground and other networks	50-75 years
Vehicles	5-10 years
Machinery and equipment	4-20 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Inventories of Supplies

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

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded when earned.

Canada Community-Building Fund and parkland fees are recognized in the period in which the related expenditures are recorded.

Donations are recognized when received.

(f) Non-Financial Assets

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

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Reserves and Reserve Funds

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

(h) Deferred Revenue

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

(i) Use of Estimates

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

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

2. INVESTMENTS

Investments are recorded at cost and consist of the following:

	Market Value \$	Actual 2022 \$	Actual 2021 \$
One Fund Investments - Bond Fund	993,940	1,120,188	1,102,580
One Fund Investments - High Interest Savings	1,564,245	1,564,245	587,108
Guaranteed investment certificates, maturity dates from March 20, 2023 to October 5, 2026, interest rates ranging from 0.35% to 0.85% per annum	128,893	128,893	127,674
	2,687,078	2,813,326	1,817,362

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

3. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2022 \$	2021 \$
Canada Community-Building Fund	14,938	377,457
Parkland	50,612	42,808
	65,550	420,265

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

	2022 \$	2021 \$
Balance - beginning of year	420,265	89,634
Add amounts received:		
Canada Community-Building Fund	375,039	743,586
Parkland	6,750	4,500
Interest	5,013	1,545
	386,802	749,631
Less transfer to operations:		
Canada Community-Building Fund	741,517	419,000
Balance - end of year	65,550	420,265

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$138,225 (2021 - \$123,374).

Some of the employees of the Municipality, who are not members of OMERS, are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Municipality during the year amounted to \$23,056 (2021 - \$28,102). These contributions which match the employees' contribution for current service, are expense during the year in which services are rendered and represent the total pension obligation of the Municipality.

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022 \$	2021 \$
Deposits and other	31,329	13,088
Library grants and donations	-	6,500
	31,329	19,588

The continuity of deferred revenue - other is as follows:

	2022 \$	2021 \$
Balance - beginning of year	19,588	7,291
Deposits and other	31,329	13,088
Library grants and donations	-	6,500
	31,329	19,588
Deposits and other	13,088	7,291
Library grants and donations	6,500	-
	19,588	7,291
Balance - end of year	31,329	19,588

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

7. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$11,411 (2021 - \$11,386) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

8. LONG TERM DEBT

	2022 \$	2021 \$
Debenture from Ontario Infrastructure and Lands Corporation (OILC). The loan is repayable, by the Municipality, in monthly blended principal and interest installments of \$11,002, with interest at 4.29% per annum maturing on June 15, 2052.	2,207,429	-

(a) The long term debt in (a) issued in the name of the Municipality has been approved by by-law. The annual principal and interest payments required to service this liability is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(b) Interest paid during the year on long term debt amounted to \$47,581 (2021 - \$Nil).

(c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2023	38,069	93,956	132,025
2024	39,735	92,290	132,025
2025	41,473	90,552	132,025
2026	43,288	88,737	132,025
2027	45,182	86,843	132,025
2028 and subsequent years	1,999,682	1,234,928	3,234,610
	2,207,429	1,687,306	3,894,735

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the two landfill sites the Municipality operates is \$1,540,567 (2021 - \$1,595,993). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation and a reserve fund. A reserve fund of \$1,390,677 (2021 - \$1,188,988) has been established to provide for this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,926,051 as at December 31, 2022 (2021 - \$1,986,193).

The remaining capacity of the solid waste landfill sites is estimated at 70,096 m³ (2021 - 74,931 m³) which is 12.5% (2021 - 13.3%) of the sites' total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,926,051 (2021 - \$1,986,193) as at December 31, 2022 using an inflation rate of 2.20% (2021 - 1.67%) and a discount rate of 4.31% (2021 - 3.14%). The Municipality decided to close the Hunt Road site at December 31, 2021. The Marlbank Road site is expected to reach its capacity in 2037.

