

Consolidated Financial Statements

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

And Independent Auditors' Report thereon

Year ended December 31, 2018

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2018

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5
Schedule to Note 18 - Segmented Information	18-19

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 Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Mayor



Treasurer



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' 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, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of changes in net assets 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, 2018, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Auditors' 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 auditors' 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.



- 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 auditors' 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 auditors' 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 Group Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
July 25, 2019

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 8,978,271	\$ 8,686,846
Accounts receivable (note 2)	725,974	681,872
Taxes receivable	1,198,298	1,267,913
Inventories held for resale	59,371	61,926
	10,961,914	10,698,557
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	2,112,047	2,216,587
Deferred revenue - obligatory reserve funds (note 5)	154,035	191,985
Deferred revenue - other	228,321	67,066
Long-term debt (note 6)	50,785	55,285
Landfill closure and post-closure liability (note 7)	1,043,102	1,228,427
	3,588,290	3,759,350
Net financial assets	7,373,624	6,939,207
Non-financial assets		
Tangible capital assets (note 8)	21,827,868	20,604,042
Prepaid expenses	29,820	26,536
	21,857,688	20,630,578
Contingencies (note 14)		
Commitment (note 15)		
Accumulated surplus (note 10)	\$ 29,231,312	\$ 27,569,785

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, 2018, with comparative information for 2017

	Budget 2018 (note 13)	Actual 2018	Actual 2017
Revenue:			
Property taxation	\$ 7,981,425	\$ 8,089,537	\$ 7,434,758
User charges	2,059,500	2,069,727	2,042,820
Government of Canada	73,505	101,300	90,433
Province of Ontario	2,073,575	2,107,402	1,828,478
Other municipalities	46,950	31,370	43,071
Penalties and interest	200,000	227,846	237,898
Investment income	86,000	188,080	137,264
Donations	30,500	31,054	35,080
Federal Gas Tax revenue earned	210,115	224,343	305,300
Gain (loss) on disposal of capital assets	-	(146,802)	(6,822)
Other	560,800	149,925	267,835
Total revenue	13,322,370	13,073,782	12,416,115
Expenses:			
General government	1,708,220	1,540,241	1,419,744
Protection services	2,720,358	2,678,558	2,744,415
Transportation services	3,823,228	3,087,762	2,816,820
Environmental services	2,198,591	2,030,279	2,042,090
Health services	168,068	80,224	99,408
Recreational and cultural services	1,831,803	1,656,916	1,758,971
Planning and development	436,237	338,275	274,116
Total expenses	12,886,505	11,412,255	11,155,564
Annual surplus	435,865	1,661,527	1,260,551
Accumulated surplus, beginning of the year	27,569,785	27,569,785	26,309,234
Accumulated surplus, end of year	\$ 28,005,650	\$ 29,231,312	\$ 27,569,785

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, 2018, with comparative information for 2017

	Budget 2018 (note 13)	Actual 2018	Actual 2017
Annual surplus	\$ 435,865	\$ 1,661,527	\$ 1,260,551
Acquisition of tangible capital assets	(3,561,400)	(2,803,253)	(2,867,108)
Amortization of tangible capital assets	-	1,411,791	1,321,995
Loss on disposal of tangible capital assets	-	146,802	6,822
Proceeds on sale of tangible capital assets	-	20,834	26,968
Decrease (increase) in prepaid expenses	-	(3,284)	6,263
	(3,125,535)	434,417	(244,509)
Change in net financial assets	(3,125,535)	434,417	(244,509)
Net financial assets, beginning of year	6,939,207	6,939,207	7,183,716
Net financial assets, end of year	\$ 3,813,672	\$ 7,373,624	\$ 6,939,207

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, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,661,527	\$ 1,260,551
Items not involving cash:		
Amortization of tangible capital assets	1,411,791	1,321,995
Loss on disposal of tangible capital assets	146,802	6,822
Increase in landfill closure and post-closure liability	(185,325)	75,284
	3,034,795	2,664,652
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(44,102)	(51,531)
Decrease (increase) in taxes receivable	69,615	(44,925)
Decrease in inventories held for resale	2,555	2,556
Decrease (increase) in prepaid expenses	(3,284)	6,263
Increase (decrease) in accounts payable and accrued liabilities	(104,540)	555,534
Decrease in deferred revenue - obligatory reserve funds	(37,950)	(109,500)
Decrease in deferred revenue - other	161,255	4,662
Net change in cash from operating activities	3,078,344	3,027,711
Capital activities:		
Proceeds on disposal of tangible capital assets	20,834	26,968
Acquisition of tangible capital assets	(2,803,253)	(2,867,108)
Net change in cash from capital activities	(2,782,419)	(2,840,140)
Financing activities:		
Debt principal repayments	(4,500)	(11,846)
Net change in cash	291,425	175,725
Cash, beginning of year	8,686,846	8,511,121
Cash, end of year	\$ 8,978,271	\$ 8,686,846

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, 2018

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, 2018

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 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

Year ended December 31, 2018

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, 2018

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:

