

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
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**YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S 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 accompanying consolidated financial statements of The Corporation of the Township of Melancthon, which comprise the consolidated statement of financial position as at December 31, 2017 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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Guelph, Ontario  
June 7, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 2,984,966	\$ 1,928,805
Taxes receivable	668,265	761,543
Accounts receivable	163,790	222,769
Long term receivables (note 3)	<u>93,422</u>	<u>50,488</u>
	<u>3,910,443</u>	<u>2,963,605</u>
<b>LIABILITIES</b>		
Operating loans (note 4)	0	2,000
Accounts payable and accrued liabilities	892,716	562,265
Landfill closure and post-closure liabilities (note 5)	249,647	238,327
Long term debt (note 6)	625,620	651,030
Deferred revenue - obligatory reserve funds (note 7)	<u>533,135</u>	<u>547,933</u>
	<u>2,301,118</u>	<u>2,001,555</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,609,325</u>	<u>962,050</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	10,553,756	10,483,752
Inventory	10,636	22,411
Prepaid expenses	<u>49,216</u>	<u>50,170</u>
	<u>10,613,608</u>	<u>10,556,333</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$ 12,222,933</u>	<u>\$ 11,518,383</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017 Budget (note 8)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>REVENUES</b>			
Taxation	\$ 2,144,229	\$ 2,350,171	\$ 2,126,960
User charges	24,475	70,831	81,165
Grants (note 10)	305,287	476,501	306,005
Other income (note 11)	732,751	833,232	775,422
Loss on disposal of tangible capital assets	0	0	(206,594)
Obligatory reserve fund revenue recognized (note 7)	<u>180,000</u>	<u>180,000</u>	<u>113,183</u>
	<u>3,386,742</u>	<u>3,910,735</u>	<u>3,196,141</u>
<b>EXPENSES (schedule 1)</b>			
General government	532,820	482,166	461,813
Protection to persons and property	719,617	659,899	650,908
Transportation services	1,562,163	1,731,350	1,654,566
Environmental services	23,843	37,473	41,045
Health services	0	4,311	2,661
Recreation and cultural services	174,102	180,816	143,131
Planning and development	<u>125,980</u>	<u>110,170</u>	<u>110,419</u>
	<u>3,138,525</u>	<u>3,206,185</u>	<u>3,064,543</u>
<b>ANNUAL SURPLUS</b>	<b>\$ <u>248,217</u></b>	<b>\$ <u>704,550</u></b>	<b>\$ <u>131,598</u></b>
<b>ACCUMULATED SURPLUS at beginning of year</b>		<b>\$11,518,383</b>	<b>\$11,386,785</b>
Annual surplus		<u>704,550</u>	<u>131,598</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<b><u>\$12,222,933</u></b>	<b><u>\$11,518,383</u></b>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Budget (note 8)	2017 Actual	2016 Actual
<b>ANNUAL SURPLUS</b>	\$ <u>248,217</u>	\$ <u>704,550</u>	\$ <u>131,598</u>
Acquisition of tangible capital assets	(682,000)	(874,999)	(909,021)
Amortization of tangible capital assets	645,398	805,678	645,398
Loss on disposal of tangible capital assets	0	0	206,594
Proceeds on sale of tangible capital assets	0	0	1,500
Consolidated boards opening changes (schedule 2)	<u>0</u>	<u>(683)</u>	<u>3,735</u>
	<u>(36,602)</u>	<u>(70,004)</u>	<u>(51,794)</u>
Use of (additions to) inventories	0	11,775	0
Use of (additions to) prepaid expenses	<u>0</u>	<u>954</u>	<u>(536)</u>
	<u>0</u>	<u>12,729</u>	<u>(536)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>211,615</u>	647,275	79,268
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>962,050</u>	<u>882,782</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u>1,609,325</u>	\$ <u>962,050</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus	\$ <u>704,550</u>	\$ <u>131,598</u>
Items not requiring an outlay of cash		
Amortization	805,678	645,398
Loss on disposal of tangible capital assets	0	206,594
Change in landfill closure and post-closure liabilities	<u>11,320</u>	<u>10,807</u>
	<u>816,998</u>	<u>862,799</u>
Net changes in non-cash working capital		
Taxes receivable	93,278	(35,417)
Accounts receivable	58,979	32,059
Prepaid expenses	954	(536)
Accounts payable and accrued liabilities	330,451	(2,283)
Inventory	11,775	0
Deferred revenue	<u>(14,798)</u>	<u>20,032</u>
	<u>480,639</u>	<u>13,855</u>
	<u>2,002,187</u>	<u>1,008,252</u>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(874,999)	(909,021)
Consolidated boards opening change in amortization (schedule 2)	(683)	3,735
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>1,500</u>
	<u>(875,682)</u>	<u>(903,786)</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Net change in temporary borrowing	(2,000)	(240,000)
Net change in long term debt	<u>(25,410)</u>	<u>(110,909)</u>
	<u>(27,410)</u>	<u>(350,909)</u>
<b>CASH used in INVESTING ACTIVITIES</b>		
Net change in long term receivables	<u>(42,934)</u>	<u>44,589</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	1,056,161	(201,854)
<b>CASH, beginning of year</b>	<u>1,928,805</u>	<u>2,130,659</u>
<b>CASH, end of year</b>	\$ <u>2,984,966</u>	\$ <u>1,928,805</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of The Corporation of the Township of Melancthon acknowledges its responsibility for the creation and compilation of the consolidated financial statements and the following significant accounting policy decisions and related policy notes.

