

Consolidated Financial Statements

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

And Independent Auditors' Report thereon

Year ended December 31, 2019

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2019

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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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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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



Responsibility of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Township's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 30, 2020

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash	\$ 7,686,625	\$ 8,978,271
Accounts receivable (note 2)	1,016,128	725,974
Taxes receivable	1,031,708	1,198,298
Inventories held for resale	56,815	59,371
	<u>9,791,276</u>	<u>10,961,914</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	3,767,293	2,112,047
Deferred revenue - obligatory reserve funds (note 5)	233,656	154,035
Deferred revenue - other	206,880	228,321
Long-term debt (note 6)	2,046,285	50,785
Landfill closure and post-closure liability (note 7)	2,085,563	1,043,102
	<u>8,339,677</u>	<u>3,588,290</u>
Net financial assets	1,451,599	7,373,624
Non-financial assets		
Tangible capital assets (note 8)	29,299,151	21,827,868
Prepaid expenses	23,708	29,820
	<u>29,322,859</u>	<u>21,857,688</u>
Contingencies (note 13)		
Commitment (note 14)		
Subsequent event (note 16)		
Accumulated surplus (note 10)	<u>\$ 30,774,458</u>	<u>\$ 29,231,312</u>

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, 2019, with comparative information for 2018

	Budget 2019 (note 13)	Actual 2019	Actual 2018
Revenue:			
Property taxation	\$ 8,498,855	\$ 8,589,387	\$ 8,089,537
User charges	2,034,010	2,076,673	2,069,727
Government of Canada	30,545	24,849	101,300
Province of Ontario	2,066,300	2,674,768	2,107,402
Other municipalities	47,125	87,664	31,370
Penalties and interest	210,000	221,754	227,846
Investment income	106,000	234,998	188,080
Donations	29,100	17,900	31,054
Federal Gas Tax revenue earned	184,685	369,385	224,343
Gain (loss) on disposal of capital assets	-	(6,221)	(146,802)
Other	321,975	246,309	149,925
Total revenue	13,528,595	14,537,466	13,073,782
Expenses:			
General government	1,672,283	1,470,414	1,540,241
Protection services	2,816,242	2,756,475	2,678,558
Transportation services	4,145,182	3,211,326	3,087,762
Environmental services	2,478,927	3,435,412	2,030,279
Health services	183,568	96,732	80,224
Recreational and cultural services	1,780,917	1,646,030	1,656,916
Planning and development	584,327	377,931	338,275
Total expenses	13,661,446	12,994,320	11,412,255
Annual surplus (deficit)	(132,851)	1,543,146	1,661,527
Accumulated surplus, beginning of the year	29,231,312	29,231,312	27,569,785
Accumulated surplus, end of year	\$ 29,098,461	\$ 30,774,458	\$ 29,231,312

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, 2019, with comparative information for 2018

	Budget 2019 (note 13)	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ (132,851)	\$ 1,543,146	\$ 1,661,527
Acquisition of tangible capital assets	(5,947,662)	(9,000,764)	(2,803,253)
Amortization of tangible capital assets	1,411,791	1,522,260	1,411,791
Loss on disposal of tangible capital assets	-	6,221	146,802
Proceeds on sale of tangible capital assets	-	1,000	20,834
Decrease (increase) in prepaid expenses	-	6,112	(3,284)
	(4,535,871)	(7,465,171)	(1,227,110)
Change in net financial assets	(4,668,722)	(5,922,025)	434,417
Net financial assets, beginning of year	7,373,624	7,373,624	6,939,207
Net financial assets, end of year	\$ 2,704,902	\$ 1,451,599	\$ 7,373,624

