

Consolidated Financial Statements

**THE CORPORATION OF THE
TOWNSHIP OF MINDEN HILLS**

Year ended December 31, 2014

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2014

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Minden Hills (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of 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 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 Township'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.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Reeve



Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Minden Hills

We have audited the accompanying consolidated financial statements of Corporation of the Township of Minden Hills, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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, the financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Township of Minden Hills as at December 31, 2014, and its consolidated results of operations, its change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 28, 2015
Sudbury, Canada

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 6,492,414	\$ 5,872,895
Accounts receivable (note 2)	1,039,882	1,265,675
Taxes receivable	1,334,458	1,273,220
Inventories held for resale	69,593	72,148
	8,936,347	8,483,938
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	1,486,417	1,119,613
Deferred revenue - obligatory reserve funds (note 5)	97,440	86,382
Deferred revenue - other	71,309	54,094
Long-term debt (note 6)	89,830	100,710
Landfill closure and post-closure liability (note 7)	1,134,338	1,132,967
	2,879,334	2,493,766
Net financial assets	6,057,013	5,990,172
Non-financial assets:		
Tangible capital assets (note 8)	18,131,872	18,026,411
Prepaid expenses	21,359	26,190
	18,153,231	18,052,601
Contingencies (note 14)		
Commitment (note 15)		
Accumulated surplus (note 10)	\$ 24,210,244	\$ 24,042,773

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014 (note 14)	Actual 2014	Actual 2013
Revenue:			
Property taxation	\$ 6,018,330	\$ 6,092,452	\$ 5,988,898
User charges	1,858,950	1,874,187	1,797,172
Government of Canada	13,500	20,653	31,875
Province of Ontario	1,421,600	1,396,563	1,596,167
Other municipalities	41,000	62,657	66,361
Penalties and interest	179,000	238,171	223,611
Investment income	66,000	96,356	95,479
Donations	12,200	29,511	41,769
Federal Gas Tax revenue earned	163,700	168,296	170,430
Loss on disposal of capital assets	-	(132,495)	(218,218)
Other	80,085	179,161	160,063
Total revenue	9,854,365	10,025,512	9,953,607
Expenses:			
General government	1,582,505	1,626,303	1,454,408
Protection services	1,774,365	1,875,772	1,774,047
Transportation services	1,849,850	2,641,369	2,865,757
Environmental services	1,654,205	1,653,381	1,518,666
Health services	90,560	69,399	205,561
Recreational and cultural services	1,580,100	1,732,937	1,721,672
Planning and development	257,445	258,880	134,171
Total expenses	8,789,030	9,858,041	9,674,282
Annual surplus	1,065,335	167,471	279,325
Accumulated surplus, beginning of the year	24,042,773	24,042,773	23,763,448
Accumulated surplus, end of year	\$ 25,108,108	\$ 24,210,244	\$ 24,042,773

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014 (note 14)	Actual 2014	Actual 2013
Annual surplus	\$ 167,471	\$ 167,471	\$ 279,325
Acquisition of tangible capital assets	(1,811,250)	(1,661,730)	(1,140,268)
Amortization of tangible capital assets	-	1,408,612	1,631,723
Loss on disposal of tangible capital assets	-	132,495	218,218
Proceeds on sale of tangible capital assets	-	15,162	3,200
Decrease (increase) in prepaid expenses	-	4,831	(12,994)
	(1,643,779)	66,841	979,204
Change in net financial assets	(1,643,779)	66,841	979,204
Net financial assets, beginning of year	5,990,172	5,990,172	5,010,968
Net financial assets, end of year	\$ 4,346,393	\$ 6,057,013	\$ 5,990,172

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 167,471	\$ 279,325
Items not involving cash:		
Amortization of tangible capital assets	1,408,612	1,631,723
Loss on disposal of tangible capital assets	132,495	218,218
Increase (decrease) in landfill closure and post-closure liability	1,371	(110,935)
	1,709,949	2,018,331
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	225,793	(469,686)
Increase in taxes receivable	(61,238)	(44,078)
Decrease in inventories held for resale	2,555	2,556
Increase (decrease) in prepaid expenses	4,831	(12,994)
Increase (decrease) in accounts payable and accrued liabilities	366,804	(118,118)
Increase in deferred revenue - obligatory reserve funds	11,058	6,755
Increase in deferred revenue - other	17,215	28,755
Net change in cash from operating activities	2,276,967	1,411,521
Capital activities:		
Proceeds on disposal of tangible capital assets	15,162	3,200
Acquisition of tangible capital assets	(1,661,730)	(1,140,268)
Net change in cash from capital activities	(1,646,568)	(1,137,068)
Financing activities:		
Debt principal repayments	(10,880)	(10,587)
Net change in cash	619,519	263,866
Cash, beginning of year	5,872,895	5,609,029
Cash, end of year	\$ 6,492,414	\$ 5,872,895

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

The Corporation of the Township of the Minden Hills (the "Township") 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:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Township.

