

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

---

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 15
Consolidated Schedule of Segmented Disclosure	16
Consolidated Schedule of Tangible Capital Assets	17
Consolidated Schedule of Accumulated Surplus	18
Schedule of Horning's Mills Cemetery Board	19
Schedule of St. Paul's Cemetery Board	20
Schedule of Horning's Mills Community Park	21
Schedule of Horning's Mills Community Hall	22
<b>TRUST FUNDS</b>	
INDEPENDENT AUDITOR'S REPORT	23
FINANCIAL STATEMENTS	
Statement of Financial Position and Statement of Continuity	24
Notes to the Financial Statements	25

---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Melancthon, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the auditor's 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, the auditor considers 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Fergus, Ontario  
June 23, 2016

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 3)	\$ 2,130,659	\$ 1,673,058
Taxes receivable	726,126	698,854
Accounts receivable	254,828	292,973
Long-term receivables (note 4)	<u>95,077</u>	<u>98,652</u>
	<u>3,206,690</u>	<u>2,763,537</u>
<b>LIABILITIES</b>		
Operating loans (note 5)	242,000	122,000
Accounts payable and accrued liabilities	564,548	515,941
Landfill closure and post-closure liabilities (note 8)	227,520	217,202
Long-term debt (note 7)	761,939	450,482
Deferred revenue - obligatory reserve funds (note 6)	523,718	446,593
Deferred revenue - other	<u>4,183</u>	<u>4,183</u>
	<u>2,323,908</u>	<u>1,756,401</u>
<b>NET FINANCIAL ASSETS</b>	<u>882,782</u>	<u>1,007,136</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	10,431,958	10,005,371
Inventory	22,411	22,180
Prepaid expenses	<u>49,634</u>	<u>49,512</u>
	<u>10,504,003</u>	<u>10,077,063</u>
<b>ACCUMULATED SURPLUS (schedule 3)</b>	<u>\$ 11,386,785</u>	<u>\$ 11,084,199</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Budget	2015 Actual	2014 Actual
<b>REVENUES</b>			
Taxation	\$ 1,911,476	\$ 1,969,972	\$ 1,780,071
User charges	16,405	47,092	131,091
Grants (note 12)	299,436	567,497	750,545
Other income (note 13)	738,076	768,841	526,105
Loss on disposal of tangible capital assets	0	(2,076)	(2,126)
Obligatory reserve fund revenue recognized (note 6)	<u>150,000</u>	<u>107,920</u>	<u>420,256</u>
	<u>3,115,393</u>	<u>3,459,246</u>	<u>3,605,942</u>
<b>EXPENSES (schedule 1)</b>			
General government	487,767	482,389	540,271
Protection to persons and property	678,704	646,639	549,475
Transportation services	1,732,656	1,699,742	1,516,257
Environmental services	26,243	37,293	31,798
Health services	0	2,865	1,776
Recreation and cultural services	134,052	170,397	137,256
Planning and development	<u>120,000</u>	<u>117,335</u>	<u>168,094</u>
	<u>3,179,422</u>	<u>3,156,660</u>	<u>2,944,927</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<u>\$ (64,029)</u>	<u>\$ 302,586</u>	<u>\$ 661,015</u>
<b>ACCUMULATED SURPLUS at beginning of year</b>		\$11,084,199	\$10,423,184
Annual surplus		<u>302,586</u>	<u>661,015</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<u>\$11,386,785</u>	<u>\$11,084,199</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Budget	2015 Actual	2014 Actual
<b>ANNUAL (DEFICIT) SURPLUS</b>	\$ <u>(64,029)</u>	\$ <u>302,586</u>	\$ <u>661,015</u>
Acquisition of tangible capital assets	(1,074,500)	(1,056,687)	(1,282,969)
Amortization of tangible capital assets	687,147	620,907	687,247
Loss on sale of tangible capital assets	0	2,076	2,126
Consolidated boards opening changes	<u>0</u>	<u>7,117</u>	<u>(1,739)</u>
	<u>(387,353)</u>	<u>(426,587)</u>	<u>(595,335)</u>
Use of (additions to) inventories	0	(231)	(5,602)
Use of (additions to) prepaid expenses	<u>0</u>	<u>(122)</u>	<u>(126)</u>
	<u>0</u>	<u>(353)</u>	<u>(5,728)</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>(451,382)</u>	(124,354)	59,952
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>1,007,136</u>	<u>947,184</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u>882,782</u>	\$ <u>1,007,136</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus	\$ 302,586	\$ 661,015
Items not requiring an outlay of cash		
Amortization	620,907	687,247
Gain (loss) on sale of tangible capital assets	2,076	2,126
Change in solid waste landfill liability	<u>10,318</u>	<u>9,849</u>
	<u>633,301</u>	<u>699,222</u>
Net changes in non-cash working capital		
Taxes receivable	(27,272)	37,778
Accounts receivable	38,145	(19,430)
Prepaid expenses	(122)	(126)
Accounts payable and accrued liabilities	48,607	(175,275)
Inventory	(231)	(5,602)
Deferred revenue	<u>77,125</u>	<u>(286,274)</u>
	<u>136,252</u>	<u>(448,929)</u>
	<u>1,072,139</u>	<u>911,308</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,056,687)	(1,282,969)
Consolidated boards opening change in amortization (schedule 2)	<u>7,117</u>	<u>(1,739)</u>
	<u>(1,049,570)</u>	<u>(1,284,708)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from temporary borrowing	120,000	50,000
Repayment of long-term liabilities	<u>311,457</u>	<u>(53,925)</u>
	<u>431,457</u>	<u>(3,925)</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Repayment of long-term receivables	<u>3,575</u>	<u>11,387</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	457,601	(365,938)
<b>CASH, beginning of year</b>	<u>1,673,058</u>	<u>2,038,996</u>
<b>CASH, end of year</b>	<u>\$ 2,130,659</u>	<u>\$ 1,673,058</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of The Corporation of the Township of Melancthon are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Melancthon are as follows:

**(a) BASIS OF CONSOLIDATION**

- (i) These consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by Council.

All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Horning's Mills Cemetery Board  
St. Paul's Cemetery Board  
Horning's Mills Community Park  
Horning's Mills Community Hall

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Shelburne and District Fire Department	15.35% (2014 - 16.07%)
Mulmur-Melancthon Volunteer Fire Department	20.98% (2014 - 21.23%)

**(b) BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting. The interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**(c) USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Significant areas requiring management's estimates include amortization of tangible capital assets and landfill post-closure liabilities.



**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) CREDIT RISK MANAGEMENT

The municipality is exposed to credit risk on the taxes receivable from its ratepayers.

The municipality does not have a significant exposure to any individual customer or counterpart.

(e) TRUST FUNDS

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and statement of financial position.

(f) TEMPORARY INVESTMENTS

Temporary investments are recorded at amortized cost unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market.

(g) INVENTORY

Inventory held for consumption is recorded at the lower of cost and replacement cost.

(h) REVENUE RECOGNITION

Revenues are recognized as follows:

(i) Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers.

(ii) Fines and donations are recognized when collected.

(iii) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

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

(v) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for a specific purpose.

(i) COUNTY AND SCHOOL BOARDS

The municipality collects taxation revenue on behalf of the school boards and the County of Dufferin. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Dufferin are not reflected in these financial statements.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) **NON-FINANCIAL ASSETS**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	10 to 50 years
Facilities	15 to 100 years
Vehicles and machinery	5 to 50 years
Equipment	5 to 75 years
Infrastructure - Environmental	3 to 75 years
Infrastructure - Transportation	3 to 75 years

Assets under construction are not amortized until the asset is available for productive use.

(ii) 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.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**2. FINANCIAL INSTRUMENTS**

The municipality's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, long-term receivables, operating loans, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the municipality is not exposed to any significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

3. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Unrestricted cash	\$ 1,577,156	\$ 1,197,436
Unrestricted temporary investments	<u>50,785</u>	<u>50,029</u>
	1,627,941	1,247,465
Restricted cash	<u>502,718</u>	<u>425,593</u>
	<u>\$ 2,130,659</u>	<u>\$ 1,673,058</u>

Cash includes \$1,109,133 (2014 - \$556,899) held in one account at a chartered bank. Interest is earned on this account at a rate of 0.10% if the balance is between \$100,000 and \$249,999 and 0.25% if the balance is between \$250,000 and \$400,000.