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,543,146	\$ 1,661,527
Items not involving cash:		
Amortization of tangible capital assets	1,522,260	1,411,791
Loss on disposal of tangible capital assets	6,221	146,802
Increase in landfill closure and post-closure liability	1,042,461	(185,325)
	4,114,088	3,034,795
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(290,154)	(44,102)
Decrease in taxes receivable	166,590	69,615
Decrease in inventories held for resale	2,556	2,555
Decrease (increase) in prepaid expenses	6,112	(3,284)
Increase (decrease) in accounts payable and accrued liabilities	1,655,246	(104,540)
Increase (decrease) in deferred revenue - obligatory reserve funds	79,621	(37,950)
Increase (decrease) in deferred revenue - other	(21,441)	161,255
Net change in cash from operating activities	5,712,618	3,078,344
Capital activities:		
Proceeds on disposal of tangible capital assets	1,000	20,834
Acquisition of tangible capital assets	(9,000,764)	(2,803,253)
Net change in cash from capital activities	(8,999,764)	(2,782,419)
Financing activities:		
Debt principal repayments	(4,500)	(4,500)
Proceeds on issuance of long-term debt	2,000,000	-
Net change in cash from financing activities	1,995,500	(4,500)
Net increase (decrease) in cash	(1,291,646)	291,425
Cash, beginning of year	8,978,271	8,686,846
Cash, end of year	\$ 7,686,625	\$ 8,978,271

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, 2019

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, 2019

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

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

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

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

(i) Contributions of tangible capital assets

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

(ii) Natural resources

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

(iii) Works of art and cultural and historic assets

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

(f) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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, 2019

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:

	2019	2018
Utilities receivable	\$ 301,325	\$ 293,772
Trade receivables and other	202,921	277,851
HST recoverable	511,882	154,351
	\$ 1,016,128	\$ 725,974

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

During 2019, 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	\$ 4,126,283	\$ 4,889,153
Taxation from other governments	2,056	14,923
Amounts requisitioned and remitted	\$ 4,128,339	\$ 4,904,076

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, 2019

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2019	2018
Trade and miscellaneous	\$ 3,447,009	\$ 1,794,509
Personnel related	320,285	317,538
	\$ 3,767,294	\$ 2,112,047

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:

	2019	2018
Obligatory reserve	\$ 233,656	\$ 154,035

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

	2019	2018
Balance, beginning of year	\$ 154,035	\$ 191,985
Add amounts received:		
Federal gas tax	368,159	180,117
Parkland fees	77,269	2,622
Investment income	3,577	3,654
	449,005	186,393
Less transfer to operations:		
Federal gas tax revenue earned	(369,384)	(224,343)
Balance, end of year	\$ 233,656	\$ 154,035

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

6. Long-term debt:

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

	2019	2018
(i) Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	\$ 46,285	\$ 50,785
(ii) Long-term variable interest loan repayable to the Ontario Infrastructure and Lands Corporation	2,000,000	-
	\$ 2,046,285	\$ 50,785

Interest paid during the year on long-term debt amounted to \$Nil (2018 - \$Nil).

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

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

	Principal
2020	\$ 4,500
2021	4,500
2022	4,500
2023	4,500
2024	4,500
2025 and subsequent years	23,785
	\$ 46,285

- (ii) The Ontario Infrastructure and Lands Corporation ("OILC") agrees 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, 2019, a total of \$2,000,000 has been drawn on this facility. Upon substantial completion of the project, which is expected to occur during fiscal 2020, the advances will be converted to debentures issued by the OILC and repaid over a term agreed to by the Township and OILC. The terms of repayment and the interest rate will be determined by OILC upon issuance of the debentures.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$2,085,563 (2018 - \$1,043,102) 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 \$853,513 (2018 - \$393,513) and the remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for setting this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the two operating landfill sites and the five landfill sites already closed. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The total discounted future cash flows for closure and post-closure cost is estimated at \$2,605,900 (2018 - \$1,835,121), calculated at a discount rate of 2.57% (2018 - 2.77%).

