

Consolidated Financial Statements

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

And Independent Auditor's Report thereon

Year ended December 31, 2022

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2022

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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 consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

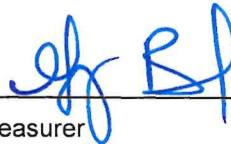
The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Mayor



Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Minden Hills (the "Township"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of changes in net financial debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and its consolidated results of 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 responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Township'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 Township or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 the events or conditions that may cast significant doubt on the Township'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 Township's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 18, 2023

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 11,630,246	\$ 13,900,943
Accounts receivable (note 2)	2,569,118	874,982
Taxes receivable	1,322,527	1,026,084
Inventories held for resale	50,395	50,395
	15,572,286	15,852,404
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	2,791,692	4,296,850
Deferred revenue - obligatory reserve funds (note 5)	372,102	230,962
Deferred revenue - other	121,616	109,521
Long-term debt (note 6)	11,122,083	11,452,285
Landfill closure and post-closure liability (note 7)	2,275,390	2,087,693
	16,682,883	18,177,311
Net financial debt	(1,110,597)	(2,324,907)
Non-financial assets		
Tangible capital assets (note 8)	37,810,254	36,963,376
Prepaid expenses	41,304	20,236
	37,851,558	36,983,612
Contingencies (note 13)		
Commitment (note 14)		
Accumulated surplus (note 10)	\$ 36,740,961	\$ 34,658,705

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, 2022, with comparative information for 2021

	Budget 2022 (note 12)	Actual 2022	Actual 2021
Revenue:			
Property taxation	\$ 9,783,485	\$ 9,920,235	\$ 9,384,777
User charges	2,282,925	2,349,059	2,281,319
Government of Canada	119,000	18,445	39,251
Province of Ontario	3,522,290	3,412,807	2,374,029
Other municipalities	43,565	46,333	36,616
Penalties and interest	205,000	217,638	231,055
Investment income	91,000	238,916	103,606
Donations	12,700	11,494	37,402
Federal gas tax revenue earned	193,080	194,201	379,351
Gain (loss) on disposal of capital assets	-	22,055	70,225
Other	6,999,345	437,539	297,627
Total revenue	23,252,390	16,868,722	15,235,258
Expenses:			
General government	2,075,159	2,031,621	1,485,375
Protection services	3,048,764	2,788,898	3,008,823
Transportation services	10,029,520	3,477,579	3,288,678
Environmental services	2,833,850	2,857,084	2,673,339
Health services	185,992	113,383	110,402
Recreational and cultural services	2,664,403	2,971,315	2,245,327
Planning and development	421,629	546,586	493,618
Total expenses	21,259,317	14,786,466	13,305,562
Annual surplus	1,993,073	2,082,256	1,929,696
Accumulated surplus, beginning of the year	34,658,705	34,658,705	32,729,009
Accumulated surplus, end of year	\$ 36,651,778	\$ 36,740,961	\$ 34,658,705

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 Debt

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 12)		
Annual surplus	\$ 1,993,073	\$ 2,082,256	\$ 1,929,696
Acquisition of tangible capital assets	(8,021,400)	(3,530,638)	(3,447,235)
Amortization of tangible capital assets	2,135,912	2,682,533	2,135,912
Loss (gain) on disposal of tangible capital assets	-	(22,055)	(70,225)
Proceeds on sale of tangible capital assets	-	23,282	151,761
Decrease (increase) in prepaid expenses	-	(21,068)	1,730
	(5,885,488)	(867,946)	(1,228,057)
Change in net financial assets (debt)	(3,892,415)	1,214,310	701,639
Net financial debt, beginning of year	(2,324,907)	(2,324,907)	(3,026,546)
Net financial debt, end of year	\$ (6,217,322)	\$ (1,110,597)	\$ (2,324,907)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,082,256	\$ 1,929,696
Items not involving cash:		
Amortization of tangible capital assets	2,682,533	2,135,912
Gain on disposal of tangible capital assets	(22,055)	(70,225)
Decrease in landfill closure and post-closure liability	187,697	62,911
	4,930,431	4,058,294
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(1,694,136)	209,957
Decrease (increase) in taxes receivable	(296,443)	245,542
Decrease in inventories held for resale	-	3,864
Decrease (increase) in prepaid expenses	(21,068)	1,730
Increase (decrease) in accounts payable and accrued liabilities	(1,505,158)	1,298,879
Increase in deferred revenue - obligatory reserve funds	141,140	47,890
Increase (decrease) in deferred revenue - other	12,095	(28,928)
Net change in cash from operating activities	1,566,861	5,837,228
Capital activities:		
Proceeds on disposal of tangible capital assets	23,282	151,761
Acquisition of tangible capital assets	(3,530,638)	(3,447,235)
Net change in cash from capital activities	(3,507,356)	(3,295,474)
Financing activities:		
Debt principal repayments	(330,202)	(4,500)
Proceeds on issuance of long-term debt	-	3,415,000
Net change in cash from financing activities	(330,202)	3,410,500
Net increase (decrease) in cash	(2,270,697)	5,952,254
Cash, beginning of year	13,900,943	7,948,689
Cash, end of year	\$ 11,630,246	\$ 13,900,943