10. CONTINGENT LIABILITIES

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

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

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

	2022 \$	2021 \$
General		
Land and land improvements	1,780,090	1,699,434
Buildings	3,365,857	2,955,465
Vehicles	981,381	1,116,006
Machinery and equipment	1,895,413	1,678,585
Infrastructure		
Buildings	768,273	878,048
Roads	9,721,723	9,536,859
Underground and other networks	8,165,031	3,585,169
Bridges and other structures	7,744,533	7,381,903
	34,422,301	28,831,469
Assets under construction	212,616	5,301,255
	34,634,917	34,132,724

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022 \$	2021 \$
General government	1,243,342	1,439,661
Protection services	847,238	925,494
Transportation services	19,300,052	18,628,269
Environmental services	10,174,932	10,039,791
Recreation and cultural services	3,056,318	3,083,926
Planning and development	13,035	15,583
	34,634,917	34,132,724

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus/(Deficit)		
Operating	(344,369)	-
Unfunded landfill closure and post-closure costs	(1,540,567)	(1,595,993)
Library board	10,646	10,162
	(1,874,290)	(1,585,831)
Invested In Capital Assets		
Tangible capital assets - net book value	34,634,917	34,132,724
Long term debt	(2,207,429)	-
Unfunded capital - Municipal building	-	(9,528)
Unfunded capital - Fire hall	-	(58,900)
Unfunded capital - Lagoon system upgrades	-	(2,151,403)
Unfunded capital - Bridges and roads	(110,022)	-
	32,317,466	31,912,893
Surplus	30,443,176	30,327,062
Reserves		
Working funds	-	531,167
General government	219,439	428,355
Protection services	351,566	285,841
Transportation services	596,779	773,171
Water and sewer	1,141,811	1,257,312
Recreation services	632,859	442,953
Community improvement plan	37,654	45,154
Total Reserves	2,980,108	3,763,953
Reserve Funds		
Transportation services	219,193	208,239
Landfill	1,390,677	1,188,988
Total Reserve Funds	1,609,870	1,397,227
	35,033,154	35,488,242

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. BUILDING SERVICES CONTRACTUAL AGREEMENT

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

14. EXPENSES BY OBJECT

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

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	2,755,054	2,693,885	2,543,554
Interest charges	96,436	47,581	1,816
Materials	2,332,156	2,638,334	2,269,010
Contracted services	2,297,845	2,264,477	2,701,974
Rents and financial	66,590	75,155	64,327
External transfers	379,919	381,977	331,770
Amortization	2,283,520	2,154,920	2,058,196
	10,211,520	10,256,329	9,970,647

15. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2022, 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	1,225,945	1,931,062
Taxation from other governments	1,608	8,430
Amounts requisitioned and remitted	1,227,553	1,939,492

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

16. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

17. BUDGET FIGURES

The budget, approved by the Municipality, for 2022 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	9,551,248	9,288,075
Capital	3,853,575	4,116,748
Total Council approved budget	13,404,823	13,404,823
Less: Tangible capital assets capitalized	-	(4,118,237)
Add: Amortization of tangible capital assets	-	2,283,520
Less: Principal repayment of long term debt	-	(63,224)
Less: Transfers to/from reserves and reserve funds	(2,299,113)	(1,293,872)
Gain on disposition of tangible capital assets	155,095	-
Proceeds on disposal of tangible capital assets	(350,000)	-
Proceeds of long term debt	(209,100)	-
Change in landfill closure	-	(19,257)
Library board budget	56,145	56,145
Change in unfunded capital	-	(68,428)
Adjustments for presentation purposes	30,050	30,050
Adjusted budget per Consolidated Statement of Operations	10,787,900	10,211,520

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. 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. The Municipality of Tweed also entered into a joint services agreement on February 1, 2021 to provide for the joint enforcement and administration of By-Laws with the Town of Deseronto, Township of Madoc, Township of Stirling-Rawdon and Township of Tyendinaga.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