On December 12, 2019, Council approved the closure of the Irondale landfill site that had a remaining capacity of 42,728 m³ (2018 - 41,673 m³). The closure costs are estimated at \$568,000 and the closure expected to occur in the third quarter of 2020. These costs are reflected in the financial statements at December 31, 2019. The remaining capacity of the operating solid waste landfill site is estimated at 289,414 m³ (2018 - 288,764 m³) which is 58% (2018 - 58%) of the site's total capacity. The remaining landfill site is expected to reach capacity in 2048.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

8. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land and improvements	\$ 4,438,796	-	-	\$ 4,438,796
Buildings	10,251,561	7,470,942	-	17,722,503
Machinery and equipment	1,673,131	163,181	-	1,836,312
Vehicles	4,355,211	329,604	(11,027)	4,673,788
Water and sewer	4,660,673	-	-	4,660,673
Roads and bridges	26,681,675	1,037,037	-	27,718,712
Total	\$ 52,061,047	9,000,764	(11,027)	\$ 61,050,784

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization	Balance at December 31, 2019
Land and improvements	\$ 1,423,327	-	144,242	\$ 1,567,569
Buildings	4,082,460	-	273,637	4,356,097
Machinery and equipment	557,602	-	127,885	685,487
Vehicles	2,048,396	(3,806)	296,478	2,341,068
Water and sewer	1,219,482	-	97,376	1,316,858
Roads and bridges	20,901,912	-	582,642	21,484,554
Total	\$ 30,233,179	(3,806)	1,522,260	\$ 31,751,633

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land and improvements	\$ 3,015,469	\$ 2,871,227
Buildings	6,169,101	13,366,406
Machinery and equipment	1,115,529	1,150,825
Vehicles	2,306,815	2,332,720
Water and sewer	3,441,191	3,343,815
Roads and bridges	5,779,763	6,234,158
Total	\$ 21,827,868	\$ 29,299,151

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

8. Tangible capital assets (continued):

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

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

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

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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 2019 were \$241,396 (2018 - \$225,055).

10. Accumulated surplus:

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

	2019	2018
Surplus (deficit):		
Township	\$ (3,862,205)	\$ 696,342
Unfunded landfill closure and post-closure costs	(2,085,563)	(1,043,102)
Business Improvement Area Board	42	42
Long-term debt	(2,046,285)	(50,785)
Cemetery:		
Operations	34,570	33,070
Inventory	56,815	59,371
Unfinanced inventory construction	(28,150)	(36,302)
	(7,930,776)	(341,364)
Invested in capital assets:		
Tangible capital assets – net book value	29,299,151	21,827,867
Unfunded capital	(421,378)	(214,664)
	28,877,773	21,613,203
Surplus	20,946,997	21,271,839
Reserves:		
Working capital	1,494,828	1,494,828
Future operations	1,158,507	951,332
Future capital assets	7,153,276	5,482,463
	9,806,611	7,928,623
Reserve funds:		
Cultural	20,850	30,850
	\$ 30,774,458	\$ 29,231,312

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

11. Trust funds:

Trust funds administered by the Township amounting to \$551,451 (2018 - \$484,232) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus. As such, balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

12. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

Annual surplus per budget approved by Council	\$	-
Less:		
Debt issued		4,386,941
Internal transfers		353,381
Amortization		1,411,791
		<hr/> 6,152,113
Add:		
Principal loan repayments		71,600
Capital additions		5,947,662
		<hr/> 6,019,262
Deficit per financial statements	\$	<hr/> (132,851) <hr/>

13. Contingencies:

(a) Legal matters and litigation:

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

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

(b) Landfill capacity:

During the year, the Township discovered that there were leachate seeps at the Scotch Line Landfill site which could have a significant adverse effect on the capacity of the landfill site. The Township expects to incur the necessary costs in order to maintain the existing capacity at the site. At the date of these 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 financial statements.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

14. Commitment:

The Township has entered into an agreement with the Ontario Clean Water Agency to provide water and sewer maintenance service for the Township of Minden Hills. The agreement expires on May 31, 2021 and the annual cost is approximately \$318,900.

15. Public sector salary disclosure:

During 2019, three employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

16. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Township has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic;

- The closure of a number of indoor and outdoor facilities to the general public;
- Revisions to the delivery of a number of Township services in order to contribute towards social distancing. In certain instances, the delivery of Township services has been temporarily suspended during the state of emergency;
- The implementation of working from home requirements for certain municipal employees;
- Work force reductions for temporary and part-time employees; and
- In certain instances, the Township has deferred payment timeframes and has waived interest charges, penalties and other fees.

