

Consolidated Financial Statements

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

Year ended December 31, 2017

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

Consolidated Financial Statements

Year ended December 31, 2017

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## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of the Township of Minden Hills (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

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

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



\_\_\_\_\_  
Mayor



\_\_\_\_\_  
Treasurer



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Claridge Executive Centre  
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Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of Corporation of the Township of Minden Hills, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Township of Minden Hills as at December 31, 2017, and its consolidated results of operations, its change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 31, 2017

# THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Cash	\$ 8,686,846	\$ 8,511,121
Accounts receivable (note 2)	681,872	630,341
Taxes receivable	1,267,913	1,222,988
Inventories held for resale	61,926	64,482
	10,698,557	10,428,932
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 4)	2,216,587	1,661,053
Deferred revenue - obligatory reserve funds (note 5)	191,985	301,485
Deferred revenue - other	67,066	62,404
Long-term debt (note 6)	55,285	67,131
Landfill closure and post-closure liability (note 7)	1,228,427	1,153,143
	3,759,350	3,245,216
<b>Net financial assets</b>	<b>6,939,207</b>	<b>7,183,716</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	20,604,042	19,092,719
Prepaid expenses	26,536	32,799
	20,630,578	19,125,518
Contingencies (note 14)		
Commitment (note 15)		
<b>Accumulated surplus (note 10)</b>	<b>\$ 27,569,785</b>	<b>\$ 26,309,234</b>

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, 2017, with comparative information for 2016

	Budget 2017 (note 13)	Actual 2017	Actual 2016
<b>Revenue:</b>			
Property taxation	\$ 7,376,880	\$ 7,434,758	\$ 7,040,362
User charges	2,069,395	2,042,820	1,982,613
Government of Canada	109,300	90,433	35,847
Province of Ontario	1,862,200	1,828,478	1,648,980
Other municipalities	46,630	43,071	63,358
Penalties and interest	196,000	237,898	243,409
Investment income	86,000	137,264	83,640
Donations	31,000	35,080	37,094
Federal Gas Tax revenue earned	352,045	305,300	-
Gain (loss) on disposal of capital assets	-	(6,822)	(1,138)
Other	116,545	267,835	149,135
<b>Total revenue</b>	<b>12,245,995</b>	<b>12,416,115</b>	<b>11,283,300</b>
<b>Expenses:</b>			
General government	1,526,242	1,419,744	1,492,306
Protection services	2,640,985	2,744,415	2,500,034
Transportation services	3,587,705	2,816,820	2,345,379
Environmental services	1,928,013	2,042,090	1,912,468
Health services	106,255	99,408	86,346
Recreational and cultural services	1,494,250	1,758,971	1,689,341
Planning and development	390,050	274,116	245,871
<b>Total expenses</b>	<b>11,673,500</b>	<b>11,155,564</b>	<b>10,271,745</b>
<b>Annual surplus</b>	<b>572,495</b>	<b>1,260,551</b>	<b>1,011,555</b>
<b>Accumulated surplus, beginning of the year</b>	<b>26,309,234</b>	<b>26,309,234</b>	<b>25,297,679</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 26,881,729</b>	<b>\$ 27,569,785</b>	<b>\$ 26,309,234</b>

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, 2017, with comparative information for 2016

	Budget 2017 <small>(note 13)</small>	Actual 2017	Actual 2016
Annual surplus	\$ 572,495	\$ 1,260,551	\$ 1,011,555
Acquisition of tangible capital assets	(2,643,500)	(2,867,108)	(1,587,325)
Amortization of tangible capital assets	-	1,321,995	1,227,460
Loss on disposal of tangible capital assets	-	6,822	1,138
Proceeds on sale of tangible capital assets	-	26,968	51,368
Decrease (increase) in prepaid expenses	-	6,263	(10,044)
	(2,071,005)	(244,509)	694,152
<b>Change in net financial assets</b>	<b>(2,071,005)</b>	<b>(244,509)</b>	<b>694,152</b>
Net financial assets, beginning of year	7,183,716	7,183,716	6,489,564
<b>Net financial assets, end of year</b>	<b>\$ 5,112,711</b>	<b>\$ 6,939,207</b>	<b>\$ 7,183,716</b>