Temporary investments consist of various GICs with interest rates ranging from 0.60% to 2.20%

4. LONG TERM RECEIVABLES

The responsibility for payment of principal and interest charges of the tile drainage loans has been assumed by individuals.

	2015	2014
Three loans are charged interest at a rate of 6% and become due in 2019 - 2025	\$ <u>95,077</u>	\$ <u>98,652</u>

Principal payments for the next five years are as follows:

2016	\$ 11,184
2017	11,855
2018	12,566
2019	13,320
2020	9,717
Thereafter	<u>36,435</u>
	<u>\$ 95,077</u>

5. OPERATING LOANS

The operating loans are due on demand and bear interest at the bank's prime rate, calculated and payable monthly. At December 31, 2015, the municipality had undrawn credit capacity of \$8,000 (2014 - \$128,000).

6. DEFERRED REVENUE

	2015 Opening	Contributions Received	Investment Income	Revenue Recognized	2015 Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 355,666	\$ 99,079	\$ 3,091	\$ (7,920)	\$ 449,916
Recreational land	4,337	0	36	0	4,373
Subdivider - park levies	21,000	0	0	0	21,000
Federal Gas Tax	<u>65,590</u>	<u>82,204</u>	<u>635</u>	<u>(100,000)</u>	<u>48,429</u>
	<u>\$ 446,593</u>	<u>\$ 181,283</u>	<u>\$ 3,762</u>	<u>\$ (107,920)</u>	<u>\$ 523,718</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**7. LONG-TERM DEBT**

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

	2015	2014
Loan payable, 3.180%, repayable in monthly instalments of \$3,409 principal and interest, due December 2025	\$ 350,000	\$ 0
Tile drainage loans, 6%, annual payments of principal and interest ranging from \$4,402 - \$6,793, due between 2019 - 2025	95,077	98,652
Loan payable, 2.862%, repayable in monthly instalments of \$2,720 principal and interest, due January 2017	182,505	209,511
Loan payable, 3.63%, repayable in semi-annual instalments of \$6,528 principal and interest, due December 2028	<u>134,357</u>	<u>142,319</u>
	<u>\$ 761,939</u>	<u>\$ 450,482</u>

Principal payments required on the loans payable for the next five years are as follows:

2016	\$ 77,504
2017	80,199
2018	83,059
2019	86,030
2020	<u>84,709</u>
	411,501
Thereafter	<u>350,438</u>
	<u>\$ 761,939</u>

The gross interest paid relating to the above long-term debt was \$5,919 (2014 - \$6,602).

**8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES**

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

Effective June 1, 2013, the County of Dufferin assumed the landfill from the municipality and the landfill site ceased active operations and stopped accepting solid waste from ratepayers. No estimate of the existing liability based on the landfill capacity used up until the assumption date is available. Therefore, the estimates in the report dated 2008 will be used until an updated report is available. The liability for the landfill site is recorded at \$227,520 and represents the present value of closure and post-closure costs for 62% of the current site's opened cells, using an average long-term borrowing rate of 4.75%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$369,606 leaving an amount to be recognized in future periods of \$142,086. The estimated remaining capacity of the site's opened cells is approximately 140,700 tonnes, which was expected to be filled in 12 years. Post-closure care is estimated to continue for a period of 25 years.

The municipality has established a reserve to assist in financing the future costs of closure and post-closure liabilities. At December 31, 2015, there was \$72,343 available in the reserve.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

9. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Dufferin:

	2015	2014
School boards	\$ 1,154,297	\$ 1,048,820
County of Dufferin	<u>1,697,610</u>	<u>1,604,271</u>
	<u>\$ 2,851,907</u>	<u>\$ 2,653,091</u>

10. TRUST FUNDS

The trust funds administered by the municipality amounting to \$34,437 (2014 - \$33,382) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations. The trust fund balances are as follows:

	2015	2014
Cemetery care and maintenance funds	\$ 32,436	\$ 31,381
Subdividers' deposits	<u>2,001</u>	<u>2,001</u>
	<u>\$ 34,437</u>	<u>\$ 33,382</u>

