



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

1717 2nd Avenue East  
P.O. Box 397  
Owen Sound, Ontario Canada N4K 5P7  
Telephone: 519-376-6110  
Fax: 519-376-4741

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## Auditors' Report

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**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Melancthon**

We have audited the consolidated statement of financial position of the Corporation of the Township of Melancthon as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Melancthon as at December 31, 2008 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*  
Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
February 26, 2009

## The Corporation of the Township of Melancthon Consolidated Statement of Financial Position

December 31	2008	2007
<b>Assets and Liabilities</b>		
<b>Financial assets</b>		
Cash and temporary investments (Note 1)	\$ 1,325,877	\$ 864,856
Taxes receivable	522,464	497,665
Trade and other receivables	591,267	525,892
Long-term receivables (Note 2)	4,524	12,177
Other	652	597
	<b>2,444,784</b>	<b>1,901,187</b>
<b>Liabilities</b>		
Temporary borrowings (Note 3)	42,000	52,000
Accounts payable and accrued liabilities	225,334	328,744
Solid waste landfill closure and post-closure liabilities (Note 5)	143,346	67,764
Post-employment benefits liabilities	22,570	16,195
Deferred revenue (Page 18)	449,564	371,483
Net long-term liabilities (Note 4)	243,191	310,889
	<b>1,126,005</b>	<b>1,147,075</b>
<b>Net financial assets</b>	<b>\$ 1,318,779</b>	<b>\$ 754,112</b>
<b>Municipal Position</b>		
Current fund (Page 19)	\$ 259,248	\$ 252,540
Capital fund (Page 20)	(13,831)	25,462
Reserves and reserve funds (Page 21)	1,477,945	858,781
	<b>1,723,362</b>	<b>1,136,783</b>
Amounts to be recovered (Note 6)	(404,583)	(382,671)
	<b>\$ 1,318,779</b>	<b>\$ 754,112</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The Corporation of the Township of Melancthon Consolidated Statement of Financial Activities

For the year ended December 31	2008	2008	2007
	Budget	Actual	Actual
<b>Revenue</b>			
Taxation	\$ 1,282,722	\$ 1,289,363	\$ 1,240,283
Fees and user charges	48,600	128,390	262,995
Canada grants	217,900	186,800	164,281
Ontario grants	1,061,162	1,643,916	666,835
Municipal grants	-	5,125	5,120
Other income (Note 7)	145,824	205,972	212,303
Obligatory reserve fund revenue recognized	37,500	39,200	251,800
	<u>2,793,708</u>	<u>3,498,766</u>	<u>2,803,617</u>
<b>Expenditures</b>			
<b>Current (Note 8)</b>			
General government	351,100	308,786	269,275
Protection services	373,063	440,046	438,352
Transportation services	932,318	819,919	800,122
Environmental services	113,000	233,793	101,619
Health services	2,000	5,902	4,414
Recreation and cultural services	78,286	110,956	98,146
Planning and development	20,000	66,323	191,143
	<u>1,869,767</u>	<u>1,985,725</u>	<u>1,903,071</u>
<b>Capital</b>			
General government	35,000	54,232	-
Protection services	1,882	1,471	8,130
Transportation services	883,000	815,210	800,609
Environmental services	19,514	19,513	19,513
Recreational and cultural services	37,500	37,500	-
Planning and development	28,000	23,369	26,423
	<u>1,004,896</u>	<u>951,295</u>	<u>854,675</u>
<b>Total expenditures</b>	<u>2,874,663</u>	<u>2,937,020</u>	<u>2,757,746</u>
<b>Net revenues (expenditures) for the year</b>	(80,955)	561,746	45,871
<b>Restatement of opening reserves (Note 15)</b>	-	2,611	1,708
<b>Restatement of opening surplus (Note 15)</b>	-	310	43
	<u>(80,955)</u>	<u>564,667</u>	<u>47,622</u>
<b>Change in amounts to be recovered</b>			
Debt principal repayments	(77,938)	(60,045)	(58,287)
Change in post-employment benefits liabilities	-	6,375	5,027
Change in solid waste landfill liability	-	75,582	-
	<u>(77,938)</u>	<u>21,912</u>	<u>(53,260)</u>
<b>Change in fund balances for the year</b>	<u>\$ (158,893)</u>	<u>\$ 586,579</u>	<u>\$ (5,638)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Melancthon  
Consolidated Statement of Changes in Financial Position**

<b>For the year ended December 31</b>	<b>2008</b>	<b>2007</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	\$ 561,746	\$ 45,871
Items not involving cash		
Restatement of opening reserves	2,611	1,708
Change in post-employment benefits liabilities	6,375	5,027
Restatement of opening reserves	310	43
Change in solid waste landfill liability	75,582	-
	<u>646,624</u>	<u>52,649</u>
Changes in non-cash working capital balances		
Taxes receivable	(24,799)	(61,996)
Trade and other receivables	(65,375)	(428,105)
Other assets	(55)	119
Accounts payable and accrued liabilities	(103,410)	184,908
Deferred revenue	78,081	(106,150)
	<u>531,066</u>	<u>(358,575)</u>
<b>Investing activities</b>		
Decrease in long-term receivables	7,653	9,845
<b>Financing activities</b>		
Repayment of long-term liabilities	(67,698)	(68,132)
Increase in, (repayment) of temporary borrowings	(10,000)	10,000
	<u>(77,698)</u>	<u>(58,132)</u>
<b>Net change in cash and cash equivalents</b>	<b>461,021</b>	<b>(406,862)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>864,856</b>	<b>1,271,718</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,325,877</b>	<b>\$ 864,856</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.