

Consolidated Financial Statements

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

And Independent Auditors' Report thereon

Year ended December 31, 2021

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Financial Statements

Year ended December 31, 2021

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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 consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Independent 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, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of changes in net financial debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2021, 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.



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- 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 Township to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 8, 2022

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 13,900,943	\$ 7,948,689
Accounts receivable (note 2)	874,982	1,084,939
Taxes receivable	1,026,084	1,271,626
Inventories held for resale	50,395	54,259
	15,852,404	10,359,513
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	4,296,850	2,997,971
Deferred revenue - obligatory reserve funds (note 5)	230,962	183,072
Deferred revenue - other	109,521	138,449
Long-term debt (note 6)	11,452,285	8,041,785
Landfill closure and post-closure liability (note 7)	2,087,693	2,024,782
	18,177,311	13,386,059
Net financial debt	(2,324,907)	(3,026,546)
Non-financial assets		
Tangible capital assets (note 8)	36,963,376	35,733,589
Prepaid expenses	20,236	21,966
	36,983,612	35,755,555
Contingencies (note 13)		
Commitment (note 14)		
Accumulated surplus (note 10)	\$ 34,658,705	\$ 32,729,009

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, 2021, with comparative information for 2020

	Budget 2021 (note 12)	Actual 2021	Actual 2020
Revenue:			
Property taxation	\$ 9,277,330	\$ 9,384,777	\$ 9,025,040
User charges	2,246,175	2,281,319	2,299,827
Government of Canada	43,460	39,251	-
Province of Ontario	3,249,020	2,374,029	2,577,298
Other municipalities	40,000	36,616	54,914
Penalties and interest	205,000	231,055	127,610
Investment income	106,000	103,606	123,134
Donations	15,500	37,402	5,212
Federal gas tax revenue earned	193,080	379,351	186,269
Gain (loss) on disposal of capital assets	-	70,225	(1,801)
Other	3,009,910	297,627	96,006
Total revenue	18,385,475	15,235,258	14,493,509
Expenses:			
General government	1,952,547	1,485,375	1,425,696
Protection services	2,936,267	3,008,823	2,908,348
Transportation services	6,186,418	3,288,678	3,097,399
Environmental services	2,972,838	2,673,339	2,950,511
Health services	215,458	110,402	111,746
Recreational and cultural services	2,302,968	2,245,327	1,699,163
Planning and development	336,663	493,618	346,095
Total expenses	16,903,159	13,305,562	12,538,958
Annual surplus	1,482,316	1,929,696	1,954,551
Accumulated surplus, beginning of the year	32,729,009	32,729,009	30,774,458
Accumulated surplus, end of year	\$ 34,211,325	\$ 34,658,705	\$ 32,729,009

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Consolidated Statement of Change in Net Financial Debt

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 12)	Actual 2021	Actual 2020
Annual surplus	\$ 1,482,316	\$ 1,929,696	\$ 1,954,551
Acquisition of tangible capital assets	(8,021,400)	(3,447,235)	(8,241,175)
Amortization of tangible capital assets	1,803,918	2,135,912	1,803,918
Loss (gain) on disposal of tangible capital assets	-	(70,225)	1,801
Proceeds on sale of tangible capital assets	-	151,761	1,018
Decrease in prepaid expenses	-	1,730	1,742
	(6,217,482)	(1,228,057)	(6,432,696)
Change in net financial debt	(4,735,166)	701,639	(4,478,145)
Net financial assets (debt), beginning of year	(3,026,546)	(3,026,546)	1,451,599
Net financial debt, end of year	\$ (7,761,712)	\$ (2,324,907)	\$ (3,026,546)

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,929,696	\$ 1,954,551
Items not involving cash:		
Amortization of tangible capital assets	2,135,912	1,803,918
Loss (gain) on disposal of tangible capital assets	(70,225)	1,801
Decrease in landfill closure and post-closure liability	62,911	(60,781)
	4,058,294	3,699,489
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	209,957	(68,811)
Decrease (increase) in taxes receivable	245,542	(239,918)
Decrease in inventories held for resale	3,864	2,556
Decrease in prepaid expenses	1,730	1,742
Increase (decrease) in accounts payable and accrued liabilities	1,298,879	(769,322)
Increase (decrease) in deferred revenue - obligatory reserve funds	47,890	(50,584)
Decrease in deferred revenue - other	(28,928)	(68,431)
Net change in cash from operating activities	5,837,228	2,506,721
Capital activities:		
Proceeds on disposal of tangible capital assets	151,761	1,018
Acquisition of tangible capital assets	(3,447,235)	(8,241,175)
Net change in cash from capital activities	(3,295,474)	(8,240,157)
Debt principal repayments	(4,500)	(4,500)
Proceeds on issuance of long-term debt	3,415,000	6,000,000
Net change in cash from financing activities	3,410,500	5,995,500
Net increase in cash	5,952,254	262,064
Cash, beginning of year	7,948,689	7,686,625
Cash, end of year	\$ 13,900,943	\$ 7,948,689

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, 2021

The Corporation of the Township of the Minden Hills (the "Township") is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Township.