As a result of these measures, the Township has experienced a decrease in operating revenues during the subsequent period, as well as an increase in operating costs.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

17. Comparative information:

Certain 2018 comparative figures have been reclassified to conform to the presentation adopted in 2019.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

18. Segmented information:

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

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. For additional information see the consolidated schedule of segment disclosure.

General Government Services

General government services 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.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information

Year ended December 31, 2019

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2019
Revenues:								
Property taxation	\$ 8,589,387	-	-	-	-	-	-	\$ 8,589,387
User charges	35,679	372,605	72,178	1,386,757	43,142	110,412	55,900	2,076,673
Government transfers - operating	2,400,809	26,963	25,289	137,076	-	67,966	41,514	2,699,617
Other municipalities	-	-	80,430	7,234	-	-	-	87,664
Penalties and interest	214,210	-	-	7,544	-	-	-	221,754
Investment income	228,998	-	-	6,000	-	-	-	234,998
Donations	-	200	-	-	-	15,295	2,405	17,900
Federal gas tax revenue earned	-	-	369,385	-	-	-	-	369,385
Other	37,586	2,000	102,858	3,225	-	100,640	-	246,309
Gain (loss) on sale of capital assets	-	-	-	-	-	(6,221)	-	(6,221)
	11,506,669	401,768	650,140	1,547,836	43,142	288,092	99,819	14,537,466
Expenses:								
Salaries and benefits	979,664	439,140	1,072,156	219,312	41,481	706,345	291,533	3,749,631
Materials	321,528	229,562	988,391	2,254,465	33,366	521,122	29,251	4,377,685
Contracted services	127,495	1,956,480	304,633	792,861	6,147	41,838	50,900	3,280,354
External transfers	-	24,400	-	-	-	39,990	-	64,390
Amortization of tangible capital assets	41,727	106,893	846,146	168,774	15,738	336,735	6,247	1,522,260
	1,470,414	2,756,475	3,211,326	3,435,412	96,732	1,646,030	377,931	12,994,320
Annual surplus (deficit)	\$ 10,036,255	(2,354,707)	(2,561,186)	(1,887,576)	(53,590)	(1,357,938)	(278,112)	\$ 1,543,146

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information (continued)

Year ended December 31, 2019

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2018
Revenues:								
Property taxation	\$ 8,089,537	-	-	-	-	-	-	\$ 8,089,537
User charges	69,992	429,257	33,603	1,278,371	36,245	163,134	59,125	2,069,727
Government transfers - operating	1,796,756	38,310	74,237	203,110	-	54,933	41,356	2,208,702
Other municipalities	-	-	24,312	7,058	-	-	-	31,370
Penalties and interest	221,086	-	-	6,760	-	-	-	227,846
Investment income	182,080	-	-	6,000	-	-	-	188,080
Donations	-	-	-	-	9	28,415	2,630	31,054
Federal gas tax revenue earned	-	-	224,343	-	-	-	-	224,343
Other	103,896	1,000	5,589	2,625	-	36,815	-	149,925
Gain (loss) on sale of capital assets	-	-	20,834	(165,481)	-	(2,155)	-	(146,802)
	10,463,347	468,567	382,918	1,338,443	36,254	281,142	103,111	13,073,782
Expenses:								
Salaries and benefits	1,000,274	456,781	975,948	148,014	27,061	710,423	221,248	3,539,749
Materials	386,129	205,729	885,925	1,043,298	32,614	524,176	31,866	3,109,737
Contracted services	148,725	1,908,891	469,002	676,320	7,366	48,737	76,914	3,335,955
Rents and financial	(37,760)	-	-	-	-	-	-	(37,760)
External transfers	-	12,000	-	-	-	40,783	-	52,783
Amortization of tangible capital assets	42,873	95,157	756,887	162,647	13,183	332,797	8,247	1,411,791
	1,540,241	2,678,558	3,087,762	2,030,279	80,224	1,656,916	338,275	11,412,255
Annual surplus (deficit)	\$ 8,923,106	(2,209,991)	(2,704,844)	(691,836)	(43,970)	(1,375,774)	(235,164)	\$ 1,661,527