11. TANGIBLE CAPITAL ASSETS

	Net 2015	Net 2014
General		
Land	\$ 418,357	\$ 413,271
Land improvements	36,449	38,205
Facilities	452,033	483,735
Vehicles	1,117,747	1,227,590
Equipment	150,385	118,160
Infrastructure		
Transportation	8,158,839	7,624,519
Environmental	<u>98,148</u>	<u>99,891</u>
	<u>\$10,431,958</u>	<u>\$10,005,371</u>

12. GRANTS

	2015 Budget	2015 Actual	2014 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 207,300	\$ 207,300	\$ 259,100
Conditional - roads	35,000	46,447	36,155
Conditional - other	<u>52,136</u>	<u>308,697</u>	<u>450,170</u>
	<u>294,436</u>	<u>562,444</u>	<u>745,425</u>
Other municipalities - roads	<u>5,000</u>	<u>5,053</u>	<u>5,120</u>
	<u>\$ 299,436</u>	<u>\$ 567,497</u>	<u>\$ 750,545</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

---

13. OTHER INCOME

	2015 Budget	2015 Actual	2014 Actual
Penalties and interest on taxation	\$ 95,000	\$ 106,230	\$ 112,318
Other fines and penalties	25,000	32,249	33,285
Investment income	7,600	16,086	17,720
Licenses, permits and rents	7,850	8,130	7,830
Donations	0	1,835	518
Sale of publications, equipment, etc.	1,000	2,164	17,018
Plateau community contributions	28,416	28,946	28,416
Dufferin Wind community contributions	264,210	264,201	0
CHD community contributions	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>
	<u>\$ 738,076</u>	<u>\$ 768,841</u>	<u>\$ 526,105</u>

14. SEGMENTED INFORMATION

The Corporation of the Township of Melancthon is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item relates to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlights.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services includes contributions to the operations of local cemeteries.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks and arenas. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning, including the Official Plan. This service area also includes tourist information and promotion, business improvement area, weed control and drainage.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**15. COMMITMENTS**

The municipality entered into a contribution agreement with a company that provides commercial generation of electricity in the Township of Melancthon.

- i) Phase I of the project consists of 45 wind turbine generators. The company will pay the sum of \$45,000 to the Township of Melancthon on or before March 31 for each year from 2007 through and including 2026.
- ii) Phase II of the project consists of 66 wind turbine generators. The company will pay the sum of \$264,000 to the Township of Melancthon on or before November for each year from 2009 through and including 2028.

**16. DEVELOPER AGREEMENTS**

As part of various developer agreements, the municipality has received Letters of Credit to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of Credit held by the municipality at December 31, 2015 amount to \$4,480,000.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2015	2014
<b>EXPENSES</b>									
Salaries and benefits	\$ 340,533	\$ 53,824	\$ 393,274	\$ 0	\$ 0	\$ 0	\$ 0	\$ 787,631	\$ 744,302
Materials	89,047	78,009	751,066	0	2,865	6,390	19,268	946,645	778,436
Contracted services	28,746	431,859	2,140	32,399	0	0	92,148	587,292	577,030
Rents and financial expenses	(1,029)	0	0	0	0	0	0	(1,029)	4,431
Interest on long term debt	13,057	0	5,643	3,151	0	0	5,919	27,770	20,226
Amortization	11,335	38,816	547,618	1,743	0	21,395	0	620,907	687,247
Transfers	700	44,131	0	0	0	142,613	0	187,444	133,255
	<u>\$ 482,389</u>	<u>\$ 646,639</u>	<u>\$ 1,699,741</u>	<u>\$ 37,293</u>	<u>\$ 2,865</u>	<u>\$ 170,398</u>	<u>\$ 117,335</u>	<u>\$ 3,156,660</u>	<u>\$ 2,944,927</u>

