

Consolidated Financial Statements

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

And Independent Auditor's Report thereon

Year ended December 31, 2023

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2023

Page

Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report

Consolidated Financial Statements:

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Debt	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 23
Schedule to Note 20 - Segmented Information	24 - 25

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

Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

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, 2023
- 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, 2023, 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.



Page 2

Emphasis of Matter – Comparative Information

We draw attention to Note 2 of the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and are properly applied.

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.



Page 3

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 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

January 29, 2025

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Financial assets		
Cash	\$ 10,972,721	\$ 11,630,246
Accounts receivable (note 3)	2,357,562	2,569,118
Taxes receivable	1,584,737	1,322,527
Inventories held for resale	50,395	50,395
	14,965,415	15,572,286
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	4,159,581	2,791,692
Deferred revenue - obligatory reserve funds (note 6)	500,594	372,102
Deferred revenue - other	132,609	121,616
Long-term debt (note 7)	10,783,093	11,122,083
Asset retirement obligation (note 8)	2,321,232	2,286,317
Liability for contaminated sites (note 10)	1,310,871	1,233,452
	19,207,980	17,927,262
Net financial debt	(4,242,565)	(2,354,976)
Non-financial assets		
Tangible capital assets (note 9)	42,095,282	37,836,606
Prepaid expenses	86,114	41,304
	42,181,396	37,877,910
Contingencies (note 15)		
Commitment (note 16)		
Accumulated surplus (note 12)	\$ 37,938,831	\$ 35,522,934

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, 2023, with comparative information for 2022

	Budget 2023 (note 14)	Actual 2023	Actual 2022 (Restated - note 2)
Revenue:			
Property taxation	\$ 10,393,451	\$ 10,546,213	\$ 9,920,235
User charges	1,433,877	2,444,462	2,349,059
Government of Canada	9,000	106,000	18,445
Province of Ontario	2,793,151	2,336,575	3,412,807
Other municipalities	48,000	58,561	46,333
Penalties and interest	205,000	249,332	217,638
Investment income	350,250	784,242	238,916
Donations	2,700	11,180	11,494
Federal gas tax revenue earned	201,477	203,712	194,201
Gain (loss) on disposal of capital assets	-	7,501	22,055
Other	172,141	621,761	437,539
Total revenue	15,609,047	17,369,539	16,868,722
Expenses:			
General government	2,735,089	2,136,310	2,130,603
Protection services	2,928,637	3,009,098	2,788,898
Transportation services	2,848,932	3,640,019	3,477,579
Environmental services	1,633,447	2,771,064	2,836,973
Health services	163,004	164,785	113,383
Recreational and cultural services	2,532,851	2,623,977	2,971,315
Planning and development	402,046	608,389	546,586
Total expenses	13,244,006	14,953,642	14,865,337
Annual surplus	2,365,041	2,415,897	2,003,385
Accumulated surplus, beginning of the year as previously stated	37,938,831	35,522,934	34,658,705
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(1,139,156)
Accumulated surplus, end of year	\$ 40,303,872	\$ 37,938,831	\$ 35,522,934

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, 2023, with comparative information for 2022

	Budget 2023 (note 14)	Actual 2023	Actual 2022 (Restated - note 2)
Annual surplus	\$ 2,365,041	\$ 2,415,897	\$ 2,003,385
Acquisition of tangible capital assets	(6,722,118)	(6,393,639)	(3,530,638)
Amortization of tangible capital assets	2,134,963	2,134,963	2,685,288
Gain on disposal of tangible capital assets	-	(7,501)	(22,055)
Proceeds on sale of tangible capital assets	-	7,501	23,282
Adjustment on the adoption of the asset retirement obligation standard	-	-	29,107
Increase in prepaid expenses	-	(44,810)	(21,068)
	(4,587,155)	(4,303,486)	(836,084)
Change in net financial assets (debt)	(2,222,114)	(1,887,589)	1,167,301
Net financial debt, beginning of year	(2,354,976)	(2,354,976)	(3,522,277)
Net financial debt, end of year	\$ (4,577,090)	\$ (4,242,565)	\$ (2,354,976)