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

Minden Hills Cemetery Board
Minden Waterworks System
Minden Sewage System
Minden Business Improvement Area

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

(b) Trust Funds:

Trust funds and their related operations administered by the Township 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) Reserves and reserve funds:

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

(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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	5 - 40
Buildings and facilities	10 - 40
Roadways and bridges	5 - 40
Water and sewer	40 - 50
Vehicles	6 - 40
Machinery and equipment	3 - 40

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions 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.

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(f) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(g) 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 transfer are due.

(h) Non-financial assets:

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

(i) 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 transfer are authorized, and eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(j) Taxation:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provision of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporated amounts to be raised for local services, and amounts the Township 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 processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(k) Financial instruments:

The Township's financial instruments consist of cash, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Township does not have any significant concentration of interest, currency or credit risk.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill liabilities.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Accounts receivable:

Accounts receivable consist of the following:

	2014	2013
Flood recovery funding	\$ 436,938	\$ 521,619
Utilities receivable	313,277	293,532
Trade receivables and other	146,107	350,543
HST recoverable	143,560	99,981
	\$ 1,039,882	\$ 1,265,675

3. Operations of school boards and the County of Haliburton:

During 2014, requisitions were made by the County of Haliburton and School Boards requiring the Township 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	\$ 4,416,295	\$ 3,485,359
Taxation from other governments	16,465	10,519
	\$ 4,432,760	\$ 3,495,876

These amounts have not been included in the consolidated statement of operations and accumulated surplus.

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2014	2013
Trade and miscellaneous	\$ 1,197,437	\$ 839,413
Personnel related	288,980	280,200
	\$ 1,486,417	\$ 1,119,613

5. Deferred revenue- obligatory reserve funds:

A requirement of the Public Sector Accounting Board of the Chartered Professional Accounts of Canada, 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 balance in the obligatory reserve funds of the Township is summarized below:

	2014	2013
Parkland	\$ 97,440	\$ 86,382

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

	2014	2013
Balance, beginning of year	\$ 86,382	79,627
Add amounts received:		
Federal gas tax	168,296	170,430
Parkland fees	10,239	6,178
Investment income	819	577
	265,736	256,812
Less transfer to operations:		
Federal gas tax revenue earned	168,296	170,430
Balance, end of year	\$ 97,440	\$ 86,382

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

6. Long-term debt:

(a) The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

	2014	2013
Ontario Infrastructure Projects Corporation debenture maturing December 15, 2017, repayable in blended semi-annual instalments of \$3,805, with interest at 4.76%	\$ 21,045	\$ 27,425
Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	68,785	73,285
	\$ 89,830	\$ 100,710

(b) The long-term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Interest paid during the year on long-term debt amounted to \$801 (2013 - \$1,523).

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

	Principal
2015	\$ 11,188
2016	11,510
2017	11,847
2018	4,500
2019	4,500
2020 and subsequent years	46,285
	\$ 89,830

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$1,134,338 (2013 - \$1,132,967) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the seven landfill sites owned by the Township. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs including monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The Township has a landfill reserve of \$368,823 (2013 - \$256,243) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for setting this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the two operating landfill sites and the five landfill sites already closed. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,451,351 (2013 - \$1,451,351), calculated at a discount rate of 4.0% (2013 - 4.0%).

The remaining capacity of the two operating solid waste landfill sites is estimated at 271,910 m³ (2013 - 273,000 m³) which is 40.12% (2013 - 40.30%) of the sites total capacity. The remaining landfill sites are expected to reach capacity between 2045 and 2070.

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

8. Tangible capital assets:

Cost	Balance at			Balance at
	December 31, 2013	Additions	Disposals	
Land and land improvements	\$ 3,690,156	\$ 131,273	\$ (133,213)	\$ 3,688,216
Buildings	7,936,070	103,853	-	8,039,923
Machinery and equipment	715,967	178,455	(27,921)	866,501
Vehicles	3,858,262	377,258	(245,922)	3,989,598
Water and sewer	5,730,760	-	(367,820)	5,362,940
Roads and bridges	22,507,082	870,891	-	23,377,973
Total	\$ 44,438,297	\$ 1,661,730	\$ (774,876)	\$ 45,325,151