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, 2022

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 consolidated 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 (continued)

Year ended December 31, 2022

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

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 consolidated 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 consolidated 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 (continued)

Year ended December 31, 2022

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 consolidated 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 (continued)

Year ended December 31, 2022

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 consolidated 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:

	2022	2021
Utilities receivable	\$ 339,005	\$ 331,758
Trade receivables and other	1,164,433	212,371
HST recoverable	1,065,680	330,853
	<u>\$ 2,569,118</u>	<u>\$ 874,982</u>

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

During 2022, 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	\$ 4,093,664	\$ 5,359,630
Taxation from other governments	2,270	17,252
Amounts requisitioned and remitted	<u>\$ 4,095,934</u>	<u>\$ 5,376,882</u>

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

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2022	2021
Trade and miscellaneous	\$ 2,378,175	\$ 3,971,343
Personnel related	413,517	325,507
	<u>\$ 2,791,692</u>	<u>\$ 4,296,850</u>

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:

	2022	2021
Obligatory reserve	\$ 372,102	\$ 230,962

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

	2022	2021
Balance, beginning of year	\$ 230,962	\$ 183,072
Add amounts received:		
Federal gas tax	194,201	379,351
Parkland fees	138,193	88,453
Investment income	2,947	1,035
	<u>335,341</u>	<u>468,839</u>
Less transfer to operations:		
Federal gas tax revenue earned	(194,201)	(379,351)
Parkland fees earned	—	(41,598)
	<u>(194,201)</u>	<u>(420,949)</u>
Balance, end of year	<u>\$ 372,102</u>	<u>\$ 230,962</u>

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Long-term debt:

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

	2022	2021
(i) Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	\$ 32,785	\$ 37,285
(ii) Long-term variable interest loan repayable to the Ontario Infrastructure and Lands Corporation	11,089,298	11,415,000
	<u>\$ 11,122,083</u>	<u>\$ 11,452,285</u>

Interest paid during the year on long-term debt amounted to \$299,254 with an additional \$111,447 of interest accrued but not paid at year-end.

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

Principal payments in the next five years and thereafter are as follows:

	Principal
2023	\$ 338,990
2024	348,013
2025	357,283
2026	366,799
2027	376,578
2028 and subsequent years	9,334,420
	<u>\$ 11,122,083</u>

- (ii) The Ontario Infrastructure and Lands Corporation ("OILC") agreed to make financing available to the Township up to a maximum principal amount of \$12,500,000 for the life cycle renewal and replacement of the S.G. Nesbitt Memorial Arena and Community Centre project. The Township is required to make interest only payments at a floating rate determined by OILC until the project is deemed to be substantially complete. At December 31, 2022, a total of \$11,089,298 has been drawn on this facility. On February 16, 2022, substantial completion of the project was achieved and the advances were converted to debentures issued by the OILC and interest at a fixed rate of 2.68%, payable semi-annually, principal and interest payments of \$314,728, due August 16th, 2046.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$2,275,390 (2021 - \$2,087,693) 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 \$850,489 (2021 - \$760,738) 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 \$2,738,651 (2021 - \$2,571,065), calculated at a discount rate of 2.20% (2021 - 2.17%).