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, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,415,897	\$ 2,003,385
Items not involving cash:		
Amortization of tangible capital assets	2,134,963	2,685,288
Gain on disposal of tangible capital assets	(7,501)	(22,055)
Accretion of asset retirement obligation and liability for contaminated sites	112,334	263,813
	4,655,693	4,930,431
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	211,556	(1,694,136)
Increase in taxes receivable	(262,210)	(296,443)
Increase in prepaid expenses	(44,810)	(21,068)
Increase (decrease) in accounts payable and accrued liabilities	1,367,889	(1,505,158)
Increase in deferred revenue - obligatory reserve funds	128,492	141,140
Increase in deferred revenue - other	10,993	12,095
Net change in cash from operating activities	6,067,603	1,566,861
Capital activities:		
Proceeds on disposal of tangible capital assets	7,501	23,282
Acquisition of tangible capital assets	(6,393,639)	(3,530,638)
Net change in cash from capital activities	(6,386,138)	(3,507,356)
Financing activities:		
Debt principal repayments	(338,990)	(330,202)
Net change in cash from financing activities	(338,990)	(330,202)
Net decrease in cash	(657,525)	(2,270,697)
Cash, beginning of year	11,630,246	13,900,943
Cash, end of year	\$ 10,972,721	\$ 11,630,246

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, 2023

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, 2023

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, 2023

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 mounts 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, 2023

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 asset retirement obligations.

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.

(m) Financial instruments:

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, taxes receivable, user charges receivable, grants receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(n) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that the future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for required remediation activities in several of the buildings owned by the Township has also been recognized based on estimated future expenses on closure of the facility.

The asset retirement obligations for the Township's landfills are discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(c).

2. Change in accounting policies:

The Township adopted the following standards concurrently beginning January 1, 2022 prospectively: *PS 1201 Financial Statement Presentation*, *PS 2601 Foreign Currency Translation*, *PS 3041 Portfolio Investments* and *PS 3450 Financial Instruments*.

PS 1201 Financial Statement Presentation replaces *PS 1200 Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in *PS 2601 Foreign Currency Translation*, *PS 3450 Financial Instruments*, and *PS 3041 Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 2601 Foreign Currency Translation replaces *PS 2600 Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. *PS 3041 Portfolio Investments* replaces *PS 3040 Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to *PS 3450 Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, *PS 3030 Temporary Investments* no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3280 Asset Retirement Obligations:

On January 1, 2022, the Township adopted Public Accounting Standard *PS 3280 Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as landfills and asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2022, the Township recognized an asset retirement obligation relating to its landfill sites. The Town removed the landfill liability that had been recognized to date and recognized an asset retirement obligation and liability for contaminated sites upon adoption of *PS 3280* on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the landfill sites owned by the Town. The liabilities were measured as of the date of acquisition of the sites, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 4.00% per annum.

On January 1, 2022, the Township recognized an additional asset retirement obligation relating to several buildings owned by the Township that contain asbestos and other designated materials. The buildings were originally acquired prior to 1993, and the liability was measured as of the date of acquisition of the buildings when the liability was assumed. The buildings have an expected useful life of 40 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2022:

(a) Landfill obligation:

- (i) A decrease of \$965,858 to Landfill Site Closure and Post-Closure Liability to remove the liability recognized to date under the old standard, and an accompanying increase of \$965,858 to opening Accumulated Surplus.
- (ii) An asset retirement obligation in the amount of \$1,449,230, representing the original obligation discounted to the present value amount using a rate of 2.20%.
- (iii) A decrease to Opening Accumulated Surplus of \$1,449,230, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the years since purchase of the landfill sites.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

(b) Facilities obligation:

- (i) An increase of \$684,891 to the Buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$655,784 to accumulated amortization, representing increased amortization had the liability originally been recognized.
- (ii) An asset retirement obligation in the amount of \$684,891, representing an estimate of the current obligation.
- (iii) A decrease to accumulated surplus of \$655,784, as a result of the recognition of the liability and accompanying increase in amortization expense.