The Township is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

Minden Hills Cemetery Board
Minden Waterworks System
Minden Sewage System
Minden Business Improvement Area

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust funds:

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Reserves and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(d) Deferred revenue:

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

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

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

(i) Contributions of tangible capital assets:

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

(ii) Natural resources:

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

(iii) Works of art and cultural and historic assets:

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

(f) Landfill liability:

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

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Recognition of revenues and expenses:

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

(h) Non-financial assets:

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

(i) Government funding:

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

(j) Taxation:

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

(k) Financial instruments:

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

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and 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:

	2021	2020
Utilities receivable	\$ 331,758	\$ 321,960
Trade receivables and other	212,371	131,675
HST recoverable	330,853	631,304
	\$ 874,982	\$ 1,084,939

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

During 2021, 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	\$ 4,025,887	\$ 5,359,631
Taxation from other governments	1,992	16,680
Amounts requisitioned and remitted	\$ 4,027,879	\$ 5,376,311

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 (continued)

Year ended December 31, 2021

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2021	2020
Trade and miscellaneous	\$ 3,971,343	\$ 2,567,808
Personnel related	325,507	430,163
	\$ 4,296,850	\$ 2,997,971

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:

	2021	2020
Obligatory reserve	\$ 230,962	\$ 183,072

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

	2021	2020
Balance, beginning of year	\$ 183,072	\$ 233,656
Add amounts received:		
Federal gas tax	379,351	184,687
Parkland fees	88,453	45,455
Investment income	1,035	2,300
	468,839	232,442
Less transfer to operations:		
Federal gas tax revenue earned	(379,351)	(186,269)
Parkland fees earned	(41,598)	(96,757)
	(420,949)	(283,026)
Balance, end of year	\$ 230,962	\$ 183,072

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Long-term debt:

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

	2021	2020
(i) Long-term non-interest bearing loan repayable to the Minden Hills Cemetery Board Perpetual Care Trust in annual instalments of \$4,500	\$ 37,285	\$ 41,785
(ii) Long-term variable interest loan repayable to the Ontario Infrastructure and Lands Corporation	11,415,000	8,000,000
	\$ 11,452,285	\$ 8,041,785

Interest paid during the year on long-term debt amounted to \$Nil (2020 - \$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
2022	\$ 4,500
2023	4,500
2024	4,500
2025	4,500
2026	4,500
2027 and subsequent years	14,785
	\$ 37,285

- (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, 2021, a total of \$11,415,000 has been drawn on this facility. On February 16, 2022, substantial completion of the project was achieved and the advances were converted to debentures issued by the OILC and interest at a fixed rate of 2.68%, payable semi-annually, payments of \$314,728, due August 16th, 2046.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Landfill closure and post-closure liability:

The liability for landfill closure and post-closure costs of \$2,087,693 (2020 - \$2,024,782) 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 \$760,738 (2020 - \$690,490) 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 \$2,571,065 (2020 - \$2,527,860), calculated at a discount rate of 2.17% (2020 - 2.31%).

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2021

8. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land and improvements	\$ 4,916,256	\$ 41,776	\$ -	\$ 4,958,032
Buildings	22,961,175	347,614	-	23,308,789
Machinery and equipment	1,890,129	168,439	-	2,058,568
Vehicles	5,364,743	1,366,662	(643,317)	6,088,088
Water and sewer	4,660,673	-	-	4,660,673
Roads and bridges	29,492,719	1,522,744	-	31,015,463
Total	\$ 69,285,695	\$ 3,447,235	\$ (643,317)	\$ 72,089,613

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization	Balance at December 31, 2021
Land and improvements	\$ 1,693,307	\$ -	\$ 145,698	\$ 1,839,005
Buildings	4,791,819	-	611,621	5,403,440
Machinery and equipment	808,420	-	123,845	932,265
Vehicles	2,670,928	(561,781)	400,338	2,509,485
Water and sewer	1,414,234	-	97,376	1,511,610
Roads and bridges	22,173,398	-	757,034	22,930,432
Total	\$ 33,552,106	\$ (561,781)	\$ 2,135,912	\$ 35,126,237

