

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

	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
TRUST FUNDS	
INDEPENDENT AUDITOR'S REPORT	23
FINANCIAL STATEMENTS	
Statements of Financial Position and 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

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Melancthon, which comprise the consolidated statements of financial position as at December 31, 2019 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019 and the results of their operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Corporation of the Township of Melancthon in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities-consolidated. This description forms part of our auditor's report.



Guelph, Ontario
July 16, 2020

Chartered Professional Accountants
Licensed Public Accountants

Page 3

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 4,810,119	\$ 3,785,811
Taxes receivable	665,040	668,784
Accounts receivable	204,802	165,374
Long term receivables (note 3)	<u>108,723</u>	<u>154,139</u>
	<u>5,788,684</u>	<u>4,774,108</u>
LIABILITIES		
Accounts payable and accrued liabilities	578,373	867,979
Landfill closure and post-closure liabilities (note 5)	245,024	233,914
Long term debt (note 6)	497,719	615,845
Deferred revenue - obligatory reserve funds (note 7)	863,984	664,986
Deferred revenue - other	<u>43,957</u>	<u>40,307</u>
	<u>2,229,057</u>	<u>2,423,031</u>
NET FINANCIAL ASSETS	<u>3,559,627</u>	<u>2,351,077</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	10,481,866	10,590,940
Inventory	44,800	24,669
Prepaid expenses	<u>52,256</u>	<u>51,954</u>
	<u>10,578,922</u>	<u>10,667,563</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 14,138,549</u>	<u>\$ 13,018,640</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 8)	2019 Actual	2018 Actual
REVENUES			
Taxation	\$ 2,645,567	\$ 2,654,037	\$ 2,594,922
User charges	18,480	147,464	119,250
Grants (note 10)	328,912	684,059	381,389
Other income (note 11)	778,086	843,795	834,273
Loss on disposal of tangible capital assets	0	(7,259)	(41,671)
Obligatory reserve fund revenue recognized (note 7)	<u>100,000</u>	<u>100,000</u>	<u>60,000</u>
	<u>3,871,045</u>	<u>4,422,096</u>	<u>3,948,163</u>
EXPENSES (schedule 1)			
General government	634,599	612,598	518,933
Protection to persons and property	735,383	585,881	632,440
Transportation services	1,975,012	1,712,999	1,633,392
Environmental services	26,640	33,662	7,272
Health services	0	109	3,049
Recreation and cultural services	209,085	288,645	274,888
Planning and development	<u>95,000</u>	<u>68,293</u>	<u>82,482</u>
	<u>3,675,719</u>	<u>3,302,187</u>	<u>3,152,456</u>
ANNUAL SURPLUS	\$ <u>195,326</u>	\$ <u>1,119,909</u>	\$ <u>795,707</u>
ACCUMULATED SURPLUS at beginning of year		\$13,018,640	\$12,222,933
Annual surplus		<u>1,119,909</u>	<u>795,707</u>
ACCUMULATED SURPLUS at end of year		<u>\$14,138,549</u>	<u>\$13,018,640</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (note 8)	2019 Actual	2018 Actual
ANNUAL SURPLUS	\$ <u>195,326</u>	\$ <u>1,119,909</u>	\$ <u>795,707</u>
Acquisition of tangible capital assets	(465,000)	(617,331)	(811,767)
Amortization of tangible capital assets	729,613	723,939	729,613
Loss on disposal of tangible capital assets	0	7,259	41,671
Consolidated boards opening changes (schedule 2)	<u>0</u>	<u>(4,793)</u>	<u>3,298</u>
	<u>264,613</u>	<u>109,074</u>	<u>(37,185)</u>
Use of (additions to) inventories	0	(20,131)	(14,032)
Use of (additions to) prepaid expenses	<u>0</u>	<u>(302)</u>	<u>(2,738)</u>
	<u>0</u>	<u>(20,433)</u>	<u>(16,770)</u>
CHANGE IN NET FINANCIAL ASSETS	\$ <u>459,939</u>	1,208,550	741,752
NET FINANCIAL ASSETS at beginning of year		<u>2,351,077</u>	<u>1,609,325</u>
NET FINANCIAL ASSETS at end of year		\$ <u>3,559,627</u>	\$ <u>2,351,077</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus	\$ <u>1,119,909</u>	\$ <u>795,707</u>
Items not requiring an outlay of cash		
Amortization	723,939	729,613
Loss on disposal of tangible capital assets	7,259	41,671
Change in landfill closure and post-closure liabilities	<u>11,110</u>	<u>(15,733)</u>
	<u>742,308</u>	<u>755,551</u>
Net changes in non-cash working capital		
Taxes receivable	3,744	(519)
Accounts receivable	(39,428)	(1,584)
Prepaid expenses	(302)	(2,738)
Accounts payable and accrued liabilities	(289,606)	(24,737)
Inventory	(20,131)	(14,032)
Deferred revenue	<u>202,648</u>	<u>172,158</u>
	<u>(143,075)</u>	<u>128,548</u>
	<u>1,719,142</u>	<u>1,679,806</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(617,331)	(811,767)
Consolidated boards opening change in amortization (schedule 2)	<u>(4,793)</u>	<u>3,298</u>
	<u>(622,124)</u>	<u>(808,469)</u>
CASH USED IN FINANCING ACTIVITIES		
Net change in long term debt	<u>(118,126)</u>	<u>(9,775)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Net change in long term receivables	<u>45,416</u>	<u>(60,717)</u>
NET INCREASE IN CASH	1,024,308	800,845
CASH, beginning of year	<u>3,785,811</u>	<u>2,984,966</u>
CASH, end of year	<u>\$ 4,810,119</u>	<u>\$ 3,785,811</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	14.83% (2018 - 14.65%)
Mulmur-Melancthon Volunteer Fire Department	23.13% operating, 50.00% capital (2018 - 23.32%, 50.00% capital)
North Dufferin Community Centre	50.00% (2018 - 50.00%)