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2022

8. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land and improvements	\$ 4,958,032	\$	\$ (1,227)	\$ 4,956,805
Buildings	23,308,789	131,334	-	23,440,123
Machinery and equipment	2,058,568	261,951	-	2,320,519
Vehicles	6,088,088	-	(129,136)	5,958,952
Water and sewer	4,660,673	143,883	-	4,804,556
Roads and bridges	31,015,463	2,993,470	-	34,008,933
Total	\$ 72,089,613	\$ 3,530,638	\$ (130,363)	\$ 75,489,888

Accumulated Amortization	Balance at December 31, 2021	Disposals	Amortization	Balance at December 31, 2022
Land and improvements	\$ 1,839,005	-	\$ 144,473	\$ 1,983,478
Buildings	5,403,440	-	600,364	6,003,804
Machinery and equipment	932,265	-	127,552	1,059,817
Vehicles	2,509,485	(129,136)	400,253	2,780,602
Water and sewer	1,511,610	-	97,461	1,609,071
Roads and bridges	22,930,432	-	1,312,430	24,242,862
Total	\$ 35,126,237	\$ (129,136)	\$ 2,682,533	\$ 37,679,634

	Net book value, 2021	Net book value, 2022
Land and improvements	\$ 3,119,027	\$ 2,973,327
Buildings	17,905,349	17,436,319
Machinery and equipment	1,126,303	1,260,702
Vehicles	3,578,603	3,178,350
Water and sewer	3,149,063	3,195,485
Roads and bridges	8,085,031	9,766,071
Total	\$ 36,963,376	\$ 37,810,254

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2022

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land and improvements	\$ 4,916,256	\$ 41,776	\$ -	\$ 4,958,032
Buildings	22,961,175	347,614	-	23,308,789
Machinery and equipment	1,890,129	168,439	-	2,058,568
Vehicles	5,364,743	1,366,662	(643,317)	6,088,088
Water and sewer	4,660,673	-	-	4,660,673
Roads and bridges	29,492,719	1,522,744	-	31,015,463
Total	\$ 69,285,695	\$ 3,447,235	\$ (643,317)	\$ 72,089,613

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization	Balance at December 31, 2021
Land and improvements	\$ 1,693,307	\$ -	\$ 145,698	\$ 1,839,005
Buildings	4,791,819	-	611,621	5,403,440
Machinery and equipment	808,420	-	123,845	932,265
Vehicles	2,670,928	(561,781)	400,338	2,509,485
Water and sewer	1,414,234	-	97,376	1,511,610
Roads and bridges	22,173,398	-	757,034	22,930,432
Total	\$ 33,552,106	\$ (561,781)	\$ 2,135,912	\$ 35,126,237

	Net book value, 2020	Net book value, 2021
Land and improvements	\$ 3,222,949	\$ 3,119,027
Buildings	18,169,356	17,905,349
Machinery and equipment	1,081,709	1,126,303
Vehicles	2,693,815	3,578,603
Water and sewer	3,246,439	3,149,063
Roads and bridges	7,319,321	8,085,031
Total	\$ 35,733,589	\$ 36,963,376

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Pension agreements:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$123,628 million (2021 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2022 was \$261,256 (2021 - \$253,370) and is included as an expense in the statement of operation and accumulated surplus.

10. Accumulated surplus:

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

	2022	2021
Surplus (deficit):		
Township	\$ 238,175	\$ 398,017
Unfunded landfill closure and post-closure costs	(2,275,390)	(2,087,693)
Business Improvement Area Board	42	42
Long-term debt	(11,122,083)	(11,452,285)
Cemetery:		
Operations	40,070	38,570
Inventory	50,395	50,395
Unfinanced inventory construction	(14,392)	(21,442)
	(13,083,183)	(13,074,396)
Invested in capital assets:		
Tangible capital assets – net book value	37,810,254	36,963,376
Unfunded capital	(449,649)	(421,378)
	37,360,605	36,541,998
Surplus	24,277,422	23,467,602
Reserves:		
Working capital	1,494,827	1,494,827
Future operations	1,646,364	1,495,945
Future capital assets	9,312,262	8,190,245
	12,453,453	11,181,017
Reserve funds:		
Cultural	10,086	10,086
	\$ 36,740,961	\$ 34,658,705

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Trust funds:

Trust funds administered by the Township amounting to \$800,066 (2021 - \$700,937) 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.

12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by council on April 28th, 2022. The reconciliation of the approved budget to the budget figures reported in these financial statements is listed below.

Annual surplus per budget approved by Council	\$	-
Add:		
Transfers from reserves		1,763,285
Amortization		2,132,208
		<hr/> 3,895,493
Less:		
Principal loan repayments		1,054,030
Transfers to reserves		989,286
Capital additions		3,845,250
		<hr/> 5,888,566
Surplus per consolidated financial statements	\$	<hr/> (1,993,073) <hr/>

13. Contingencies:

(a) Legal matters and litigation:

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

(b) Landfill capacity:

During the year, the Township discovered that there were leachate seeps at the Scotch Line Landfill site which could have a significant adverse effect on the capacity of the landfill site. The Township expects to incur the necessary costs in order to maintain the existing capacity at the site. At the date of these consolidated financial statements a reasonable estimate relating to these costs is indeterminable. As a result, no amounts in connection with this item has been reflected in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Commitment:

The Township has entered into an agreement with the Ontario Clean Water Agency to provide water and sewer maintenance service for the Township of Minden Hills. The agreement expires on May 31, 2026 and the annual cost is approximately \$490,000.

