

Consolidated Financial Statements

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

Year ended December 31, 2013

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2013

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5
Schedule to Note 19 - Segmented Information	19-20

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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



Reeve



Treasurer



KPMG LLP
Chartered Accountants
Claridge Executive Centre
144 Pine Street, PO Box 700
Sudbury ON P3E 4R6

Telephone (705) 675-8500
Fax (705) 675-7586
In Watts (1-800) 461-3551
Internet www.kpmg.ca

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, 2013, 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 qualified 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, 2013, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matter

The financial statements of the Township as at and for the year ended December 31, 2012 were audited by another auditor who expressed an unqualified opinion on those statements on November 21, 2013.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

August 28, 2014

Sudbury, Canada

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash	\$ 5,872,895	\$ 5,609,029
Accounts receivable (note 2)	1,243,631	773,945
Taxes receivable	1,295,264	1,251,186
Inventories held for resale	72,148	74,704
	<u>8,483,938</u>	<u>7,708,864</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	1,119,613	1,237,731
Deferred revenue - obligatory reserve funds (note 5)	86,382	79,627
Deferred revenue - other	54,094	25,339
Long-term debt (note 6)	100,710	111,297
Landfill closure and post-closure liability (note 8)	1,132,967	1,243,902
	<u>2,493,766</u>	<u>2,697,896</u>
Net financial assets	5,990,172	5,010,968
Non-financial assets:		
Tangible capital assets (note 7)	18,026,411	18,739,284
Prepaid expenses	26,190	13,196
	<u>18,052,601</u>	<u>18,752,480</u>
Accumulated surplus (note 10)	\$ 24,042,773	\$ 23,763,448

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, 2013, with comparative information for 2012

	Budget	2013	2012
Revenues:			
Property taxation	\$ 5,896,980	\$ 5,988,898	\$ 5,825,425
User charges	1,834,120	1,797,172	1,847,531
Government of Canada	31,000	31,875	59,940
Province of Ontario	1,234,200	1,596,167	1,416,376
Other municipalities	38,000	66,361	83,987
Penalties and interest	158,500	223,611	205,362
Investment income	60,150	95,479	71,895
Donations	20,000	41,769	24,180
Federal Gas Tax revenue earned	170,000	170,430	170,430
Loss on disposal of capital assets	-	(218,218)	-
Other	77,350	160,063	4,352
Total revenues	9,520,300	9,953,607	9,709,478
Expenses:			
General government	1,469,090	1,454,408	1,283,631
Protection services	1,764,860	1,774,047	1,705,342
Transportation services	2,185,065	2,865,757	2,799,602
Environmental services	1,592,020	1,518,666	1,431,923
Health services	203,320	205,561	171,391
Recreational and cultural services	1,496,535	1,721,672	1,630,790
Planning and development	219,710	134,171	160,246
Total expenses	8,930,600	9,674,282	9,182,925
Annual surplus	\$ 589,700	279,325	526,553
Accumulated surplus, beginning of the year		23,763,448	23,236,895
Accumulated surplus, end of year		\$ 24,042,773	\$ 23,763,448

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, 2013, with comparative information for 2012

	2013	2012
Annual surplus	\$ 279,325	\$ 526,553
Acquisition of tangible capital assets	(1,140,268)	(1,269,923)
Amortization of tangible capital assets	1,631,723	1,798,849
Loss (gain) on disposal of tangible capital assets	218,218	(715)
Proceeds on sale of tangible capital assets	3,200	16,460
Increase in prepaid expenses	(12,994)	(477)
	979,204	1,070,747
Change in net financial assets	979,204	1,070,747
Net financial assets, beginning of the year	5,010,968	3,940,221
Net financial assets, end of the year	\$ 5,990,172	\$ 5,010,968