(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, 2019

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. See note 9 for details.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	2019	2018
Unrestricted cash	\$ 3,916,289	\$ 3,090,979
Unrestricted temporary investments	<u>50,846</u>	<u>50,846</u>
	3,967,135	3,141,825
Restricted cash	<u>842,984</u>	<u>643,986</u>
	<u>\$ 4,810,119</u>	<u>\$ 3,785,811</u>

Cash includes \$2,071,877 (2018 - \$1,944,779) held in one account at a chartered bank. Interest is earned on this account at a rate of prime less 2%.

Temporary investments consist of various GICs with interest rates ranging from 0.55% to 1.7% (2018 - 0.5% to 1.7%) maturing between June 2020 and June 2024 (2018 - June 2019 to June 2022).

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. LONG TERM RECEIVABLES

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

	2019	2018
Three loans are charged interest at a rate of 6% and become due in 2020 - 2028	\$ <u>108,723</u>	\$ <u>154,139</u>

Principal payments for the next five years are as follows:

2020	\$ 10,053
2021	10,656
2022	11,295
2023	11,973
2024	12,691
Thereafter	<u>52,055</u>
	<u>\$ 108,723</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, 2019, the municipality had undrawn credit capacity of \$500,000 (2018 - \$500,000).

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 \$245,024 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 \$398,042 leaving an amount to be recognized in future periods of \$153,018. The estimated remaining capacity of the site's opened cells is approximately 140,700 tonnes, which was expected to be filled in 8 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, 2019, there was \$117,068 available in the reserve.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

6. LONG TERM DEBT

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

	2019	2018
Loan payable, 3.18%, repayable in monthly instalments of \$3,409 principal and interest, due December 2025	\$ 223,079	\$ 256,317
Tile drainage loans, 6%, annual payments of principal and interest ranging from \$4,402 - \$6,793, due between 2020 - 2028	108,723	154,139
Loan payable, 2.862%, repayable in monthly instalments of \$2,720 principal and interest, due January 2022	66,433	96,711
Loan payable, 3.63%, repayable in semi-annual instalments of \$6,528 principal and interest, due December 2028	<u>99,484</u>	<u>108,678</u>
	<u>\$ 497,719</u>	<u>\$ 615,845</u>

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

2020	\$ 85,045
2021	88,012
2022	61,323
2023	60,331
2024	<u>62,655</u>
	357,366
Thereafter	<u>140,353</u>
	<u>\$ 497,719</u>

7. DEFERRED REVENUE

	2019 Opening	Contributions Received	Investment Income	Revenue Recognized	2019 Ending
Obligatory Reserve Funds					
Development charges	\$ 541,711	\$ 83,663	\$ 11,238	\$ 0	\$ 636,612
Recreational land	27,318	17,500	790	0	45,608
Subdivider - park levies	21,000	0	0	0	21,000
Federal Gas Tax	<u>74,957</u>	<u>183,360</u>	<u>2,447</u>	<u>(100,000)</u>	<u>160,764</u>
	<u>\$ 664,986</u>	<u>\$ 284,523</u>	<u>\$ 14,475</u>	<u>\$ (100,000)</u>	<u>\$ 863,984</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