Accumulated amortization	Balance at			Balance at
	December 31, 2013	Disposals	Amortization expense	
Land and land improvements	\$ 904,861	\$ (133,213)	\$ 147,533	\$ 919,181
Buildings	3,054,452	-	220,553	3,275,005
Machinery and equipment	271,733	(23,774)	70,375	318,334
Vehicles	2,167,832	(205,402)	247,209	2,209,639
Water and sewer	1,551,260	(264,830)	111,421	1,397,851
Roads and bridges	18,461,748	-	611,521	19,073,269
Total	\$ 26,411,886	\$ (627,219)	\$ 1,408,612	\$ 27,193,279

	Net book value December 31, 2013	Net book value December 31, 2014
Land and land improvements	\$ 2,785,295	\$ 2,769,035
Buildings	4,881,618	4,764,918
Machinery and equipment	444,234	548,167
Vehicles	1,690,430	1,779,959
Water and sewer	4,179,500	3,965,089
Roads and bridges	4,045,334	4,304,704
Total	\$ 18,026,411	\$ 18,131,872

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

8. Tangible capital assets (continued):

Cost	Balance at			Balance at
	December 31, 2012	Additions	Disposals	
Land and land improvements	\$ 3,534,035	\$ 156,121	\$ -	\$ 3,690,156
Buildings	7,891,888	44,182	-	7,936,070
Machinery and equipment	641,734	74,233	-	715,967
Vehicles	3,641,053	248,739	(31,530)	3,858,262
Water and sewer	5,730,760	-	-	5,730,760
Roads and bridges	22,650,971	630,111	(774,000)	22,507,082
Assets under construction	8,141	(8,141)	-	-
Total	\$ 44,098,582	\$ 1,145,245	\$ (805,530)	\$ 44,438,297

Accumulated amortization	Balance at			Balance at
	December 31, 2012	Disposals	Amortization expense	
Land and land improvements	\$ 764,171	\$ -	\$ 140,690	\$ 904,861
Buildings	2,836,559	-	217,893	3,054,452
Machinery and equipment	212,481	-	59,252	271,733
Vehicles	1,919,990	(26,275)	274,117	2,167,832
Water and sewer	1,432,482	-	118,778	1,551,260
Roads and bridges	18,193,615	(552,860)	820,993	18,461,748
Assets under construction	-	-	-	-
Total	\$ 25,359,298	\$ (579,135)	\$ 1,631,723	\$ 26,411,886

	Net book value	
	December 31, 2012	December 31, 2013
Land and land improvements	\$ 2,769,864	\$ 2,785,295
Buildings	5,055,329	4,881,618
Machinery and equipment	429,253	444,234
Vehicles	1,721,063	1,690,430
Water and sewer	4,298,278	4,179,500
Roads and bridges	4,457,356	4,045,334
Assets under construction	8,141	-
Total	\$ 18,739,284	\$ 18,026,411

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

9. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of permanent, full-time members 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 rates of pay.

Contributions required on account of current service in 2014 were \$192,921 (2013 - \$183,886).

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2014	2013
Surplus (deficit):		
Township	\$ 244,731	\$ 519,281
Unfunded landfill closure and post-closure costs	(1,134,338)	(1,132,967)
Business Improvement Area Board	42	42
Cemetery:		
Operations	31,839	12,573
Inventory	69,593	72,148
Unfinanced inventory construction	(37,789)	(48,110)
	(825,922)	(577,033)
Invested in capital assets:		
Tangible capital assets – net book value	18,131,872	18,026,411
Long-term debt	(89,830)	(100,710)
Unfunded capital	(298,219)	(225,130)
	17,743,823	17,700,571
Surplus	16,917,901	17,123,538
Reserves:		
Working capital	1,494,828	1,392,864
Future operations	339,575	687,974
Future capital assets	5,445,412	4,828,527
	7,279,815	6,909,365
Reserve funds:		
Cultural	12,528	9,870
	\$ 24,210,244	\$ 24,042,773

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

11. Credit facility agreement:

The Township has a revolving credit facility agreement with its financial institution. The amount available at any time is limited to \$1,000,000 via operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less .5% per annum. Council authorized the temporary borrowing limit by By-law 12-01. At December 31, 2014, there was a balance outstanding of \$Nil (2013 - \$Nil).

12. Trust funds:

Trust funds administered by the Township amounting to \$440,495 (2013 - \$450,073) 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 Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

13. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

	2014
Annual surplus per budget approved by Council	\$ -
Less:	
Internal transfers	756,795
Add:	
Principal loan repayments	10,880
Capital purchases	1,811,250
Surplus per revised budget	\$ 1,065,335

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

14. Contingent liabilities:

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

During the normal course of business, the Township is involved in certain employment related matters and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

15. Commitment:

During 2012, the Township committed to contributing \$100,000 towards the 2015 Pan American Games. Contributions are \$25,000 for each of the years 2012 to 2015.

