

Consolidated Financial Statements

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

Year ended December 31, 2016

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2016

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

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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



Reeve



Treasurer



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

INDEPENDENT AUDITORS' REPORT

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

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, 2016, 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, 2016, 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

May 25, 2017

Sudbury, Canada

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 8,511,121	\$ 7,483,483
Accounts receivable (note 2)	630,341	615,091
Taxes receivable	1,222,988	1,202,432
Inventories held for resale	64,482	67,037
	10,428,932	9,368,043
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	1,661,053	1,457,162
Deferred revenue - obligatory reserve funds (note 5)	301,485	103,841
Deferred revenue - other	62,404	91,440
Long-term debt (note 6)	67,131	78,642
Landfill closure and post-closure liability (note 7)	1,153,143	1,147,394
	3,245,216	2,878,479
Net financial assets	7,183,716	6,489,564
Non-financial assets		
Tangible capital assets (note 8)	19,092,719	18,785,360
Prepaid expenses	32,799	22,755
	19,125,518	18,808,115
Contingencies (note 14)		
Commitment (note 15)		
Accumulated surplus (note 10)	\$ 26,309,234	\$ 25,297,679

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, 2016, with comparative information for 2015

	Budget 2016 (note 13)	Actual 2016	Actual 2015
Revenue:			
Property taxation	\$ 6,986,405	\$ 7,040,362	\$ 6,437,162
User charges	2,057,300	1,982,613	2,113,734
Government of Canada	100,000	35,847	26,613
Province of Ontario	1,662,392	1,648,980	1,582,650
Other municipalities	46,500	63,358	48,725
Penalties and interest	196,000	243,409	248,583
Investment income	68,000	83,640	78,692
Donations	22,200	37,094	40,742
Federal Gas Tax revenue earned	163,700	-	163,743
Gain (loss) on disposal of capital assets	21,500	(1,138)	(74,029)
Other	81,292	149,135	150,663
Total revenue	11,405,289	11,283,300	10,817,278
Expenses:			
General government	1,554,460	1,492,306	1,432,968
Protection services	2,532,115	2,500,034	2,114,459
Transportation services	2,538,520	2,345,379	2,353,269
Environmental services	1,595,940	1,912,468	1,692,642
Health services	198,605	86,346	77,742
Recreational and cultural services	1,380,212	1,689,341	1,828,374
Planning and development	349,850	245,871	230,389
Total expenses	10,149,702	10,271,745	9,729,843
Annual surplus	1,255,587	1,011,555	1,087,435
Accumulated surplus, beginning of the year	25,297,679	25,297,679	24,210,244
Accumulated surplus, end of year	\$ 26,553,266	\$ 26,309,234	\$ 25,297,679

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, 2016, with comparative information for 2015

	Budget 2016	Actual 2016	Actual 2015
	(note 13)		
Annual surplus	\$ 1,255,587	\$ 1,011,555	\$ 1,087,435
Acquisition of tangible capital assets	1,856,000	(1,587,325)	(2,149,430)
Amortization of tangible capital assets	-	1,227,460	1,377,754
Loss on disposal of tangible capital assets	-	1,138	74,029
Proceeds on sale of tangible capital assets	-	51,368	44,159
Decrease (increase) in prepaid expenses	-	(10,044)	(1,396)
	3,111,587	694,152	432,551
Change in net financial assets	3,111,587	694,152	432,551
Net financial assets, beginning of year	6,489,564	6,489,564	6,057,013
Net financial assets, end of year	\$ 9,601,151	\$ 7,183,716	\$ 6,489,564

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,011,555	\$ 1,087,435
Items not involving cash:		
Amortization of tangible capital assets	1,227,460	1,377,754
Loss on disposal of tangible capital assets	1,138	74,029
Increase in landfill closure and post-closure liability	5,749	13,056
	2,245,902	2,552,274
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(15,250)	424,791
Decrease (increase) in taxes receivable	(20,556)	132,026
Decrease in inventories held for resale	2,555	2,556
Increase in prepaid expenses	(10,044)	(1,396)
Decrease (increase) in accounts payable and accrued liabilities	203,891	(29,255)
Increase in deferred revenue - obligatory reserve funds	197,644	6,401
Increase in deferred revenue - other	(29,036)	20,131
Net change in cash from operating activities	2,575,106	3,107,528
Capital activities:		
Proceeds on disposal of tangible capital assets	51,368	44,159
Acquisition of tangible capital assets	(1,587,325)	(2,149,430)
Net change in cash from capital activities	(1,535,957)	(2,105,271)
Financing activities:		
Debt principal repayments	(11,511)	(11,188)
Net change in cash	1,027,638	991,069
Cash, beginning of year	7,483,483	6,492,414
Cash, end of year	\$ 8,511,121	\$ 7,483,483

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, 2016

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, 2016

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 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.

(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, 2016

1. Significant accounting policies (continued):

(g) Recognition of revenues and expenses:

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfer are due.