	2018	2017
Utilities receivable	\$ 293,772	\$ 296,081
Trade receivables and other	277,851	164,366
HST recoverable	154,351	221,425
	\$ 725,974	\$ 681,872

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

During 2018, 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	\$ 4,212,608	\$ 4,482,388
Taxation from other governments	2,135	13,259
Amounts requisitioned and remitted	\$ 4,214,743	\$ 4,495,647

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

Year ended December 31, 2018

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2018	2017
Trade and miscellaneous	\$ 1,794,509	\$ 1,930,688
Personnel related	317,538	285,899
	\$ 2,112,047	\$ 2,216,587

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:

	2018	2017
Obligatory reserve	\$ 154,035	\$ 191,985

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

	2018	2017
Balance, beginning of year	\$ 191,985	301,485
Add amounts received:		
Federal gas tax	180,117	171,930
Parkland fees	2,622	19,488
Investment income	3,654	4,382
	186,393	195,800
Less transfer to operations:		
Federal gas tax revenue earned	(224,343)	(305,300)
Balance, end of year	\$ 154,035	\$ 191,985

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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:

	2018	2017
Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	\$ 50,785	\$ 55,285

- (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 \$Nil (2017 - \$263).
- (d) The long-term debt reported in (a) of this note is repayable as follows:

	Principal
2019	\$ 4,500
2020	4,500
2021	4,500
2022	4,500
2023	4,500
2024 and subsequent years	28,285
	\$ 50,785

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$1,043,102 (2017 - \$1,228,427) 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 \$393,513 (2017 - \$393,513) 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 \$1,835,121 (2017 - \$1,719,930), calculated at a discount rate of 2.77% (2017 – 3.22%).

The remaining capacity of the two operating solid waste landfill sites is estimated at 330,437 m³ (2017 – 240,145 m³) which is 69% (2017 – 51%) of the sites total capacity. The remaining landfill sites are expected to reach capacity between 2048 and 2060.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land and improvements	\$ 4,386,937	166,724	(114,865)	4,438,796
Buildings	9,049,874	1,201,687	-	10,251,561
Machinery and equipment	1,344,081	335,208	(6,158)	1,673,131
Vehicles	4,165,121	501,427	(311,337)	4,355,211
Water and sewer	5,423,945	-	(763,272)	4,660,673
Roads and bridges	26,083,468	598,207	-	26,681,675
Total	\$ 50,453,426	2,803,253	(1,195,632)	52,061,047

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land and improvements	\$ 1,376,448	(102,038)	148,917	1,423,327
Buildings	3,823,959	-	258,501	4,082,460
Machinery and equipment	451,297	(4,003)	110,308	557,602
Vehicles	2,071,705	(311,337)	288,028	2,048,396
Water and sewer	1,732,724	(610,618)	97,376	1,219,482
Roads and bridges	20,393,251	-	508,661	20,901,912
Total	\$ 29,849,384	(1,027,996)	1,411,791	30,233,179

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land and improvements	\$ 3,010,489	3,015,469
Buildings	5,225,915	6,169,101
Machinery and equipment	892,784	1,115,529
Vehicles	2,093,416	2,306,815
Water and sewer	3,691,221	3,441,191
Roads and bridges	5,690,217	5,779,763
Total	\$ 20,604,042	21,827,868

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land and improvements	\$ 4,307,677	79,260	-	4,386,937
Buildings	8,007,812	1,042,062	-	9,049,874
Machinery and equipment	1,079,589	300,969	(36,477)	1,344,081
Vehicles	4,308,946	77,171	(220,996)	4,165,121
Water and sewer	5,362,940	61,005	-	5,423,945
Roads and bridges	24,838,347	1,306,641	(61,520)	26,083,468
Total	\$ 47,905,311	2,867,108	(318,993)	50,453,426

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land and improvements	\$ 1,221,443	-	155,005	1,376,448
Buildings	3,594,696	-	229,263	3,823,959
Machinery and equipment	382,030	(24,974)	94,241	451,297
Vehicles	1,995,419	(200,167)	276,453	2,071,705
Water and sewer	1,620,693	-	112,031	1,732,724
Roads and bridges	19,998,311	(60,062)	455,002	20,393,251
Total	\$ 28,812,592	(285,203)	1,321,995	29,849,384

Cost	Net book value, December 31, 2016	Net book value, December 31, 2017
Land and improvements	\$ 3,086,234	3,010,489
Buildings	4,413,116	5,225,915
Machinery and equipment	697,559	892,784
Vehicles	2,313,527	2,093,416
Water and sewer	3,742,247	3,691,221
Roads and bridges	4,840,036	5,690,217
Total	\$ 19,092,719	20,604,042

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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 2018 were \$225,055 (2017 - \$214,826).