16. Comparative information:

Certain of the 2013 comparative amounts have been reclassified to conform to the current year presentation.

17. Segmented information:

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

For each reported segment, revenue 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 Services

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

Protection Services

Protection services include police, fire and protective inspection and control.

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2014

17. Segmented information (continued):

Transportation Services

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

Environmental Services

The environmental function is responsible for providing water, sewer, waste disposal and recycling services to ratepayers.

Health Services

The Health services function consists of external transfers to the local medical centre and cemetery operations.

Recreation and Cultural Services

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

Planning and Development

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

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 17 - Segmented Information

Year ended December 31, 2014

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2014
Revenues:								
Property taxation	\$ 6,092,452	-	-	-	-	-	-	\$ 6,092,452
User charges	34,553	258,492	1,500	1,312,655	20,883	198,579	47,525	1,874,187
Government transfers - operating	1,266,554	15,478	15,504	56,086	-	54,646	8,948	1,417,216
Other municipalities	-	-	56,263	6,394	-	-	-	62,657
Penalties and interest	230,085	-	-	8,086	-	-	-	238,171
Investment income	90,356	-	-	6,000	-	-	-	96,356
Donations	-	100	-	-	200	25,941	3,270	29,511
Federal gas tax revenue earned	-	-	168,296	-	-	-	-	168,296
Other	40,045	1,200	87,801	(121,997)	-	39,592	25	46,666
	7,754,045	275,270	329,364	1,267,224	21,083	318,758	59,768	10,025,512
Expenses:								
Salaries and benefits	887,143	407,964	944,150	161,996	22,463	702,504	142,743	3,268,963
Interest	-	-	-	-	801	-	-	801
Materials	532,348	154,080	849,219	680,466	35,526	616,352	58,867	2,926,858
Contracted services	112,979	1,239,304	51,949	649,993	3,421	62,056	32,651	2,152,353
Rents and financial	24,212	-	-	-	-	-	22,619	46,831
External transfers	-	12,000	-	-	-	41,602	-	53,602
Amortization of tangible capital assets	69,621	62,424	796,051	160,926	7,188	310,423	2,000	1,408,633
	1,626,303	1,875,772	2,641,369	1,653,381	69,399	1,732,937	258,880	9,858,041
Annual surplus (deficit)	\$ 6,127,742	(1,600,502)	(2,312,005)	(386,157)	(48,316)	(1,414,179)	(199,112)	167,471

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 17 - Segmented Information

Year ended December 31, 2013

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2013
Revenues:								
Property taxation	\$ 5,988,898	-	-	-	-	-	-	\$ 5,988,898
User charges	60,519	176,839	-	1,255,685	36,273	212,631	55,225	1,797,172
Government transfers - operating	1,396,483	10,413	-	154,680	-	66,466	-	1,628,042
Other municipalities	60,123	-	-	6,238	-	-	-	66,361
Penalties and interest	216,298	-	-	7,313	-	-	-	223,611
Investment income	86,479	-	-	6,000	-	3,000	-	95,479
Donations	-	1,705	-	6,500	-	33,564	-	41,769
Federal gas tax revenue earned	-	-	170,430	-	-	-	-	170,430
Other	13,837	-	(218,218)	2,125	92,777	51,324	-	(58,155)
	<u>7,822,637</u>	<u>188,957</u>	<u>(47,788)</u>	<u>1,438,541</u>	<u>129,050</u>	<u>366,985</u>	<u>55,225</u>	<u>9,953,607</u>
Expenses:								
Salaries and benefits	941,833	365,542	954,893	119,081	24,555	729,468	145,195	3,280,567
Interest	-	-	-	-	1,523	-	-	1,523
Materials	379,804	133,353	831,361	815,220	170,863	621,322	36,387	2,988,310
Contracted services	53,823	1,203,006	57,458	422,229	1,432	32,547	(47,411)	1,723,084
Rents and financial	10,982	-	-	-	-	1,010	-	11,992
External transfers	-	12,000	-	-	-	25,083	-	37,083
Amortization of tangible capital assets	67,966	60,146	1,022,045	162,136	7,188	312,242	-	1,631,723
	<u>1,454,408</u>	<u>1,774,047</u>	<u>2,865,757</u>	<u>1,518,666</u>	<u>205,561</u>	<u>1,721,672</u>	<u>134,171</u>	<u>9,674,282</u>
Annual surplus (deficit)	\$ 6,368,229	(1,585,090)	(2,913,545)	(80,125)	(76,511)	(1,354,687)	(78,946)	279,325