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, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 279,325	\$ 526,553
Items not involving cash:		
Amortization of tangible capital assets	1,631,723	1,798,849
Gain on disposal of tangible capital assets	218,218	(715)
Decrease in landfill closure and post-closure liability	(110,935)	(114,053)
	2,018,331	2,210,634
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(469,686)	233,562
Increase in taxes receivable	(44,078)	(155,002)
Decrease (increase) in inventories held for resale	2,556	(22,999)
Increase in prepaid expenses	(12,994)	(477)
Decrease in accounts payable and accrued liabilities	(118,118)	(52,478)
Increase in deferred revenue - obligatory reserve funds	6,755	31,655
Increase (decrease) in deferred revenue - other	28,755	(68,010)
Net change in cash from operating activities	1,411,521	2,176,885
Capital activities:		
Proceeds on disposal of tangible capital assets	3,200	16,460
Acquisition of tangible capital assets	(1,140,268)	(1,269,923)
Net change in cash from capital activities	(1,137,068)	(1,253,463)
Financing activities:		
Long-term debt issued	-	86,785
Debt principal repayments	(10,587)	(14,807)
Net change in cash from financing activities	(10,587)	71,978
Net change in cash	263,866	995,400
Cash, beginning of year	5,609,029	4,613,629
Cash, end of year	\$ 5,872,895	\$ 5,609,029

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, 2013

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 Municipality 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.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

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

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

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

(i) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(ii) Natural resources

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

(iii) Works of art and cultural and historic assets

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

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(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..

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(j) Taxation:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provision of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporated amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(k) 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.

(l) 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.

2. Accounts receivable:

Accounts receivable consist of the following:

	2013	2012
Flood recovery funding	\$ 521,619	\$ -
Utilities receivable	293,532	249,490
Trade receivables and other	328,499	395,629
HST recoverable	99,981	128,826
	<u>\$ 1,243,631</u>	<u>\$ 773,945</u>

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

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

During 2013, 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	\$ 45,511,103	\$ 3,422,155
Taxation from other governments	2,234	8,158
Amounts requisitioned and remitted	\$ 45,513,337	\$ 3,430,313

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

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2013	2012
Trade and miscellaneous	\$ 1,079,400	\$ 1,188,288
Employee benefits obligation	40,213	49,443
	\$ 1,119,613	\$ 1,237,731

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

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:

	2013	2012
Parkland	\$ 86,382	\$ 79,627

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

	2013	2012
Balance, beginning of year	\$ 79,627	47,972
Add amounts received:		
Federal gas tax	170,430	170,430
Parkland fees	6,178	30,925
Investment income	577	730
	256,812	250,057
Less transfer to operations:		
Federal gas tax revenue earned	170,430	170,430
Balance, end of year	\$ 86,382	\$ 79,627

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

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:

	2013	2012
Ontario Infrastructure Projects Corporation debenture maturing December 15, 2017, repayable in blended semi-annual instalments of \$3,805, with interest at 4.76%	\$ 27,425	\$ 33,512
Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	73,285	77,785
	\$ 100,710	\$ 111,297

(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 \$1,523 (2012 - \$1,803).

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

	Principal
2014	\$ 10,880
2015	11,188
2016	11,510
2017	11,847
2018	4,500
2019 and subsequent years	50,785
	\$ 100,710

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

7. Tangible capital assets:

Cost	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Land and land improvements	\$ 3,534,035	\$ 156,121	\$ -	\$ 3,690,156
Buildings	7,891,888	44,182	-	7,936,070
Machinery and equipment	641,734	74,233	-	715,967
Vehicles	3,641,053	248,739	(31,530)	3,858,262
Water and sewer	5,730,760	-	-	5,730,760
Roads and bridges	22,650,971	630,111	(774,000)	22,507,082
Assets under construction	8,141	(8,141)	-	-
Total	\$ 44,098,582	\$ 1,145,245	\$ (805,530)	\$ 44,438,297

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization expense	Balance at December 31, 2013
Land and land improvements	\$ 764,171	\$ -	\$ 140,690	\$ 904,861
Buildings	2,836,559	-	217,893	3,054,452
Machinery and equipment	212,481	-	59,252	271,733
Vehicles	1,919,990	(26,275)	274,117	2,167,832
Water and sewer	1,432,482	-	118,778	1,551,260
Roads and bridges	18,193,615	(552,860)	820,993	18,461,748
Assets under construction	-	-	-	-
Total	\$ 25,359,298	\$ (579,135)	\$ 1,631,723	\$ 26,411,886