See notes to the consolidated financial statements



THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 2

	Land	Land Improvements	Facilities	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2015	2014
<b>COST</b>									
Balance, beginning of year	\$ 413,271	\$ 57,557	\$ 773,531	\$ 2,416,892	\$ 270,734	\$ 14,300,841	\$ 117,426	\$ 18,350,252	\$ 17,328,698
Additions during the year	5,086	0	0	28,516	52,824	970,261	0	1,056,687	1,282,969
Consolidated boards opening changes	0	0	0	0	0	0	0	0	1,739
Disposals during the year	0	0	0	(3,935)	(18,609)	(212,110)	0	(234,654)	(263,154)
Assets under construction	0	0	0	0	0	0	0	0	0
Balance, end of year	<u>418,357</u>	<u>57,557</u>	<u>773,531</u>	<u>2,441,473</u>	<u>304,949</u>	<u>15,058,992</u>	<u>117,426</u>	<u>19,172,285</u>	<u>18,350,252</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	0	19,352	289,796	1,189,302	152,574	6,676,322	17,535	8,344,881	7,918,662
Amortization	0	1,756	31,702	129,925	19,840	435,941	1,743	620,907	687,247
Consolidated boards opening changes	0	0	0	6,358	759	0	0	7,117	0
Accumulated amortization on disposals	0	0	0	(1,859)	(18,609)	(212,110)	0	(232,578)	(261,028)
Balance, end of year	<u>0</u>	<u>21,108</u>	<u>321,498</u>	<u>1,323,726</u>	<u>154,564</u>	<u>6,900,153</u>	<u>19,278</u>	<u>8,740,327</u>	<u>8,344,881</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 418,357</u>	<u>\$ 36,449</u>	<u>\$ 452,033</u>	<u>\$ 1,117,747</u>	<u>\$ 150,385</u>	<u>\$ 8,158,839</u>	<u>\$ 98,148</u>	<u>\$ 10,431,958</u>	<u>\$ 10,005,371</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 3

	2015	2014
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 9,765,097	\$ 9,653,542
Unfunded solid waste closure and post-closure costs	(227,520)	(217,202)
General surplus	746,601	461,278
Police Services Board	2,239	2,239
Other	966	966
Cemeteries	70,821	70,837
Recreation, community centres and arenas	105,603	111,237
Fire boards	<u>8,201</u>	<u>11,498</u>
	<u>10,472,008</u>	<u>10,094,395</u>
<b>RESERVE FUNDS</b>		
Working funds	75,558	99,740
Insurance, sick leave, WSIB	31,455	26,564
Replacement of equipment	98,890	98,086
Quarry	109,465	182,964
Capital purposes	<u>221,341</u>	<u>204,382</u>
	<u>536,709</u>	<u>611,736</u>
<b>RESERVES</b>		
Working funds	213,433	213,433
Tax rate stabilization	<u>164,635</u>	<u>164,635</u>
	<u>378,068</u>	<u>378,068</u>
	<u>\$ 11,386,785</u>	<u>\$ 11,084,199</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS CEMETERY BOARD  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 4

	2015	2014
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 9,093	\$ 10,146
Due from Cemetery Care and Maintenance Fund	9,172	9,172
Accrued interest receivable	427	369
HST receivable	375	485
Temporary investments	<u>6,933</u>	<u>6,933</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 26,000</u>	<u>\$ 27,105</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Grant - Township of Melancthon	\$ 2,500	\$ 2,500
Donations	25	0
Interest	63	0
Sale of plots and markers	<u>600</u>	<u>0</u>
	<u>3,188</u>	<u>2,500</u>
<b>EXPENSES</b>		
Maintenance	3,163	2,305
Supplies	<u>1,130</u>	<u>41</u>
	<u>4,293</u>	<u>2,346</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	(1,105)	154
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>27,105</u>	<u>26,951</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 26,000</u>	<u>\$ 27,105</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF ST. PAUL'S CEMETERY BOARD  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 5

	2015	2014
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 778	\$ 110
Accrued interest receivable	184	519
Temporary investments	<u>43,852</u>	<u>43,096</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ <u>44,814</u></b>	<b>\$ <u>43,725</u></b>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Interest	\$ <u>1,094</u>	\$ <u>759</u>
<b>EXPENSES</b>		
Administration	5	5
Maintenance	<u>0</u>	<u>950</u>
	<u>5</u>	<u>955</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	1,089	(196)
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>43,725</u>	<u>43,921</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ <u>44,814</u></b>	<b>\$ <u>43,725</u></b>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY PARK  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 6