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,260,551	\$ 1,011,555
Items not involving cash:		
Amortization of tangible capital assets	1,321,995	1,227,460
Loss on disposal of tangible capital assets	6,822	1,138
Increase in landfill closure and post-closure liability	75,284	5,749
	2,664,652	2,245,902
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(51,531)	(15,250)
Increase in taxes receivable	(44,925)	(20,556)
Decrease in inventories held for resale	2,556	2,555
Decrease (increase) in prepaid expenses	6,263	(10,044)
Decrease in accounts payable and accrued liabilities	555,534	203,891
Increase (decrease) in deferred revenue - obligatory reserve funds	(109,500)	197,644
Decrease (increase) in deferred revenue - other	4,662	(29,036)
Net change in cash from operating activities	3,027,711	2,575,106
Capital activities:		
Proceeds on disposal of tangible capital assets	26,968	51,368
Acquisition of tangible capital assets	(2,867,108)	(1,587,325)
Net change in cash from capital activities	(2,840,140)	(1,535,957)
Financing activities:		
Debt principal repayments	(11,846)	(11,511)
Net change in cash	175,725	1,027,638
Cash, beginning of year	8,511,121	7,483,483
Cash, end of year	\$ 8,686,846	\$ 8,511,121

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, 2017

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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, 2017

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## 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

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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, 2017

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## 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 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

Year ended December 31, 2017

## 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:

	2017	2016
Utilities receivable	\$ 296,081	307,554
Trade receivables and other	164,366	167,902
HST recoverable	221,425	154,885
	<b>\$ 681,872</b>	<b>\$ 630,341</b>

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

During 2017, 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	\$ 4,266,736	\$ 4,205,815
Taxation from other governments	2,204	11,262
Amounts requisitioned and remitted	<b>\$ 4,268,940</b>	<b>\$ 4,217,077</b>

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, 2017

#### 4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2017	2016
Trade and miscellaneous	\$ 1,930,688	\$ 1,354,073
Personnel related	285,899	306,980
	<b>\$ 2,216,587</b>	<b>\$ 1,661,053</b>

#### 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:

	2017	2016
Obligatory reserve	\$ 191,985	\$ 301,485

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

	2017	2016
Balance, beginning of year	\$ 301,485	103,841
Add amounts received:		
Federal gas tax	171,930	171,930
Parkland fees	19,488	24,987
Investment income	4,382	727
	195,800	197,644
Less transfer to operations:		
Federal gas tax revenue earned	(305,300)	-
Balance, end of year	<b>\$ 191,985</b>	<b>\$ 301,485</b>

# CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 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:

	2017	2016
Ontario Infrastructure Projects Corporation debenture maturing December 15, 2017, repayable in blended semi-annual instalments of \$3,805, with interest at 4.76%	\$ —	\$ 7,346
Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	55,285	59,785
	<b>\$ 55,285</b>	<b>\$ 67,131</b>

(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 \$263 (2016 - \$601).

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

	Principal
2018	\$ 4,500
2019	4,500
2020	4,500
2021	4,500
2022	4,500
2023 and subsequent years	32,785
	<b>\$ 55,285</b>

# CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$1,228,427 (2016 - \$1,153,143) 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 (2016 - \$368,513) 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 \$1,719,930 (2016 - \$1,516,194), calculated at a discount rate of 3.22% (2016 - 3.7%).

The remaining capacity of the two operating solid waste landfill sites is estimated at 240,145 m<sup>3</sup> (2016 - 250,130 m<sup>3</sup>) which is 35% (2016 - 40%) 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, 2017

## 8. Tangible capital assets:

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
<b>Total</b>	<b>\$ 47,905,311</b>	<b>2,867,108</b>	<b>(318,993)</b>	<b>50,453,426</b>

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
<b>Total</b>	<b>\$ 28,812,592</b>	<b>(285,203)</b>	<b>1,321,995</b>	<b>29,849,384</b>

	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
<b>Total</b>	<b>\$ 19,092,719</b>	<b>20,604,042</b>

# THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

## 8. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land and improvements	\$ 4,244,547	63,130	-	4,307,677
Buildings	7,851,596	156,216	-	8,007,812
Machinery and equipment	905,917	239,356	(65,684)	1,079,589
Vehicles	4,251,196	604,442	(546,692)	4,308,946
Water and sewer	5,362,940	-	-	5,362,940
Roads and bridges	24,408,897	489,772	(60,322)	24,838,347
<b>Total</b>	<b>\$ 47,025,093</b>	<b>1,552,916</b>	<b>(672,698)</b>	<b>47,905,311</b>

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land and improvements	\$ 1,069,164	-	152,279	1,221,443
Buildings	3,383,312	-	211,384	3,594,696
Machinery and equipment	361,163	(65,684)	86,551	382,030
Vehicles	2,276,444	(546,692)	265,667	1,995,419
Water and sewer	1,509,272	-	111,421	1,620,693
Roads and bridges	19,640,378	(42,225)	400,158	19,998,311
<b>Total</b>	<b>\$ 28,239,733</b>	<b>(654,601)</b>	<b>1,227,460</b>	<b>28,812,592</b>

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land and improvements	\$ 3,175,383	3,086,234
Buildings	4,468,284	4,413,116
Machinery and equipment	544,754	697,559
Vehicles	1,974,752	2,313,527
Water and sewer	3,853,668	3,742,247
Roads and bridges	4,768,519	4,840,036
<b>Total</b>	<b>\$ 18,785,360</b>	<b>19,092,719</b>

# CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 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 2017 were \$214,826 (2016 - \$212,174).