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

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

7. Tangible capital assets (continued):

Cost	Balance at December 31,			Balance at December 31,
	2011	Additions	Disposals	2012
Land and land improvements	\$ 3,534,035	\$ -	\$ -	\$ 3,534,035
Buildings	7,759,771	132,117	-	7,891,888
Machinery and equipment	540,287	101,447	-	641,734
Vehicles	3,641,333	188,657	(188,937)	3,641,053
Water and sewer	5,728,116	2,644	-	5,730,760
Roads and bridges	21,821,115	845,942	(16,086)	22,650,971
Assets under construction	9,025	(884)	-	8,141
Total	\$ 43,033,682	\$ 1,269,923	\$ (205,023)	\$ 44,098,582

Accumulated amortization	Balance at December 31,			Balance at December 31,
	2011	Disposals	Amortization expense	2012
Land and land improvements	\$ 613,453	\$ -	\$ 150,718	\$ 764,171
Buildings	2,621,896	-	214,663	2,836,559
Machinery and equipment	167,152	-	45,329	212,481
Vehicles	1,838,782	(173,192)	254,400	1,919,990
Water and sewer	1,313,733	-	118,749	1,432,482
Roads and bridges	17,194,711	(16,086)	1,014,990	18,193,615
Assets under construction	-	-	-	-
Total	\$ 23,749,727	\$ (189,278)	\$ 1,798,849	\$ 25,359,298

	Net book value December 31, 2011		Net book value December 31, 2012	
Land and land improvements	\$	2,920,582	\$	2,769,864
Buildings		5,137,875		5,055,329
Machinery and equipment		373,135		429,253
Vehicles		1,802,551		1,721,063
Water and sewer		4,414,383		4,298,278
Roads and bridges		4,626,404		4,457,356
Assets under construction		9,025		8,141
Total	\$	19,283,955	\$	18,739,284

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

8. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$1,132,967 (2012 - \$1,243,902) 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 \$256,243 (2012 - \$206,243) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for setting this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the two operating landfill sites and the five landfill sites already closed. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,451,351 (2012 - \$1,558,018), calculated at a discount rate of 4.0% (2012 - 4.0%).

The remaining capacity of the two operating solid waste landfill sites is estimated at 273,000 m³ (2012 - 286,000 m³) which is 40.30% (2012 - 43.98%) of the sites total capacity. The remaining landfill sites are expected to reach capacity between 2045 and 2070.

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 2013 were \$183,886 (2012 - \$154,891).

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

10. Accumulated surplus:

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

	2013	2012
Surplus (deficit):		
Township	\$ 519,281	\$ 230,880
Unfunded landfill closure and post-closure costs	(1,132,967)	(1,243,902)
Business Improvement Area Board	42	42
Cemetery:		
Operations	12,573	17,450
Inventory	72,148	74,704
Unfinanced inventory construction	(48,110)	(58,128)
	(577,033)	(978,954)
Invested in capital assets:		
Tangible capital assets – net book value	18,026,411	18,739,284
Long-term debt	(100,710)	(111,297)
Unfunded capital	(225,130)	(225,264)
	17,700,571	18,402,723
Surplus	17,123,538	17,423,769
Reserves:		
Working capital	1,392,864	1,458,192
Future operations	687,974	547,195
Future capital assets	4,828,527	4,324,422
	6,909,365	6,329,809
Reserve funds:		
Cultural	9,870	9,870
	\$ 24,042,773	\$ 23,763,448

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, 2013, there was a balance outstanding of \$Nil (2012 - \$Nil).

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

12. Comparative information:

Certain of the 2012 comparative amounts have been reclassified to conform to the current year presentation.

13. Expenses by object:

The expenses for the year reported on the consolidated statement of operations and accumulated surplus are as follows:

14. Trust funds:

Trust funds administered by the Township amounting to \$450,073 (2012 - \$440,807) 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.

15. Budget figures:

The budget, approved by the Township, for 2013 is reflected on the consolidated statement of operations and accumulated surplus and the consolidated statement of change in net financial assets. The budgets established for capital investment in tangible capital assets are on a project-orientated basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

16. Contingent liabilities:

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

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

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

17. Segmented information:

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

For each reported segment, revenues 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 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.