	Net book value, 2020	Net book value, 2021
Land and improvements	\$ 3,222,949	\$ 3,119,027
Buildings	18,169,356	17,905,349
Machinery and equipment	1,081,709	1,126,303
Vehicles	2,693,815	3,578,603
Water and sewer	3,246,439	3,149,063
Roads and bridges	7,319,321	8,085,031
Total	\$ 35,733,589	\$ 36,963,376

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2021

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2019			Additions	Disposals	Balance at December 31, 2020	
Land and improvements	\$	4,438,796	\$	477,460	\$	-	\$ 4,916,256
Buildings		17,722,503		5,238,672		-	22,961,175
Machinery and equipment		1,836,312		60,081		(6,264)	1,890,129
Vehicles		4,673,788		690,955		-	5,364,743
Water and sewer		4,660,673		-		-	4,660,673
Roads and bridges		27,718,712		1,774,007		-	29,492,719
Total	\$	61,050,784	\$	8,241,175	\$	(6,264)	\$ 69,285,695

Accumulated Amortization	Balance at December 31, 2019			Disposals	Amortization	Balance at December 31, 2020	
Land and improvements	\$	1,567,569	\$	-	\$	125,738	\$ 1,693,307
Buildings		4,356,097		-		435,722	4,791,819
Machinery and equipment		685,487		(3,445)		126,378	808,420
Vehicles		2,341,068		-		329,860	2,670,928
Water and sewer		1,316,858		-		97,376	1,414,234
Roads and bridges		21,484,554		-		688,844	22,173,398
Total	\$	31,751,633	\$	(3,445)	\$	1,803,918	\$ 33,552,106

	Net book value, 2019		Net book value, 2020	
Land and improvements	\$	2,871,227	\$	3,222,949
Buildings		13,366,406		18,169,356
Machinery and equipment		1,150,825		1,081,709
Vehicles		2,332,720		2,693,815
Water and sewer		3,343,815		3,246,439
Roads and bridges		6,234,158		7,319,321
Total	\$	29,299,151	\$	35,733,589

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Pension agreements:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total going concern actuarial liabilities of \$120,796 million (2020 - \$113,055 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$117,665 million (2020 - \$109,844 million) indicating a going concern actuarial deficit of \$3,131 million (2020 - \$3,211 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2021 was \$253,370 (2020 - \$244,292) and is included as an expense in the statement of operation and accumulated surplus.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

10. Accumulated surplus:

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

	2021	2020
Surplus (deficit):		
Township	\$ 398,017	\$ (4,187,836)
Unfunded landfill closure and post-closure costs	(2,087,693)	(2,024,782)
Business Improvement Area Board	42	42
Long-term debt	(11,452,285)	(8,041,785)
Cemetery:		
Operations	38,570	37,070
Inventory	50,395	54,259
Unfinanced inventory construction	(21,442)	(28,150)
	(13,074,396)	(14,191,182)
Invested in capital assets:		
Tangible capital assets – net book value	36,963,376	35,733,589
Unfunded capital	(421,378)	(421,378)
	36,541,998	35,312,211
Surplus	23,467,602	21,121,029
Reserves:		
Working capital	1,494,827	1,494,827
Future operations	1,495,945	1,302,998
Future capital assets	8,190,245	8,800,069
	11,181,017	11,597,894
Reserve funds:		
Cultural	10,086	10,086
	\$ 34,658,705	\$ 32,729,009

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

11. Trust funds:

Trust funds administered by the Township amounting to \$700,937 (2020 - \$652,821) 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 data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by council on March 25th, 2021. The reconciliation of the approved budget to the budget figures reported in these financial statements is listed below.

Annual surplus per budget approved by Council	\$	-
Add:		
Transfers from reserves		2,871,550
Amortization		1,803,919
		<hr/> 4,675,469
Less:		
Principal loan repayments		863,025
Transfers to reserves		1,155,105
Capital additions		4,139,655
		<hr/> 6,157,785
Surplus per consolidated financial statements	\$	<hr/> (1,482,316) <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 consolidated financial statements.

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

(b) Landfill capacity:

During the year, the Township discovered that there were leachate seeps at the Scotch Line Landfill site which could have a significant adverse effect on the capacity of the landfill site. The Township expects to incur the necessary costs in order to maintain the existing capacity at the site. At the date of these consolidated financial statements a reasonable estimate relating to these costs is indeterminable. As a result, no amounts in connection with this item has been reflected in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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, 2026 and the annual cost is approximately \$490,000.