(b) **BASIS OF CONSOLIDATION**

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	15.02% (2016 - 14.95%)
Mulmur-Melancthon Volunteer Fire Department	23.31% (2016 - 20.86%)

(c) **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.



**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) INVENTORY

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

(i) REVENUE RECOGNITION

Revenues are recognized as follows:

Taxation revenue is recognized in the period in which the tax is levied.

Fees and user charges are recognized when the related service is provided.

Obligatory reserve fund revenues are recognized based on the terms of the grant or in the year that the related expenses occur.

Other income is recognized when receivable and collection is reasonably assured.

(j) 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, 2017**

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

(k) 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. CASH AND TEMPORARY INVESTMENTS**

	<b>2017</b>	<b>2016</b>
Unrestricted cash	\$ 2,421,985	\$ 1,351,026
Unrestricted temporary investments	<u>50,846</u>	<u>50,846</u>
	2,472,831	1,401,872
Restricted cash	<u>512,135</u>	<u>526,933</u>
	<u>\$ 2,984,966</u>	<u>\$ 1,928,805</u>

Cash includes \$1,494,133 (2016 - \$732,365) 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 0.50% to 2.20%.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**3. LONG TERM RECEIVABLES**

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

	<b>2017</b>	<b>2016</b>
Three loans are charged interest at a rate of 6% and become due in 2019 - 2027	\$ <u>93,422</u>	\$ <u>50,488</u>

Principal payments for the next five years are as follows:

2018	\$ 11,283
2019	11,960
2020	8,276
2021	8,772
2022	9,298
Thereafter	<u>43,833</u>
	<u>\$ 93,422</u>

**4. 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, 2017, the municipality had undrawn credit capacity of \$500,000 (2016 - \$498,000).

**5. 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 \$249,647 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 \$405,552 leaving an amount to be recognized in future periods of \$155,905. The estimated remaining capacity of the site's opened cells is approximately 140,700 tonnes, which was expected to be filled in 10 years. Post-closure care is estimated to continue for a period of 25 years.

The municipality has established a reserve fund to assist in financing the future costs of closure and post-closure liabilities. At December 31, 2017, there was \$93,558 available in the reserve.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**6. LONG TERM DEBT**

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

	<b>2017</b>	<b>2016</b>
Loan payable, 3.180%, repayable in monthly instalments of \$3,409 principal and interest, due December 2025	\$ 288,516	\$ 319,709
Tile drainage loans, 6%, annual payments of principal and interest ranging from \$4,402 - \$6,793, due between 2019 - 2027	93,422	50,488
Loan payable, 2.862%, repayable in monthly instalments of \$2,720 principal and interest, due January 2022	126,135	154,729
Loan payable, 3.63%, repayable in semi-annual instalments of \$6,528 principal and interest, due December 2028	<u>117,547</u>	<u>126,104</u>
	<u>\$ 625,620</u>	<u>\$ 651,030</u>

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

2018	\$ 81,776
2019	84,670
2020	83,268
2021	86,128
2022	<u>59,326</u>
	395,168
Thereafter	<u>230,452</u>
	<u>\$ 625,620</u>