CORPORATION OF THE TOWNSHIP OF THE MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2013

18. Commitment:

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

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 19 - Segmented Information

Year ended December 31, 2013

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2013
Revenues:								
Property taxation	\$ 5,988,898	-	-	-	-	-	-	\$ 5,988,898
User charges	60,519	176,839	-	1,255,685	36,273	212,631	55,225	1,797,172
Government transfers - operating	1,396,483	10,413	-	154,680	-	66,466	-	1,628,042
Other municipalities	60,123	-	-	6,238	-	-	-	66,361
Penalties and interest	216,298	-	-	7,313	-	-	-	223,611
Investment income	86,479	-	-	6,000	-	3,000	-	95,479
Donations	-	1,705	-	6,500	-	33,564	-	41,769
Federal gas tax revenue earned	-	-	170,430	-	-	-	-	170,430
Other	13,837	-	(218,218)	2,125	92,777	51,324	-	(58,155)
	7,822,637	188,957	(47,788)	1,438,541	129,050	366,985	55,225	9,953,607
Expenses:								
Salaries and benefits	941,833	365,542	954,893	119,081	24,555	729,468	145,195	3,280,567
Interest	-	-	-	-	-	-	-	-
Materials	379,804	133,353	831,361	815,220	172,386	621,322	36,387	2,989,833
Contracted services	53,823	1,203,006	57,458	422,229	1,432	32,547	(47,411)	1,723,084
Rents and financial	10,982	-	-	-	-	1,010	-	11,992
External transfers	-	12,000	-	-	-	25,083	-	37,083
Amortization of tangible capital assets	67,966	60,146	1,022,045	162,136	7,188	312,242	-	1,631,723
	1,454,408	1,774,047	2,865,757	1,518,666	205,561	1,721,672	134,171	9,674,282
Annual surplus (deficit)	\$ 6,368,229	(1,585,090)	(2,913,545)	(80,125)	(76,511)	(1,354,687)	(78,946)	279,325

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 19 - Segmented Information

Year ended December 31, 2012

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2012
Revenues:								
Property taxation	\$ 336,605	1,653,435	2,077,825	444,480	114,310	1,078,020	120,750	\$ 5,825,425
User charges	69,854	161,878	439	1,190,907	82,672	295,233	46,548	1,847,531
Government transfers - operating	1,097,089	91,125	13,088	194,289	-	78,268	-	1,473,859
Government transfers - capital	-	-	-	-	-	2,457	-	2,457
Other municipalities	-	42,890	41,097	-	-	-	-	83,987
Penalties and interest	198,452	-	-	6,910	-	-	-	205,362
Investment income	63,375	-	-	6,000	2,442	78	-	71,895
Donations	-	100	-	-	-	21,575	2,505	24,180
Federal gas tax revenue earned	-	-	170,430	-	-	-	-	170,430
Other	4,352	-	-	-	-	-	-	4,352
	1,769,727	1,949,428	2,302,879	1,842,586	199,424	1,475,631	169,803	9,709,478
Expenses:								
Salaries and benefits	874,449	353,106	859,092	144,193	26,495	623,697	58,099	2,939,131
Interest	-	-	-	-	-	1,803	-	1,803
Materials	283,541	121,679	605,991	784,760	129,178	560,958	20,953	2,507,060
Contracted services	57,325	1,167,428	146,255	333,282	7,802	72,222	80,194	1,864,508
Rents and financial	32,893	-	-	-	220	2,737	-	35,850
External transfers	-	12,000	-	-	-	24,439	-	36,439
Amortization of tangible capital assets	55,701	52,129	1,206,072	158,488	4,632	321,827	-	1,798,849
Loss (gain) on disposal of tangible capital assets	-	-	(715)	-	-	-	-	(715)
Internal transfers	(20,278)	(1,000)	(17,093)	11,200	3,064	23,107	1,000	-
	1,283,631	1,705,342	2,799,602	1,431,923	171,391	1,630,790	160,246	9,182,925
Annual surplus (deficit)	\$ 486,096	244,086	(496,723)	410,663	28,033	(155,159)	9,557	526,553