15. Public sector salary disclosure:

During 2021, four employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

16. Financial risk and concentration of risk:

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Township manages exposure through its normal operating and financing activities. The Township is exposed to various risks through its financial instruments.

(c) Other risks:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to have some negative effects on operations. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Township is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

17. Comparative information:

Certain 2020 comparative figures have been reclassified to conform to the presentation adopted in 2021.

CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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 consist of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for providing water, sewer, waste disposal and recycling services to ratepayers.

Health Services

The Health services function consists of external transfers to the local medical centre and cemetery operations.

Recreation and Cultural Services

The recreation and cultural services function provide indoor and outdoor recreational facilities and programs and library and cultural facilities.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information

Year ended December 31, 2021

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2021
Revenues:								
Property taxation	\$ 9,384,777	-	-	-	-	-	-	\$ 9,384,777
User charges	29,247	503,212	88,743	1,462,586	52,874	57,607	87,050	2,281,319
Government transfers - operating	1,954,455	226,535	26,836	141,267	-	54,187	10,000	2,413,280
Other municipalities	-	-	36,616	-	-	-	-	36,616
Penalties and interest	223,786	-	-	7,269	-	-	-	231,055
Investment income	97,606	-	-	6,000	-	-	-	103,606
Donations	-	100	-	-	-	37,302	-	37,402
Federal gas tax revenue earned	-	-	379,351	-	-	-	-	379,351
Other	34,201	6,525	122,576	14,904	50	119,021	350	297,627
Gain on sale of capital assets	-	-	-	-	-	70,225	-	70,225
	11,724,072	736,372	654,122	1,632,026	52,924	338,342	97,400	15,235,258
Expenses:								
Salaries and benefits	1,047,938	613,202	892,270	301,361	56,299	903,114	214,074	4,028,258
Materials	283,093	311,635	1,057,188	1,195,598	31,546	621,249	32,090	3,532,399
Contracted services	110,879	1,931,705	268,397	968,340	13,240	34,994	246,950	3,574,505
External transfers	-	21,428	-	-	-	13,060	-	34,488
Amortization of tangible capital assets	43,465	130,853	1,070,823	208,040	9,317	672,910	504	2,135,912
	1,485,375	3,008,823	3,288,678	2,673,339	110,402	2,245,327	493,618	13,305,562
Annual surplus (deficit)	\$ 10,238,697	(2,272,451)	(2,634,556)	(1,041,313)	(57,478)	(1,906,985)	(396,218)	\$ 1,929,696

THE CORPORATION OF THE TOWNSHIP OF MINDEN HILLS

Schedule to Note 18 - Segmented Information (continued)

Year ended December 31, 2021

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning and Development	Total 2020
Revenues:								
Property taxation	\$ 9,025,040	-	-	-	-	-	-	\$ 9,025,040
User charges	455,673	359,315	69,574	1,306,919	28,585	18,111	61,650	2,299,827
Government transfers - operating	1,915,781	414,962	21,949	131,814	-	92,792	-	2,577,298
Other municipalities	-	-	47,499	7,415	-	-	-	54,914
Penalties and interest	120,237	-	-	7,373	-	-	-	127,610
Investment income	117,134	-	-	6,000	-	-	-	123,134
Donations	-	1,000	-	-	1,000	3,212	-	5,212
Federal gas tax revenue earned	-	-	186,269	-	-	-	-	186,269
Other	25,522	3,600	24,041	4,863	-	37,980	-	96,006
Loss on sale of capital assets	-	-	-	-	-	(1,801)	-	(1,801)
	11,659,387	778,877	349,332	1,464,384	29,585	150,294	61,650	14,493,509
Expenses:								
Salaries and benefits	971,048	537,850	951,318	292,152	55,235	662,867	288,046	3,758,516
Materials	323,389	295,734	877,473	1,429,091	29,441	426,472	31,871	3,413,471
Contracted services	102,504	1,952,162	313,710	1,031,861	11,332	85,159	23,550	3,520,278
Rents and financial	5,818	-	-	-	-	-	-	5,818
External transfers	-	13,250	-	-	-	23,707	-	36,957
Amortization of tangible capital assets	22,937	109,352	954,898	197,407	15,738	500,958	2,628	1,803,918
	1,425,696	2,908,348	3,097,399	2,950,511	111,746	1,699,163	346,095	12,538,958
Annual surplus (deficit)	\$ 10,233,691	(2,129,471)	(2,748,067)	(1,486,127)	(82,161)	(1,548,869)	(284,445)	\$ 1,954,551