**7. DEFERRED REVENUE**

	<b>2017 Opening</b>	<b>Contributions Received</b>	<b>Investment Income</b>	<b>Revenue Recognized</b>	<b>2017 Ending</b>
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 487,333	\$ 50,129	\$ 6,672	\$ (100,000)	\$ 444,134
Recreational land	4,404	20,000	44	0	24,448
Subdivider - park levies	21,000	0	0	0	21,000
Federal Gas Tax	<u>35,196</u>	<u>87,843</u>	<u>514</u>	<u>(80,000)</u>	<u>43,553</u>
	<u>\$ 547,933</u>	<u>\$ 157,972</u>	<u>\$ 7,230</u>	<u>\$ (180,000)</u>	<u>\$ 533,135</u>

**8. BUDGET AMOUNTS**

The budgeted figures are presented for comparison purposes as prepared and approved by council, reclassified to conform to the current financial statement presentation. The budget figures were prepared on a cash basis of accounting and have been restated to conform to the accrual basis of accounting on which the actual figures have been reported.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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:

	<b>2017</b>	<b>2016</b>
School boards	\$ 1,178,336	\$ 1,159,262
County of Dufferin	<u>1,797,270</u>	<u>1,732,664</u>
	<u>\$ 2,975,606</u>	<u>\$ 2,891,926</u>

**10. GRANTS**

	<b>2017 Budget (note 8)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership			
Fund (OMPF)	\$ 162,000	\$ 162,000	\$ 176,300
Conditional - roads	45,000	51,986	52,557
Conditional - other	<u>93,287</u>	<u>257,371</u>	<u>72,075</u>
	<u>300,287</u>	<u>471,357</u>	<u>300,932</u>
Other municipalities - roads	<u>5,000</u>	<u>5,144</u>	<u>5,073</u>
	<u>\$ 305,287</u>	<u>\$ 476,501</u>	<u>\$ 306,005</u>

**11. OTHER INCOME**

	<b>2017 Budget (note 8)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
Penalties and interest on taxation	\$ 100,000	\$ 106,961	\$ 102,845
Other fines and penalties	27,117	30,815	29,720
Investment income	9,000	17,130	15,310
Licenses, permits and rents	8,150	30,621	24,188
Donations	0	3,198	14,839
Sale of publications, equipment, etc.	500	48,041	411
Plateau community contributions	33,984	33,985	30,598
Dufferin Wind community contributions	245,000	253,481	248,511
CHD community contributions	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>
	<u>\$ 732,751</u>	<u>\$ 833,232</u>	<u>\$ 775,422</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**12. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$39,014 (2016 - \$36,789) 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:

	<b>2017</b>	<b>2016</b>
Cemetery care and maintenance funds	\$ 37,013	\$ 34,788
Subdividers' deposits	<u>2,001</u>	<u>2,001</u>
	<u>\$ 39,014</u>	<u>\$ 36,789</u>

**13. PENSION AGREEMENTS**

The municipality joined Ontario Municipal Employees Retirement Systems (OMERS) in 2016, which is a multi-employer plan, on behalf of 7 members (2016 - 7 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.

The amount contributed to OMERS for 2017 was \$45,030 (2016 - \$20,143). Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Operations.

There are no past service contribution obligations.

**14. 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, 2017 amount to \$3,598,000.

**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.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**16. SEGMENTED INFORMATION**

The Corporation of the Township of Melancthon is a diversified municipal government institution that provides a wide range of services to its ratepayers 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 ratepayers 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 consist of providing waste collection, disposal and recycling to its ratepayers.

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 residents. 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.

**17. COMPARATIVE FIGURES**

Certain of the prior year comparative figures have been reclassified to conform to the current year presentation.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2017	2016
<b>EXPENSES</b>									
Salaries and benefits	\$ 347,764	\$ 70,522	\$ 434,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 852,968	\$ 822,739
Materials	90,015	64,440	536,168	653	4,311	25,199	0	720,786	794,296
Contracted services	27,236	446,484	1,235	33,402	0	0	107,141	615,498	593,096
Rents and financial expenses	351	0	0	0	0	0	0	351	450
Interest on long term debt	4,501	0	13,769	0	0	0	3,029	21,299	30,504
Amortization	11,009	43,575	745,496	3,418	0	2,180	0	805,678	645,398
Transfers	<u>1,290</u>	<u>34,878</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153,437</u>	<u>0</u>	<u>189,605</u>	<u>178,060</u>
	<u>\$ 482,166</u>	<u>\$ 659,899</u>	<u>\$1,731,350</u>	<u>\$ 37,473</u>	<u>\$ 4,311</u>	<u>\$ 180,816</u>	<u>\$ 110,170</u>	<u>\$3,206,185</u>	<u>\$3,064,543</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, 2017