19. OIL KINGS HOCKEY TEAM INFORMATION

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

	2022	2021
	\$	\$
Revenue		
Ticket sales	22,367	12,211
Fundraising	20,834	8,858
Advertising	14,700	15,750
Donations	4,081	-
Miscellaneous	1,512	202
	63,494	37,021
Expenses		
Equipment and uniforms	15,112	22,674
Travel	12,707	4,393
Alcohol cost of sales and licence	7,634	3,475
Referees and time keepers	6,210	3,710
Merchandise for sale	2,883	5,939
League fees	2,472	2,000
Supplies	1,086	1,895
Ice rental	566	666
Logos	-	3,749
	48,670	48,501
Annual surplus (deficit)	14,824	(11,480)

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General				Infrastructure				Assets Under Construction	Totals
	Land and Land Improvements \$	Buildings \$	Vehicles \$	Machinery and Equipment \$	Buildings \$	Roads \$	Underground and Other Networks \$	Bridges and Other Structures \$		
COST										
Balance, beginning of year	2,450,940	4,905,477	3,549,804	2,928,420	2,947,125	22,137,207	5,811,623	10,392,265	5,301,255	60,424,116
Add: additions during the year	38,130	-	48,622	427,666	-	1,258,995	5,958	-	1,119,872	2,899,243
Less: disposals during the year	183,733	5,951	111,971	107,808	-	556,655	386	280,749	-	1,247,253
Internal transfers	332,366	566,509	-	-	-	-	4,742,558	567,078	(6,208,511)	-
Balance, end of year	2,637,703	5,466,035	3,486,455	3,248,278	2,947,125	22,839,547	10,559,753	10,678,594	212,616	62,076,106
ACCUMULATED AMORTIZATION										
Balance, beginning of year	751,506	1,950,012	2,433,798	1,249,835	2,069,077	12,600,348	2,226,454	3,010,362	-	26,291,392
Add: additions during the year	106,107	156,117	170,536	204,529	109,775	1,074,131	168,654	165,071	-	2,154,920
Less: disposals during the year	-	5,951	99,260	101,499	-	556,655	386	241,372	-	1,005,123
Balance, end of year	857,613	2,100,178	2,505,074	1,352,865	2,178,852	13,117,824	2,394,722	2,934,061	-	27,441,189
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,780,090	3,365,857	981,381	1,895,413	768,273	9,721,723	8,165,031	7,744,533	212,616	34,634,917

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	271,050	1,103,968	1,973,728	-	258,818	654,318	177,607	4,439,489
User charges	145,837	39,278	27,910	881,961	241,962	181,428	29,806	1,548,182
Government transfers - operating	152,022	534,494	940,831	-	96,710	416,237	142,213	2,282,507
Government transfers - capital	-	-	321,327	33,310	-	-	-	354,637
Other municipalities	90,000	-	-	-	-	-	-	90,000
Penalties and interest on taxes	87,569	-	-	-	-	-	-	87,569
Investment income	59,808	-	2,961	-	23,247	-	-	86,016
Donations	2,743	61,242	-	-	-	34,358	-	98,343
Other grants	33,808	-	-	-	-	5,500	-	39,308
Canada Community-Building Fund amounts earned	-	-	741,517	-	-	-	-	741,517
Gain/(loss) on disposal of tangible capital assets	92,070	-	(52,088)	-	-	(6,309)	-	33,673
Total revenues	934,907	1,738,982	3,956,186	915,271	620,737	1,285,532	349,626	9,801,241
Expenses								
Salaries and benefits	675,142	97,822	927,579	95,500	197,038	542,157	158,647	2,693,885
Interest charges	-	-	-	47,581	-	-	-	47,581
Materials	535,487	126,081	1,361,601	172,406	13,943	343,469	85,347	2,638,334
Contracted services	199,125	1,121,026	318,029	304,666	172,395	79,514	69,722	2,264,477
Rents and financial	57,713	-	4,265	1,143	3,068	566	8,400	75,155
External transfers	8,500	264,184	-	-	96,398	-	12,895	381,977
Amortization	38,540	78,255	1,437,410	326,629	-	271,538	2,548	2,154,920
Total expenses	1,514,507	1,687,368	4,048,884	947,925	482,842	1,237,244	337,559	10,256,329
Net surplus/(deficit)	(579,600)	51,614	(92,698)	(32,654)	137,895	48,288	12,067	(455,088)