(h) Non-financial assets:

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

(i) Government funding:

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfer are authorized, and eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(j) Taxation:

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

(k) Financial instruments:

The Township's financial instruments consist of cash, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Township does not have any significant concentration of interest, currency or credit risk.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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:

	2016	2015
Utilities receivable	\$ 307,554	289,496
Trade receivables and other	167,902	161,372
HST recoverable	154,885	164,223
	\$ 630,341	\$ 615,091

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

During 2016, 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	\$ 4,412,554	\$ 3,991,495
Taxation from other governments	2,465	9,053
Amounts requisitioned and remitted	\$ 4,415,019	\$ 4,000,548

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, 2016

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Trade and miscellaneous	\$ 1,433,189	\$ 1,195,703
Personnel related	227,864	261,459
	\$ 1,661,053	\$ 1,457,162

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:

	2016	2015
Obligatory reserve	\$ 301,485	\$ 103,841

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

	2016	2015
Balance, beginning of year	\$ 103,841	97,440
Add amounts received:		
Federal gas tax	171,930	163,743
Parkland fees	24,987	8,284
Investment income (loss)	727	(1,883)
	301,485	267,584
Less transfer to operations:		
Federal gas tax revenue earned	-	163,743
Balance, end of year	\$ 301,485	\$ 103,841

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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:

	2016	2015
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	\$ 14,357
Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	59,785	64,285
	\$ 67,131	\$ 78,642

(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 \$601 (2015 - \$923).

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

	Principal
2017	\$ 11,846
2018	4,500
2019	4,500
2020	4,500
2021	4,500
2022 and subsequent years	37,285
	\$ 67,131

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$1,153,143 (2015 - \$1,147,394) 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 \$368,513 (2015 - \$323,513) 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 \$1,516,193.64 (2015 - \$1,451,351), calculated at a discount rate of 3.7% (2015 - 4.0%).

The remaining capacity of the two operating solid waste landfill sites is estimated at 250,130 m³ (2015 - 261,265 m³) which is 59.88% (2015 - 54.98%) of the sites total capacity. The remaining landfill sites are expected to reach capacity between 2045 and 2070.

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
Total	\$ 47,025,093	1,552,916	(672,698)	47,905,311

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
Total	\$ 28,239,733	(654,601)	1,227,460	28,812,592

	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
Total	\$ 18,785,360	19,092,719

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land and improvements	\$ 3,688,216	556,331	-	4,244,547
Buildings	8,039,923	-	(188,327)	7,851,596
Machinery and equipment	866,501	82,400	(42,984)	905,917
Vehicles	3,989,598	479,775	(218,177)	4,251,196
Water and sewer	5,362,940	-	-	5,362,940
Roads and bridges	23,377,973	1,030,924	-	24,408,897
Total	\$ 45,325,151	2,149,430	(449,488)	47,025,093

Accumulated Amortization	Balance at December 31, 2014	Disposals	Amortization	Balance at December 31, 2015
Land and improvements	\$ 919,181	-	149,983	1,069,164
Buildings	3,275,005	(100,862)	209,169	3,383,312
Machinery and equipment	318,334	(28,458)	71,287	361,163
Vehicles	2,209,639	(201,980)	268,785	2,276,444
Water and sewer	1,397,851	-	111,421	1,509,272
Roads and bridges	19,073,269	-	567,109	19,640,378
Total	\$ 27,193,279	(331,300)	1,377,754	28,239,733

	Net book value, December 31, 2014	Net book value, December 31, 2015
Land and improvements	\$ 2,769,035	3,175,383
Buildings	4,764,918	4,468,284
Machinery and equipment	548,167	544,754
Vehicles	1,779,959	1,974,752
Water and sewer	3,965,089	3,853,668
Roads and bridges	4,304,704	4,768,519
Total	\$ 18,131,872	18,785,360

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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 2016 were \$212,174 (2015 - \$208,119).

10. Accumulated surplus:

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

	2016	2015
Surplus (deficit):		
Township	\$ 311,690	\$ 407,453
Unfunded landfill closure and post-closure costs	(1,147,394)	(1,134,338)
Business Improvement Area Board	42	42
Long-term debt	(67,131)	(78,642)
Cemetery:		
Operations	23,690	35,410
Inventory	64,482	67,037
Unfinanced inventory construction	(47,588)	(58,542)
	(862,209)	(761,580)
Invested in capital assets:		
Tangible capital assets – net book value	19,092,719	18,785,360
Unfunded capital	(327,317)	(267,646)
	18,765,402	18,517,714
Surplus	17,903,193	17,756,134
Reserves:		
Working capital	1,494,828	1,494,828
Future operations	821,854	700,531
Future capital assets	6,058,509	5,314,336
	8,375,191	7,509,695
Reserve funds:		
Cultural	30,850	31,850
	\$ 26,309,234	\$ 25,297,679

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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, 2016, there was a balance outstanding of \$Nil (2015 - \$Nil).

12. Trust funds:

Trust funds administered by the Township amounting to \$460,702 (2015 - \$452,891) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus. As such, balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

13. Budget figures:

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

Annual surplus per budget approved by Council	\$	—
Less:		
Internal transfers		(401,163)
Add:		
Principal loan repayments		91,750
Capital additions		1,565,000
Surplus per financial statements	\$	1,255,587

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, 2016

15. Commitment:

(a) 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 2016, one employee was 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 of the 2015 comparative amounts have been reclassified to conform to the current year presentation.

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, 2016

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, 2016

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2016
Revenues:								
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
Expenses:								
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
Annual surplus (deficit)	\$ 7,461,112	(2,127,204)	(2,281,348)	(434,127)	(45,393)	(1,376,988)	(184,497)	1,011,555