## 10. Accumulated surplus:

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

	2017	2016
Surplus (deficit):		
Township	\$ (2,171)	\$ 311,690
Unfunded landfill closure and post-closure costs	(1,228,427)	(1,147,394)
Business Improvement Area Board	42	42
Long-term debt	(55,285)	(67,131)
Cemetery:		
Operations	23,160	23,690
Inventory	61,926	64,482
Unfinanced inventory construction	(36,302)	(47,588)
	(1,237,057)	(862,209)
Invested in capital assets:		
Tangible capital assets – net book value	20,604,042	19,092,719
Unfunded capital	(271,954)	(327,317)
	20,332,088	18,765,402
Surplus	19,095,031	17,903,193
Reserves:		
Working capital	1,494,828	1,494,828
Future operations	853,889	827,021
Future capital assets	6,095,187	6,053,142
	8,443,904	8,374,991
Reserve funds:		
Cultural	30,850	30,850
	\$ 27,569,785	\$ 26,309,234

# CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 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, 2017, there was a balance outstanding of \$Nil (2016 - \$Nil).

## 12. Trust funds:

Trust funds administered by the Township amounting to \$472,617 (2016 - \$460,702) 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:

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Annual surplus per budget approved by Council	\$ -
Less:	
Internal transfers	(2,158,155)
Add:	
Principal loan repayments	87,150
Capital additions	2,643,500
<hr/> Surplus per financial statements	<hr/> \$ 572,495

## 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, 2017

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**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 2017, two employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

**17. Comparative information:**

Certain 2016 comparative figures have been reclassified to conform to the presentation adopted in 2017.

**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, 2017

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## **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, 2017

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2017
<b>Revenues:</b>								
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
<b>Expenses:</b>								
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
<b>Annual surplus (deficit)</b>	<b>\$ 8,322,019</b>	<b>(2,331,018)</b>	<b>(2,458,763)</b>	<b>(618,349)</b>	<b>(42,818)</b>	<b>(1,411,226)</b>	<b>(199,294)</b>	<b>1,260,551</b>

# THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information

Year ended December 31, 2017

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2016
<b>Revenues:</b>								
Property taxation	\$ 7,040,362	-	-	-	-	-	-	\$ 7,040,362
User charges	43,883	349,471	2,650	1,326,667	40,953	169,364	49,625	1,982,613
Government transfers - operating	1,457,800	21,870	9,916	128,101	-	59,937	7,203	1,684,827
Other municipalities	-	-	56,640	6,718	-	-	-	63,358
Penalties and interest	235,804	-	-	7,605	-	-	-	243,409
Investment income	77,640	-	-	6,000	-	-	-	83,640
Donations	1,000	339	-	-	-	33,140	2,615	37,094
Other	96,929	1,150	10,963	3,250	-	34,912	1,931	149,135
Gain (loss) on sale of capital assets	-	-	(16,138)	-	-	15,000	-	(1,138)
	8,953,418	372,830	64,031	1,478,341	40,953	312,353	61,374	11,283,300
<b>Expenses:</b>								
Salaries and benefits	929,186	379,337	933,065	158,909	35,791	703,543	176,167	3,315,998
Materials	457,454	165,794	731,750	950,070	41,685	595,241	37,435	2,979,429
Contracted services	46,433	1,888,764	72,881	628,628	3,683	40,597	17,804	2,698,790
External transfers	-	12,000	-	-	-	38,068	-	50,068
Amortization of tangible capital assets	59,233	54,139	607,683	174,861	5,187	311,892	14,465	1,227,460
	1,492,306	2,500,034	2,345,379	1,912,468	86,346	1,689,341	245,871	10,271,745
<b>Annual surplus (deficit)</b>	<b>\$ 7,461,112</b>	<b>(2,127,204)</b>	<b>(2,281,348)</b>	<b>(434,127)</b>	<b>(45,393)</b>	<b>(1,376,988)</b>	<b>(184,497)</b>	<b>1,011,555</b>