In addition to these adjustments, the Township reflected an increase in operating expenses of \$78,871, reflecting:

- A decrease in operating expenses of \$187,697, reflecting the reversal of the provision for landfill closure and post-closure costs recorded under the former standard.
- An increase in operating expenses of \$263,813, reflecting the accretion of the asset retirement obligation and liability for contaminated sites under the new standard.
- An increase in operating expenses of \$2,755, reflecting depreciation expense on the asset retirement obligation.

3. Accounts receivable:

Accounts receivable consist of the following:

	2023	2022
Utilities receivable	\$ 585,848	\$ 339,005
Trade receivables and other	1,394,674	1,164,433
HST recoverable	377,040	1,065,680
	\$ 2,357,562	\$ 2,569,118

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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

During 2023, 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	\$ 4,139,013	\$ 5,855,075
Taxation from other governments	2,299	17,434
Amounts requisitioned and remitted	\$ 4,141,312	\$ 5,872,509

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

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2023	2022
Trade and miscellaneous	\$ 3,711,002	\$ 2,378,175
Personnel related	448,579	413,517
	\$ 4,159,581	\$ 2,791,692

6. 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:

	2023	2022
Obligatory reserve	\$ 500,594	\$ 372,102

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Deferred revenue - obligatory reserve funds (continued):

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

	2023	2022
Balance, beginning of year	\$ 372,102	\$ 230,962
Add amounts received:		
Federal gas tax	203,711	194,201
Parkland fees	128,492	138,193
Investment income	–	2,947
	332,203	335,341
Less transfer to operations:		
Federal gas tax revenue earned	(203,711)	(194,201)
Parkland fees earned	–	–
	(203,711)	(194,201)
Balance, end of year	\$ 500,594	\$ 372,102

7. Long-term debt:

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

	2023	2022
(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	\$ 32,785
(ii) Long-term variable interest loan repayable to the Ontario Infrastructure and Lands Corporation	10,750,308	11,089,298
	\$ 10,783,093	\$ 11,122,083

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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

7. Long-term debt (continued):

(i) (continued):

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

	Principal
2024	\$ 348,013
2025	357,283
2026	366,799
2027	376,578
2028 and subsequent years	9,334,420
	\$ 10,783,093

(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, 2023, a total of \$10,783,093 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 16, 2046.

8. Asset retirement obligation:

The Township’s asset retirement obligation consists of several obligations as follows:

(a) Landfill obligation:

The Town owns and operates one active landfill site. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligation*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date, discounted at a rate of 2.25% (2022 - 2.20%).

The landfill is expected to reach its capacity in 21 years, and the estimated remaining capacity is 29% of the site’s total capacity (2022 - 31%).

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Asset retirement obligation (continued):

(b) Asbestos obligation:

The Town owns and operates several buildings that are known to have asbestos and other designated substances, which represent a health hazard upon demolition of the building and there is a legal obligation to remove or remediate these substances. Following the adoption of *PS 3280 Asset Retirement Obligation*, the Town recognized an obligation relating to the removal and post-removal care of the designated substances in these buildings, as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to conduct removal or remediation activities in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the landfill and building capital assets and the restatement of prior year numbers (see note 2).