	2015	2014
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 2,236	\$ 1,342
HST receivable	<u>872</u>	<u>2,288</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,108</u>	<u>3,630</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>13,610</u>	
<u>13,610</u>		
<b>ACCUMULATED SURPLUS</b>	<u>\$ 16,718</u>	<u>\$ 17,240</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Donations	\$ 604	\$ 2,125
Grant - Township of Melancthon	2,500	2,500
Other income	<u>0</u>	<u>11,504</u>
	<u>3,104</u>	<u>16,129</u>
<b>EXPENSES</b>		
Administration	3,198	2,316
Hydro	<u>428</u>	<u>508</u>
	<u>3,626</u>	<u>2,824</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	(522)	13,305
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>17,240</u>	<u>3,935</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 16,718</u>	<u>\$ 17,240</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY HALL  
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 7

	2015	2014
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>FINANCIAL ASSETS</b>		
Cash	\$ 22,375	\$ 22,061
Accounts receivable	1,486	0
HST receivable	<u>3</u>	<u>848</u>
	<u>23,864</u>	<u>22,909</u>
<b>LIABILITIES</b>		
Deferred revenue	<u>4,183</u>	<u>4,183</u>
<b>NET FINANCIAL ASSETS</b>	<u>19,681</u>	<u>18,726</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>82,817</u>	<u>89,679</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 102,498</u>	<u>\$ 108,405</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Fundraising and user charges	\$ 8,126	\$ 9,933
Grant - Township of Melancthon	5,000	0
Grant - Trillium	0	1,000
Interest	131	314
Donations	<u>1,810</u>	<u>518</u>
	<u>15,067</u>	<u>11,765</u>
<b>EXPENSES</b>		
Supplies and maintenance	7,384	4,704
Hydro and fuel	3,408	3,117
Telephone	451	551
Fundraising	1,796	2,167
Amortization	6,863	6,406
Other	<u>1,072</u>	<u>1,709</u>
	<u>20,974</u>	<u>18,654</u>
<b>ANNUAL DEFICIT</b>	(5,907)	(6,889)
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>108,405</u>	<u>115,294</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 102,498</u>	<u>\$ 108,405</u>



Chartered  
Professional  
Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying statement of financial position and continuity of the trust funds of The Corporation of the Township of Melancthon as at December 31, 2015, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Melancthon as at December 31, 2015 and for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'RLB LLP'.

Fergus, Ontario  
June 23, 2016

Chartered Professional Accountants  
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON - TRUST FUNDS  
 STATEMENT OF FINANCIAL POSITION AND CONTINUITY  
 AS AT DECEMBER 31, 2015

	Horning's Mills Cemetery	St. Paul's Cemetery	Subdividers' Deposits
<b>STATEMENT OF FINANCIAL POSITION - 2015</b>			
Cash	\$ 13,724	\$ 0	\$ 0
Investments	19,241	8,643	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,172)</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>	<b><u>\$ 23,793</u></b>	<b><u>\$ 8,643</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2015</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 23,421</u></b>	<b><u>\$ 7,960</u></b>	<b><u>\$ 2,001</u></b>
<b>RECEIPTS</b>			
Interest earned	<u>393</u>	<u>683</u>	<u>0</u>
<b>EXPENDITURES</b>			
Bank charges	<u>21</u>	<u>0</u>	<u>0</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 23,793</u></b>	<b><u>\$ 8,643</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF FINANCIAL POSITION - 2014</b>			
Cash	\$ 13,411	\$ 0	\$ 0
Investments	19,182	7,960	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,172)</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>	<b><u>\$ 23,421</u></b>	<b><u>\$ 7,960</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2014</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 21,839</u></b>	<b><u>\$ 7,942</u></b>	<b><u>\$ 2,037</u></b>
<b>RECEIPTS</b>			
Interest earned	<u>1,582</u>	<u>18</u>	<u>1</u>
<b>EXPENDITURES</b>			
Bank charges	<u>0</u>	<u>0</u>	<u>37</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 23,421</u></b>	<b><u>\$ 7,960</u></b>	<b><u>\$ 2,001</u></b>



**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON - TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the trust funds of The Corporation of the Township of Melancthon are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.