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	254,922	1,089,998	1,990,118	-	256,209	551,065	166,439	4,308,751
User charges	152,592	91,410	45,403	879,369	351,611	142,158	37,800	1,700,343
Government transfers - operating	152,180	547,236	1,005,656	-	110,359	615,302	84,979	2,515,712
Government transfers - capital	-	-	134,136	2,066,938	-	-	-	2,201,074
Other municipalities	15,000	-	-	-	-	13,500	-	28,500
Penalties and interest on taxes	98,747	-	-	-	-	-	-	98,747
Investment income	15,053	-	1,639	-	19,794	-	-	36,486
Donations	-	18,511	-	-	-	38,267	-	56,778
Other grants	15,181	6,000	-	-	-	3,146	-	24,327
Canada Community-Building Fund amounts earned	-	-	419,000	-	-	-	-	419,000
Gain/(loss) on disposal of tangible capital assets	294,722	-	(17,590)	-	-	-	-	277,132
Total revenues	998,397	1,753,155	3,578,362	2,946,307	737,973	1,363,438	289,218	11,666,850
Expenses								
Salaries and benefits	663,866	83,121	885,690	95,721	191,656	485,773	137,727	2,543,554
Interest charges	-	-	-	-	-	-	1,816	1,816
Materials	379,591	115,996	1,209,352	106,337	20,219	368,826	68,689	2,269,010
Contracted services	149,151	1,101,232	251,291	621,235	529,169	44,916	4,980	2,701,974
Rents and financial	38,355	-	4,328	9,472	3,102	670	8,400	64,327
External transfers	8,000	227,638	-	-	88,614	-	7,518	331,770
Amortization	35,585	98,751	1,391,899	264,922	-	266,627	412	2,058,196
Total expenses	1,274,548	1,626,738	3,742,560	1,097,687	832,760	1,166,812	229,542	9,970,647
Net surplus/(deficit)	(276,151)	126,417	(164,198)	1,848,620	(94,787)	196,626	59,676	1,696,203

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INDEPENDENT AUDITOR'S REPORT

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

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, 2022, 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 financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2022, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

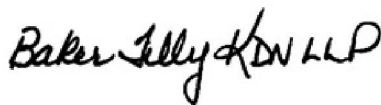
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 29, 2023

CORPORATION OF THE MUNICIPALITY OF TWEED

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Recreation Associations \$	Santa Claus Parade Fund \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS				
Cash	-	953	953	1,008
Investments (note 2)	10,458	-	10,458	10,373
Accounts receivable	-	-	-	5
	10,458	953	11,411	11,386
FUND BALANCES	10,458	953	11,411	11,386

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Recreation Associations \$	Santa Claus Parade Fund \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	10,378	1,008	11,386	11,108
RECEIPTS				
Donations	-	1,000	1,000	250
Interest	80	-	80	28
	80	1,000	1,080	278
EXPENSES				
Parade costs	-	1,050	1,050	-
Bank charges	-	5	5	-
	-	1,055	1,055	-
BALANCES - end of year	10,458	953	11,411	11,386

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 3.35% and maturity of November 15, 2023.