10. Accumulated surplus:

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

	2018	2017
Surplus (deficit):		
Township	\$ 753,632	\$ (2,171)
Unfunded landfill closure and post-closure costs	(1,043,102)	(1,228,427)
Business Improvement Area Board	42	42
Long-term debt	(50,785)	(55,285)
Cemetery:		
Operations	33,070	23,160
Inventory	59,371	61,926
Unfinanced inventory construction	(36,302)	(36,302)
	(284,074)	(1,237,057)
Invested in capital assets:		
Tangible capital assets – net book value	21,827,867	20,604,042
Unfunded capital	(271,954)	(271,954)
	21,555,913	20,332,088
Surplus	21,271,839	19,095,031
Reserves:		
Working capital	1,494,828	1,494,828
Future operations	951,332	853,889
Future capital assets	5,482,463	6,095,187
	7,928,623	8,443,904
Reserve funds:		
Cultural	30,850	30,850
	\$ 29,231,312	\$ 27,569,785

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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, 2018, there was a balance outstanding of \$Nil (2017 - \$Nil).

12. Trust funds:

Trust funds administered by the Township amounting to \$484,232 (2017 - \$472,617) 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:

Annual surplus per budget approved by Council	\$	-
Less:		
Internal transfers		(1,881,090)
Amortization		(1,321,995)
Add:		
Principal loan repayments		77,550
Capital additions		3,561,400
Surplus per financial statements	\$	435,865

14. Contingencies:

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 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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

15. 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, 2021 and the annual cost is approximately \$318,900.

16. Public sector salary disclosure:

During 2018, two employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

17. Comparative information:

Certain 2017 comparative figures have been reclassified to conform to the presentation adopted in 2018.

18. 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.

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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2018

18. Segmented information (continued):

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 18 - Segmented Information

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2018
Revenues:								
Property taxation	\$ 8,089,537	-	-	-	-	-	-	\$ 8,089,537
User charges	69,992	429,257	33,603	1,278,371	36,245	163,134	59,125	2,069,727
Government transfers - operating	1,796,756	38,310	74,237	203,110	-	54,933	41,356	2,208,702
Other municipalities	-	-	24,312	7,058	-	-	-	31,370
Penalties and interest	221,086	-	-	6,760	-	-	-	227,846
Investment income	182,080	-	-	6,000	-	-	-	188,080
Donations	-	-	-	-	9	28,415	2,630	31,054
Federal gas tax revenue earned	-	-	224,343	-	-	-	-	224,343
Other	103,896	1,000	5,589	2,625	-	36,815	-	149,925
Gain (loss) on sale of capital assets	-	-	20,834	(165,481)	-	(2,155)	-	(146,802)
	10,463,347	468,567	382,918	1,338,443	36,254	281,142	103,111	13,073,782
Expenses:								
Salaries and benefits	1,000,274	456,781	975,948	148,014	27,061	710,423	221,248	3,539,749
Materials	429,752	216,774	889,411	1,043,940	32,614	525,083	38,050	3,175,624
Contracted services	105,102	1,897,846	465,516	675,678	7,366	47,830	70,730	3,270,068
Rents and financial	(37,760)	-	-	-	-	-	-	(37,760)
External transfers	-	12,000	-	-	-	40,783	-	52,783
Amortization of tangible capital assets	42,873	95,157	756,887	162,647	13,183	332,797	8,247	1,411,791
	1,540,241	2,678,558	3,087,762	2,030,279	80,224	1,656,916	338,275	11,412,255
Annual surplus (deficit)	\$ 8,923,106	(2,209,991)	(2,704,844)	(691,836)	(43,970)	(1,375,774)	(235,164)	1,661,527

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information (continued)

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2017
Revenues:								
Property taxation	\$ 7,434,758	-	-	-	-	-	-	\$ 7,434,758
User charges	84,964	378,977	4,000	1,278,785	58,354	179,140	58,600	2,042,820
Government transfers - operating	1,644,400	32,262	22,872	121,195	-	91,051	7,131	1,918,911
Other municipalities	-	-	36,186	6,885	-	-	-	43,071
Penalties and interest	229,397	-	-	8,501	-	-	-	237,898
Investment income	131,264	-	-	6,000	-	-	-	137,264
Donations	-	-	-	-	272	28,917	5,891	35,080
Federal gas tax revenue earned	-	-	305,300	-	-	-	-	305,300
Other	216,980	2,158	2,033	2,375	-	41,089	3,200	267,835
Gain (loss) on sale of capital assets	-	-	(12,334)	-	(2,036)	7,548	-	(6,822)
	9,741,763	413,397	358,057	1,423,741	56,590	347,745	74,822	12,416,115
Expenses:								
Salaries and benefits	944,671	440,771	885,641	165,380	36,479	727,991	193,196	3,394,129
Materials	351,822	259,794	730,800	1,069,547	43,793	628,162	45,203	3,129,121
Contracted services	62,494	1,961,001	525,231	629,303	5,703	35,071	27,470	3,246,273
Rents and financial	8,452	-	-	-	-	-	-	8,452
External transfers	-	12,000	-	-	-	43,594	-	55,594
Amortization of tangible capital assets	52,305	70,849	675,148	177,860	13,433	324,153	8,247	1,321,995
	1,419,744	2,744,415	2,816,820	2,042,090	99,408	1,758,971	274,116	11,155,564
Annual surplus (deficit)	\$ 8,322,019	(2,331,018)	(2,458,763)	(618,349)	(42,818)	(1,411,226)	(199,294)	1,260,551