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation	Landfill	Facilities	Balance at December 31, 2023
Opening balance	\$ 1,505,199	\$ 781,118	\$ 2,286,317
Accretion expense	34,915	-	34,915
Closing balance	\$ 1,540,114	\$ 781,118	\$ 2,321,232

Asset retirement obligation	Landfill	Facilities	Balance at December 31, 2022
Opening balance	\$ -	\$ -	\$ -
Adjustment on adoption of the asset retirement obligation standard (note 2)	1,449,230	684,891	2,134,121
Opening balance as restated	1,449,230	684,891	2,134,121
Accretion expense	55,969	96,227	152,196
Closing balance	\$ 1,505,199	\$ 781,118	\$ 2,286,317

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2023

9. Tangible capital assets:

Cost	Balance at December 31, 2022			Additions	Disposals	Balance at December 31, 2023	
Land and improvements	\$	4,956,805	\$	212,555	\$	-	\$ 5,169,360
Buildings		24,125,014		61,709		-	24,186,723
Machinery and equipment		2,320,519		572,809		-	2,893,328
Vehicles		5,958,952		372,912		(204,004)	6,127,860
Water and sewer		4,804,556		-		-	4,804,556
Roads and bridges		34,008,933		5,173,654		-	39,182,587
Total	\$	76,174,779	\$	6,393,639	\$	(204,004)	\$ 82,364,414

Accumulated Amortization	Balance at December 31, 2022			Disposals	Amortization	Balance at December 31, 2023	
Land and improvements	\$	1,983,478	\$	-	\$	145,699	\$ 2,129,177
Buildings		6,662,343		-		609,402	7,271,745
Machinery and equipment		1,059,817		-		123,845	1,183,662
Vehicles		2,780,602		(204,004)		400,338	2,976,936
Water and sewer		1,609,071		-		97,376	1,706,447
Roads and bridges		24,242,862		-		758,303	25,001,165
Total	\$	38,338,173	\$	(204,004)	\$	2,134,963	\$ 40,269,132

	Net book value, 2022		Net book value, 2023	
Land and improvements	\$	2,973,327	\$	3,040,183
Buildings		17,462,671		16,914,978
Machinery and equipment		1,260,702		1,709,666
Vehicles		3,178,350		3,150,924
Water and sewer		3,195,485		3,098,109
Roads and bridges		9,766,071		14,181,422
Total	\$	37,836,606	\$	42,095,282

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2022

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022 (Restated - note 2)
Land and improvements	\$ 4,958,032	\$	\$ (1,227)	\$ 4,956,805
Buildings	23,993,680	131,334	-	24,125,014
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	\$ 72,774,504	\$ 3,530,638	\$ (130,363)	\$ 76,174,779

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	6,059,224	-	603,119	6,662,343
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	\$ 35,782,021	\$ (129,136)	\$ 2,685,288	\$ 38,338,173

	Net book value, 2021	Net book value, 2022
Land and improvements	\$ 3,015,105	\$ 2,973,327
Buildings	17,641,342	17,462,671
Machinery and equipment	1,170,897	1,260,702
Vehicles	4,463,391	3,178,350
Water and sewer	3,051,687	3,195,485
Roads and bridges	8,850,741	9,766,071
Total	\$ 38,193,163	\$ 37,836,606

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Liability for contaminated sites:

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the Township is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. The Township has identified five (2022 - five) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care. Post-closure care activities for landfill sites are expected to occur in the future and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the Township's average long-term borrowing rate of 2.25% (2022 - 2.20%). The estimated present value of future expenditures for post-closure care is \$1,310,871 (2022 - \$1,233,452).

11. 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, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million (2022 - \$130,306 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$131,983 million (2022 - \$123,628 million) indicating a going concern actuarial deficit of \$4,202 million (2022 - \$6,678 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees 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 2023 was \$284,611 (2022 - \$261,256) and is included as an expense in the statement of operation and accumulated surplus.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Accumulated surplus:

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

	2023	2022 (Restated - note 2)
Surplus (deficit):		
Township	\$ 341,912	\$ 238,178
Unfunded obligations for asset retirement and contaminated sites	(3,632,103)	(3,519,769)
Business Improvement Area Board	42	42
Long-term debt	(10,783,093)	(11,122,083)
Cemetery:		
Operations	41,570	40,070
Inventory	50,395	50,392
Unfinanced inventory construction	(10,733)	(14,392)
	<u>(13,992,010)</u>	<u>(14,327,562)</u>
Invested in capital assets:		
Tangible capital assets – net book value	42,095,282	37,836,606
Unfunded capital	(2,461,469)	(449,649)
	<u>39,633,813</u>	<u>37,386,957</u>
Surplus	<u>25,641,803</u>	<u>23,059,395</u>
Reserves:		
Working capital	1,494,827	1,494,827
Future operations	1,837,473	1,646,364
Future capital assets	8,954,642	9,312,262
	<u>12,286,942</u>	<u>12,453,453</u>
Reserve funds:		
Cultural	10,086	10,086
	<u>\$ 37,938,831</u>	<u>\$ 35,522,934</u>

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Trust funds:

Trust funds administered by the Township amounting to \$851,859 (2022 - \$800,066) 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.

14. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council. 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	\$	–
Less:		
Transfers from reserves		2,073,737
Proceeds from the issuance of long-term debt		3,495,700
		<hr/> 5,569,437
Add:		
Principal loan repayments		338,900
Transfers to reserves		873,460
Capital additions		6,722,118
		<hr/> 7,934,478
Surplus per consolidated financial statements	\$	<hr/> 2,365,041 <hr/>

15. 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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Contingencies (continued):

(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.

16. 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.

17. Public sector salary disclosure:

During 2023, four employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

18. 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.

19. Comparative information:

Certain 2022 comparative figures have been reclassified to conform to the presentation adopted in 2023.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

20. 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.

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 20 - Segmented Information

Year ended December 31, 2023

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2023
Revenues:								
User charges	34,764	438,576	73,738	1,609,888	55,303	174,368	57,825	2,444,462
Other municipalities	-	-	58,561	-	-	-	-	58,561
Penalties and interest	241,825	-	-	7,507	-	-	-	249,332
Investment income	760,242	-	-	24,000	-	-	-	784,242
Donations	-	-	-	-	30	11,150	-	11,180
Federal gas tax revenue earned	-	-	203,712	-	-	-	-	203,712
Other	-	278,433	50,781	177,432	-	111,415	3,700	621,761
Gain on sale of capital assets	-	-	-	-	-	7,501	-	7,501
	1,036,831	717,009	386,792	1,818,827	55,333	304,434	61,525	4,380,751
Expenses:								
Salaries and benefits	1,242,880	701,162	1,161,148	191,882	29,687	1,057,096	223,191	4,607,046
Materials	649,991	289,153	1,089,604	1,439,683	60,393	804,278	26,375	4,359,477
Contracted services	197,300	1,863,241	314,772	931,544	65,303	77,509	357,784	3,807,453
External transfers	-	24,688	-	-	-	20,016	-	44,704
Amortization of tangible capital assets	46,139	130,854	1,074,495	207,955	9,402	665,078	1,039	2,134,962
	2,136,310	3,009,098	3,640,019	2,771,064	164,785	2,623,977	608,389	14,953,642
Property taxation								10,546,213
Government transfers								2,442,575
Annual surplus								\$ 2,415,897

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 20 - 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 2022
								(Restated - note 2)
Revenues:								
User charges	34,590	498,820	83,332	1,503,817	52,750	110,550	65,200	2,349,059
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
Loss on sale of capital assets	-	-	-	-	-	22,055	-	22,055
	679,386	519,048	382,632	1,576,248	52,750	239,324	67,847	3,517,235
Expenses:								
Salaries and benefits	1,194,166	543,271	997,758	235,648	30,324	1,097,111	174,307	4,272,585
Materials	526,481	279,667	1,162,714	1,483,017	61,360	1,114,085	49,029	4,676,353
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	46,139	130,853	1,074,495	207,955	9,402	665,078	1,039	2,134,961
	2,130,603	2,788,898	3,477,579	2,836,973	113,383	2,971,315	546,586	14,865,337
Property taxation								9,920,235
Government transfers								3,431,252
Annual surplus								\$ 2,003,385