8. BUDGET AMOUNTS

The budget figures are presented for comparison purposes as prepared and approved by council, reclassified to conform to the current financial statement presentation. The budgeted figures are prepared on the cash basis of accounting and have been restated to conform to the accrual basis of accounting on which the actual figures are reported. The following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

Revenue	
Approved budget	<u>\$ 3,871,045</u>
Expenses	
Approved budget	3,497,721
Acquisition of tangible capital assets	(465,000)
Debt principal repayments	(86,615)
Amortization	<u>729,613</u>
Total expenses	<u>3,675,719</u>
ANNUAL SURPLUS	<u>\$ 195,326</u>

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:

	2019	2018
School boards	\$ 1,221,169	\$ 1,209,675
County of Dufferin	<u>1,965,441</u>	<u>1,884,141</u>
	<u>\$ 3,186,610</u>	<u>\$ 3,093,816</u>

10. GRANTS

	2019 Budget (note 8)	2019 Actual	2018 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership			
Fund (OMPF)	\$ 174,500	\$ 175,600	\$ 174,500
Conditional - roads	54,000	81,700	57,347
Conditional - other	<u>95,112</u>	<u>393,890</u>	<u>121,636</u>
	<u>323,612</u>	<u>651,190</u>	<u>353,483</u>
Other municipalities - recreation	0	27,512	22,639
Other municipalities - roads	<u>5,300</u>	<u>5,357</u>	<u>5,267</u>
	<u>5,300</u>	<u>32,869</u>	<u>27,906</u>
	<u>\$ 328,912</u>	<u>\$ 684,059</u>	<u>\$ 381,389</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

11. OTHER INCOME

	2019 Budget (note 8)	2019 Actual	2018 Actual
Penalties and interest on taxation	\$ 96,500	\$ 91,264	\$ 96,672
Other fines and penalties	37,091	38,446	39,176
Investment income	30,000	69,668	43,876
Licenses, permits and rents	21,995	29,004	34,096
Donations and fundraising	500	11,343	13,838
Dufferin County Emergency Readiness Fund	0	0	6,000
Plateau community contributions	33,000	31,349	33,065
Dufferin Wind community contributions	250,000	263,721	258,550
CHD community contributions	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>
	<u>\$ 778,086</u>	<u>\$ 843,795</u>	<u>\$ 834,273</u>

12. TRUST FUNDS

The trust funds administered by the municipality amounting to \$41,488 (2018 - \$40,673) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations.

13. PENSION AGREEMENTS

The municipality joined Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, in 2016 on behalf of 10 members (2018 - 11 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 2019 was \$60,537 (2018 - \$49,158). 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, 2019 amount to \$3,871,617.

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, 2019

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. SUBSEQUENT EVENTS

Subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 1

	General Government	Protection Services	Transpor- tation Services	Environ- mental Services	Health Services	Recreation Services	Planning and Development	2019	2018
EXPENSES									
Salaries and benefits	\$ 424,604	\$ 68,218	\$ 462,742	\$ 0	\$ 0	\$ 37,108	\$ 0	\$ 992,672	\$ 898,710
Materials	142,306	29,242	582,438	0	109	85,131	10,423	849,649	807,194
Contracted services	26,647	396,022	2,036	29,715	0	0	50,528	504,948	486,122
Rents and financial expenses	1,186	0	0	0	0	0	0	1,186	1,093
Interest on long term debt	3,862	0	10,041	0	0	0	7,342	21,245	21,726
Amortization	12,493	50,004	655,742	3,947	0	1,753	0	723,939	729,613
Transfers	<u>1,500</u>	<u>42,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>164,653</u>	<u>0</u>	<u>208,548</u>	<u>207,998</u>
	<u>\$ 612,598</u>	<u>\$ 585,881</u>	<u>\$ 1,712,999</u>	<u>\$ 33,662</u>	<u>\$ 109</u>	<u>\$ 288,645</u>	<u>\$ 68,293</u>	<u>\$ 3,302,187</u>	<u>\$ 3,152,456</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, 2019