15. Public sector salary disclosure:

During 2022, three employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

16. Financial risk and concentration of risk:

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Township manages exposure through its normal operating and financing activities. The Township is exposed to various risks through its financial instruments.

17. Comparative information:

Certain 2021 comparative figures have been reclassified to conform to the presentation adopted in 2022.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Segmented information:

The Township of Minden Mills is a municipal government organization that provides a range of services to its residents. Township services 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 consist 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.

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 provide 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 18 - Segmented Information

Year ended December 31, 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2022
Revenues:								
Property taxation	\$ 9,920,235	-	-	-	-	-	-	\$ 9,920,235
User charges	34,590	498,820	83,332	1,503,817	52,750	110,550	65,200	2,349,059
Government transfers - operating	3,313,649	54,129	26,233	-	-	22,241	15,000	3,431,252
Other municipalities	-	-	46,333	-	-	-	-	46,333
Penalties and interest	211,090	-	-	6,548	-	-	-	217,638
Investment income	220,916	-	-	18,000	-	-	-	238,916
Donations	-	596	-	-	-	8,301	2,597	11,494
Federal gas tax revenue earned	-	-	194,201	-	-	-	-	194,201
Other	212,790	19,632	58,766	47,883	-	98,418	50	437,539
Gain on sale of capital assets	-	-	-	-	-	22,055	-	22,055
	13,913,270	573,177	408,865	1,576,248	52,750	261,565	82,847	16,868,722
Expenses:								
Salaries and benefits	1,194,166	543,271	997,758	235,648	30,324	1,097,111	174,307	4,272,585
Materials	430,254	279,665	1,162,714	1,503,128	61,360	1,114,085	49,029	4,600,235
Contracted services	363,817	1,821,607	242,612	910,353	12,297	76,564	322,211	3,749,461
External transfers	-	13,500	-	-	-	18,477	-	31,977
Amortization of tangible capital assets	43,384	130,855	1,074,495	207,955	9,402	665,078	1,039	2,132,208
	2,031,621	2,788,898	3,477,579	2,857,084	113,383	2,971,315	546,586	14,786,466
Annual surplus (deficit)	\$ 11,881,649	(2,215,721)	(3,068,714)	(1,280,836)	(60,633)	(2,709,750)	(463,739)	\$ 2,082,256

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information (continued)

Year ended December 31, 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2021
Revenues:								
Property taxation	\$ 9,384,777	-	-	-	-	-	-	\$ 9,384,777
User charges	29,247	503,212	88,743	1,462,586	52,874	57,607	87,050	2,281,319
Government transfers - operating	1,954,455	226,535	26,836	141,267	-	54,187	10,000	2,413,280
Other municipalities	-	-	36,616	-	-	-	-	36,616
Penalties and interest	223,786	-	-	7,269	-	-	-	231,055
Investment income	97,606	-	-	6,000	-	-	-	103,606
Donations	-	100	-	-	-	37,302	-	37,402
Federal gas tax revenue earned	-	-	379,351	-	-	-	-	379,351
Other	34,201	6,525	122,576	14,904	50	119,021	350	297,627
Loss on sale of capital assets	-	-	-	-	-	70,225	-	70,225
	11,724,072	736,372	654,122	1,632,026	52,924	338,342	97,400	15,235,258
Expenses:								
Salaries and benefits	1,047,938	613,202	892,270	301,361	56,299	903,114	214,074	4,028,258
Materials	283,093	311,635	1,057,188	1,195,598	31,546	621,249	32,090	3,532,399
Contracted services	110,879	1,931,705	268,397	968,340	13,240	34,994	246,950	3,574,505
Rents and financial	-	-	-	-	-	-	-	-
External transfers	-	21,428	-	-	-	13,060	-	34,488
Amortization of tangible capital assets	43,465	130,853	1,070,823	208,040	9,317	672,910	504	2,135,912
	1,485,375	3,008,823	3,288,678	2,673,339	110,402	2,245,327	493,618	13,305,562
Annual surplus (deficit)	\$ 10,238,697	(2,272,451)	(2,634,556)	(1,041,313)	(57,478)	(1,906,985)	(396,218)	\$ 1,929,696