**CORPORATION OF THE MUNICIPALITY OF
TWEED**

TWEED PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

INDEPENDENT AUDITOR'S REPORT

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

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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, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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

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

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 29, 2023

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	25,168	52,769
Accounts receivable	1,665	3,168
TOTAL FINANCIAL ASSETS	26,833	55,937
LIABILITIES		
Due to Municipality (note 6)	17,035	40,123
Deferred revenue (note 5)	-	6,500
TOTAL LIABILITIES	17,035	46,623
NET FINANCIAL ASSETS	9,798	9,314
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	672,957	698,213
Prepaid expenses	848	848
TOTAL NON-FINANCIAL ASSETS	673,805	699,061
ACCUMULATED SURPLUS (note 4)	683,603	708,375

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Municipality of Tweed (note 6)	157,080	157,080	163,591
Province of Ontario	15,776	15,373	15,859
Government of Canada	2,300	4,029	1,296
Other grants	23,280	5,500	3,146
Donations	11,024	16,631	16,316
Fines and other fees	3,765	2,859	1,670
Other	-	123	17
TOTAL REVENUES	213,225	201,595	201,895
EXPENSES			
Salaries and benefits	161,640	148,996	151,476
Electronic and other resources	1,500	4,834	3,666
Internet sustainability	1,500	1,489	1,460
Professional development	1,500	629	132
Supplies and maintenance	9,950	7,634	7,301
Office and administration	6,135	4,569	3,907
Specific projects	1,000	2,319	673
Utilities	15,000	9,829	8,317
Amortization	46,495	46,068	46,495
TOTAL EXPENSES	244,720	226,367	223,427
ANNUAL DEFICIT	(31,495)	(24,772)	(21,532)
ACCUMULATED SURPLUS - beginning of year		708,375	729,907
ACCUMULATED SURPLUS - end of year		683,603	708,375

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL DEFICIT	(31,495)	(24,772)	(21,532)
Amortization of tangible capital assets	46,495	46,068	46,495
Acquisition of tangible capital assets	(15,000)	(20,812)	(16,402)
Change in prepaid expenses	-	-	(25)
INCREASE IN NET FINANCIAL ASSETS	-	484	8,536
NET FINANCIAL ASSETS - beginning of year	9,314	9,314	778
NET FINANCIAL ASSETS - end of year	9,314	9,798	9,314

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, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(24,772)	(21,532)
Items not involving cash		
Amortization of tangible capital assets	46,068	46,495
Change in non-cash assets and liabilities		
Accounts receivable	1,503	1,136
Prepaid expenses	-	(25)
Due to Municipality	(23,088)	8,371
Deferred revenue	(6,500)	6,500
Net change in cash from operating activities	(6,789)	40,945
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(20,812)	(16,402)
NET CHANGE IN CASH	(27,601)	24,543
CASH - beginning of year	52,769	28,226
CASH - end of year	25,168	52,769

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

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

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

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

(b) Use of Estimates

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

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

3. TANGIBLE CAPITAL ASSETS

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

	Buildings \$	Equipment \$	Computers \$	Books \$	2022 Totals \$	2021 Totals \$
COST						
Balance, beginning of year	876,450	149,130	13,691	83,859	1,123,130	1,118,579
Add: additions during the year	-	-	4,935	15,877	20,812	16,402
Less: disposals during the year	-	-	-	12,327	12,327	11,851
Balance, end of year	876,450	149,130	18,626	87,409	1,131,615	1,123,130
ACCUMULATED AMORTIZATION						
Balance, beginning of year	262,887	116,435	8,823	36,772	424,917	390,273
Add: additions during the year	21,911	7,944	3,726	12,487	46,068	46,495
Less: disposals during the year	-	-	-	12,327	12,327	11,851
Balance, end of year	284,798	124,379	12,549	36,932	458,658	424,917
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	591,652	24,751	6,077	50,477	672,957	698,213

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus		
Operations	10,646	10,162
Invested In Capital Assets		
Tangible capital assets - net book value	672,957	698,213
	683,603	708,375

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

5. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2022	2021
	\$	\$
Kimberley Foundation grant	-	4,000
Specified donation for books	-	2,500
	-	6,500

6. INTER-ENTITY TRANSACTIONS

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

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

Details of the inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Unallocated costs:		
Water and sewer	903	651
	903	651

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

- Payroll services
- Rental of land
- Building insurance
- Cooling system upgrades

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