Schedule 2

	Land	Land Improvements	Facilities	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2019	2018
COST									
Balance, beginning of year	\$ 441,857	\$ 69,033	\$ 916,407	\$ 2,443,620	\$ 490,189	\$ 16,295,471	\$ 117,426	\$ 20,774,003	\$ 20,197,946
Additions during the year	0	0	0	91,347	27,478	498,506	0	617,331	811,767
Consolidated boards opening changes	0	0	0	3,733	1,060	0	0	4,793	(7,623)
Disposals during the year	0	0	0	0	0	(221,044)	0	(221,044)	(228,087)
Balance, end of year	<u>441,857</u>	<u>69,033</u>	<u>916,407</u>	<u>2,538,700</u>	<u>518,727</u>	<u>16,572,933</u>	<u>117,426</u>	<u>21,175,083</u>	<u>20,774,003</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	25,905	346,182	1,572,772	263,898	7,949,907	24,399	10,183,063	9,644,190
Amortization	0	1,395	14,125	109,174	26,756	570,850	1,639	723,939	729,613
Consolidated boards opening changes	0	0	0	0	0	0	0	0	(4,325)
Accumulated amortization on disposals	0	0	0	0	0	(213,785)	0	(213,785)	(186,415)
Balance, end of year	<u>0</u>	<u>27,300</u>	<u>360,307</u>	<u>1,681,946</u>	<u>290,654</u>	<u>8,306,972</u>	<u>26,038</u>	<u>10,693,217</u>	<u>10,183,063</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 441,857</u>	<u>\$ 41,733</u>	<u>\$ 556,100</u>	<u>\$ 856,754</u>	<u>\$ 228,073</u>	<u>\$ 8,265,961</u>	<u>\$ 91,388</u>	<u>\$ 10,481,866</u>	<u>\$ 10,590,940</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
AS AT DECEMBER 31, 2019

Schedule 3

	2019	2018
SURPLUSES		
Invested in tangible capital assets	\$ 10,092,870	\$ 10,129,234
General surplus	1,149,152	1,149,152
Unfunded solid waste closure and post-closure costs	(245,024)	(233,914)
Recreation, community centres and arenas	110,998	93,202
Cemeteries	85,168	84,541
Fire boards	24,507	10,083
Police Services Board	0	2,003
Other	<u>966</u>	<u>966</u>
	<u>11,218,637</u>	<u>11,235,267</u>
RESERVE FUNDS		
Capital purposes	449,173	287,785
Quarry	115,136	112,914
Working funds	426,666	103,668
Replacement of equipment	406,932	251,998
Landfill closure	117,068	105,004
Insurance, sick leave, WSIB	50,876	48,575
Special emergency relief	<u>15,272</u>	<u>10,075</u>
	<u>1,581,123</u>	<u>920,019</u>
RESERVES		
Working funds	1,163,854	668,629
Capital purposes	<u>174,935</u>	<u>174,725</u>
	<u>1,338,789</u>	<u>863,354</u>
	<u>\$ 14,138,549</u>	<u>\$ 13,018,640</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
 SCHEDULE OF HORNING'S MILLS CEMETERY BOARD
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 4

	2019	2018
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Cash	\$ 22,010	\$ 21,574
Due from Cemetery Care and Maintenance Fund	9,250	9,250
Temporary investments	6,933	6,933
Accrued interest receivable	<u>153</u>	<u>617</u>
ACCUMULATED SURPLUS	<u>\$ 38,346</u>	<u>\$ 38,374</u>

STATEMENT OF OPERATIONS		
REVENUE		
Donations	200	1,279
Sale of plots and markers	150	3,257
Interest	<u>(278)</u>	<u>318</u>
	<u>72</u>	<u>4,854</u>
EXPENSES		
Maintenance	<u>100</u>	<u>2,397</u>
ANNUAL (DEFICIT) SURPLUS	(28)	2,457
ACCUMULATED SURPLUS, beginning of year	<u>38,374</u>	<u>35,917</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 38,346</u>	<u>\$ 38,374</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
 SCHEDULE OF ST. PAUL'S CEMETERY BOARD
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 5

	2019	2018
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Cash	\$ 2,724	\$ 2,057
Accrued interest receivable	184	190
Temporary investments	<u>43,914</u>	<u>43,914</u>
ACCUMULATED SURPLUS	<u>\$ 46,822</u>	<u>\$ 46,161</u>

STATEMENT OF OPERATIONS		
REVENUE		
Interest	\$ <u>670</u>	\$ <u>737</u>
EXPENSES		
Administration	<u>9</u>	<u>652</u>
ANNUAL SURPLUS	661	85
ACCUMULATED SURPLUS, beginning of year	<u>46,161</u>	<u>46,076</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 46,822</u>	<u>\$ 46,161</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
 SCHEDULE OF HORNING'S MILLS COMMUNITY PARK
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 6

	2019	2018
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Cash	\$ 4,961	\$ 7,478
Receivables	<u>7,922</u>	<u>818</u>
NET FINANCIAL ASSETS	<u>12,883</u>	<u>8,296</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>13,610</u>	<u>13,610</u>
ACCUMULATED SURPLUS	<u>\$ 26,493</u>	<u>\$ 21,906</u>