Schedule 2

	Land	Land Improvements	Facilities	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2017	2016
<b>COST</b>									
Balance, beginning of year	\$ 418,357	\$ 58,422	\$ 671,447	\$ 2,465,883	\$ 447,272	\$15,045,101	\$ 117,426	\$19,223,908	\$19,353,838
Additions during the year	23,500	0	115,508	20,514	44,052	671,425	0	874,999	909,021
Consolidated boards opening changes	0	0	0	0	1,415	0	0	1,415	0
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,558)</u>	<u>0</u>	<u>(57,558)</u>	<u>(1,038,951)</u>
Balance, end of year	<u>441,857</u>	<u>58,422</u>	<u>786,955</u>	<u>2,486,397</u>	<u>492,739</u>	<u>15,658,968</u>	<u>117,426</u>	<u>20,042,764</u>	<u>19,223,908</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	0	22,687	265,868	1,403,218	211,268	6,816,094	21,021	8,740,156	8,921,880
Amortization	0	1,610	12,745	119,946	23,920	645,714	1,743	805,678	645,398
Consolidated boards opening changes	0	0	0	0	732	0	0	732	3,735
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,558)</u>	<u>0</u>	<u>(57,558)</u>	<u>(830,857)</u>
Balance, end of year	<u>0</u>	<u>24,297</u>	<u>278,613</u>	<u>1,523,164</u>	<u>235,920</u>	<u>7,404,250</u>	<u>22,764</u>	<u>9,489,008</u>	<u>8,740,156</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 441,857</u>	<u>\$ 34,125</u>	<u>\$ 508,342</u>	<u>\$ 963,233</u>	<u>\$ 256,819</u>	<u>\$ 8,254,718</u>	<u>\$ 94,662</u>	<u>\$10,553,756</u>	<u>\$10,483,752</u>

See notes to the consolidated financial statements

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS  
AS AT DECEMBER 31, 2017**

*Schedule 3*

	<b>2017</b>	<b>2016</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 9,928,136	\$ 9,832,722
General surplus	719,115	719,115
Unfunded solid waste closure and post-closure costs	(249,647)	(238,327)
Recreation, community centres and arenas	104,547	123,632
Cemeteries	81,993	76,748
Fire boards	13,717	9,042
Police Services Board	1,972	1,954
Other	<u>966</u>	<u>966</u>
	<u>10,600,799</u>	<u>10,525,852</u>
<b>RESERVE FUNDS</b>		
Capital purposes	326,403	176,836
Quarry	111,190	110,244
Working funds	102,086	101,217
Replacement of equipment	100,441	99,587
Landfill closure	93,558	82,851
Insurance, sick leave, WSIB	42,355	35,833
Special emergency relief	<u>5,000</u>	<u>0</u>
	<u>781,033</u>	<u>606,568</u>
<b>RESERVES</b>		
Working funds	668,629	221,328
Capital purposes	<u>172,472</u>	<u>164,635</u>
	<u>841,101</u>	<u>385,963</u>
	<u>\$ 12,222,933</u>	<u>\$ 11,518,383</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**SCHEDULE OF HORNING'S MILLS CEMETERY BOARD**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

*Schedule 4*

	<b>2017</b>	<b>2016</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 19,080	\$ 14,533
Due from Cemetery Care and Maintenance Fund	9,228	9,200
Temporary investments	6,933	6,933
Accrued interest receivable	514	440
HST receivable	<u>162</u>	<u>202</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ <u>35,917</u></b>	<b>\$ <u>31,308</u></b>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Grant - Township of Melancthon	\$ 2,500	\$ 2,500
Donations	0	400
Interest	293	44
Sale of plots and markers	<u>3,203</u>	<u>4,450</u>
	<u>5,996</u>	<u>7,394</u>
<b>EXPENSES</b>		
Maintenance	1,178	1,485
Supplies	<u>209</u>	<u>601</u>
	<u>1,387</u>	<u>2,086</u>
<b>ANNUAL SURPLUS</b>	4,609	5,308
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>31,308</u>	<u>26,000</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ <u>35,917</u></b>	<b>\$ <u>31,308</u></b>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON

SCHEDULE OF ST. PAUL'S CEMETERY BOARD

Schedule 5

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 1,962	\$ 1,344
Accrued interest receivable	200	182
Temporary investments	<u>43,914</u>	<u>43,914</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 46,076</u>	<u>\$ 45,440</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Interest	\$ <u>642</u>	\$ <u>632</u>
<b>EXPENSES</b>		
Administration	<u>6</u>	<u>6</u>
<b>ANNUAL SURPLUS</b>	636	626
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>45,440</u>	<u>44,814</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 46,076</u>	<u>\$ 45,440</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY PARK  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 6

	2017	2016
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 4,855	\$ 2,307
HST receivable	<u>686</u>	<u>837</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,541</u>	<u>3,144</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>13,610</u>	<u>13,610</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 19,151</u>	<u>\$ 16,754</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Donations	\$ 1,661	\$ 40
Grant - Township of Melancthon	4,500	3,250
Other income	12	110
Rent	<u>210</u>	<u>0</u>
	<u>6,383</u>	<u>3,400</u>
<b>EXPENSES</b>		
Administration	3,606	2,969
Hydro	<u>380</u>	<u>395</u>
	<u>3,986</u>	<u>3,364</u>
<b>ANNUAL SURPLUS</b>	2,397	36
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>16,754</u>	<u>16,718</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 19,151</u>	<u>\$ 16,754</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY HALL  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 7

	2017	2016
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>FINANCIAL ASSETS</b>		
Cash	\$ 34,348	\$ 30,035
Accounts receivable	476	890
	<u>34,824</u>	<u>30,925</u>
<b>LIABILITIES</b>		
Deferred revenue	<u>0</u>	<u>0</u>
<b>NET FINANCIAL ASSETS</b>	<u>34,824</u>	<u>30,925</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>69,089</u>	<u>75,953</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 103,913</u>	<u>\$ 106,878</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Fundraising and user charges	\$ 9,331	\$ 17,981
Grant - Township of Melancthon	5,000	700
Grant - Trillium	0	4,183
Interest	115	104
Donations	<u>3,198</u>	<u>14,439</u>
	<u>17,644</u>	<u>37,407</u>
<b>EXPENSES</b>		
Supplies and maintenance	8,082	16,045
Hydro and fuel	3,259	3,410
Telephone	838	462
Fundraising	1,056	5,489
Amortization	6,863	6,863
Other	<u>511</u>	<u>758</u>
	<u>20,609</u>	<u>33,027</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	(2,965)	4,380
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>106,878</u>	<u>102,498</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 103,913</u>	<u>\$ 106,878</u>



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## INDEPENDENT AUDITOR'S 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 accompanying statement of financial position and continuity of the trust funds of The Corporation of the Township of Melancthon as at December 31, 2017, 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, 2017 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

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

Guelph, Ontario  
June 7, 2018

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, 2017

	Horning's Mills Cemetery	St. Paul's Cemetery	Subdividers' Deposits
<b>STATEMENT OF FINANCIAL POSITION - 2017</b>			
Cash	\$ 17,941	\$ 0	\$ 0
Investments	19,346	8,954	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,228)</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 8,954</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2017</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 25,955</u></b>	<b><u>\$ 8,833</u></b>	<b><u>\$ 2,001</u></b>
<b>RECEIPTS</b>			
Interest earned	48	121	0
Plot sales	<u>2,056</u>	<u>0</u>	<u>0</u>
	<u>2,104</u>	<u>121</u>	<u>0</u>
<b>EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 28,059</u></b>	<b><u>\$ 8,954</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF FINANCIAL POSITION - 2016</b>			
Cash	\$ 15,809	\$ 0	\$ 0
Investments	19,346	8,833	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,200)</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>	<b><u>\$ 25,955</u></b>	<b><u>\$ 8,833</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2016</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 23,793</u></b>	<b><u>\$ 8,643</u></b>	<b><u>\$ 2,001</u></b>
<b>RECEIPTS</b>			
Interest earned	262	190	0
Plot sales	<u>1,900</u>	<u>0</u>	<u>0</u>
	<u>2,162</u>	<u>190</u>	<u>0</u>
<b>EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 25,955</u></b>	<b><u>\$ 8,833</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, 2017**

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**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 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 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.