STATEMENT OF OPERATIONS		
REVENUE		
Gain on disposal of tangible capital asset	\$ 7,218	\$ 0
Grant - Township of Melancthon	2,500	4,000
Other income	1,347	2,588
Donations	<u>0</u>	<u>50</u>
	<u>11,065</u>	<u>6,638</u>
EXPENSES		
Administration	6,084	3,541
Hydro	<u>394</u>	<u>342</u>
	<u>6,478</u>	<u>3,883</u>
ANNUAL SURPLUS	4,587	2,755
ACCUMULATED SURPLUS, beginning of year	<u>21,906</u>	<u>19,151</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 26,493</u>	<u>\$ 21,906</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON
 SCHEDULE OF HORNING'S MILLS COMMUNITY HALL
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 7

	2019	2018
STATEMENT OF FINANCIAL POSITION		
FINANCIAL ASSETS		
Cash	\$ 43,699	\$ 41,931
Accounts receivable	<u>373</u>	<u>1,263</u>
	<u>44,072</u>	<u>43,194</u>
LIABILITIES		
Deferred revenue	<u>200</u>	<u>200</u>
NET FINANCIAL ASSETS	<u>43,872</u>	<u>42,994</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>55,363</u>	<u>62,226</u>
ACCUMULATED SURPLUS	<u>\$ 99,235</u>	<u>\$ 105,220</u>

STATEMENT OF OPERATIONS		
REVENUE		
Fundraising and user charges	\$ 7,436	\$ 12,829
Interest	838	753
Grant - Township of Melancthon	0	5,000
Donations	<u>0</u>	<u>100</u>
	<u>8,274</u>	<u>18,682</u>
EXPENSES		
Amortization	6,863	6,863
Hydro and fuel	3,541	3,507
Supplies and maintenance	2,685	3,650
Telephone	514	462
Fundraising	444	1,063
Other	<u>212</u>	<u>1,830</u>
	<u>14,259</u>	<u>17,375</u>
ANNUAL (DEFICIT) SURPLUS	(5,985)	1,307
ACCUMULATED SURPLUS, beginning of year	<u>105,220</u>	<u>103,913</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 99,235</u>	<u>\$ 105,220</u>



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Melancthon, which comprise the statements of financial position as at December 31, 2019 and the statements of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2019 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the The Corporation of the Township of Melancthon in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

Responsibilities 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 trust fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust fund's financial reporting process.

Auditor's 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 auditor's 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 these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

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

Guelph, Ontario
July 16, 2020

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, 2019

	Horning's Mills Cemetery	St. Paul's Cemetery	Subdividers' Deposits
STATEMENT OF FINANCIAL POSITION - 2019			
Cash	\$ 8,216	\$ 0	\$ 0
Investments	30,260	10,261	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,250)</u>	<u>0</u>	<u>0</u>
FUND BALANCE	<u>\$ 29,226</u>	<u>\$ 10,261</u>	<u>\$ 2,001</u>

STATEMENT OF CONTINUITY - 2019			
BALANCE, BEGINNING OF YEAR	<u>\$ 28,404</u>	<u>\$ 10,268</u>	<u>\$ 2,001</u>
RECEIPTS			
Interest earned	472	0	0
Plot sales	200	0	0
Donations	<u>150</u>	<u>0</u>	<u>0</u>
	<u>822</u>	<u>0</u>	<u>0</u>
EXPENDITURES	<u>0</u>	<u>7</u>	<u>0</u>
BALANCE, END OF YEAR	<u>\$ 29,226</u>	<u>\$ 10,261</u>	<u>\$ 2,001</u>

STATEMENT OF FINANCIAL POSITION - 2018			
Cash	\$ 18,308	\$ 0	\$ 0
Investments	19,346	10,268	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,250)</u>	<u>0</u>	<u>0</u>
FUND BALANCE	<u>\$ 28,404</u>	<u>\$ 10,268</u>	<u>\$ 2,001</u>

STATEMENT OF CONTINUITY - 2018			
BALANCE, BEGINNING OF YEAR	<u>\$ 28,059</u>	<u>\$ 8,954</u>	<u>\$ 2,001</u>
RECEIPTS			
Interest earned	<u>345</u>	<u>1,314</u>	<u>0</u>
EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>
BALANCE, END OF YEAR	<u>\$ 28,404</u>	<u>\$ 10,268</u>	<u>\$ 2,001</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.