

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

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	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 17
Consolidated Schedule of Segmented Disclosure	18
Consolidated Schedule of Tangible Capital Assets	19
Consolidated Schedule of Accumulated Surplus	20
Schedule of Horning's Mills Cemetery Board	21
Schedule of St. Paul's Cemetery Board	22
Schedule of Horning's Mills Community Park	23
Schedule of Horning's Mills Community Hall	24
<b>TRUST FUNDS</b>	
INDEPENDENT AUDITOR'S REPORT	25 - 26
FINANCIAL STATEMENTS	
Statements of Financial Position and Continuity	27
Notes to the Financial Statements	28

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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

### **Opinion**

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, 2020 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, 2020 and the results of its 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Handwritten signature in black ink that reads "RLB LLP". The letters are stylized and cursive.

Guelph, Ontario  
June 17, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 5,072,690	\$ 4,810,119
Taxes receivable	698,468	665,040
Accounts receivable	313,610	204,802
Long term receivables (note 3)	<u>98,671</u>	<u>108,723</u>
	<u>6,183,439</u>	<u>5,788,684</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	755,000	578,373
Landfill closure and post-closure liabilities (note 5)	256,663	245,024
Long term debt (note 6)	412,674	497,719
Deferred revenue - obligatory reserve funds (note 7)	1,011,484	863,984
Deferred revenue - other	<u>75,326</u>	<u>43,957</u>
	<u>2,511,147</u>	<u>2,229,057</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,672,292</u>	<u>3,559,627</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	11,023,490	10,481,866
Inventory	40,483	44,800
Prepaid expenses	<u>70,112</u>	<u>52,256</u>
	<u>11,134,085</u>	<u>10,578,922</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$ 14,806,377</u>	<u>\$ 14,138,549</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020 Budget (note 8)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>REVENUES</b>			
Taxation	\$ 2,657,569	\$ 2,780,602	\$ 2,654,037
User charges	34,545	143,404	147,464
Grants (note 10)	368,392	453,350	684,059
Other income (note 11)	802,005	790,416	843,795
Loss on disposal of tangible capital assets	0	0	(7,259)
Obligatory reserve fund revenue recognized (note 7)	<u>107,500</u>	<u>136,617</u>	<u>100,000</u>
	<u>3,970,011</u>	<u>4,304,389</u>	<u>4,422,096</u>
<b>EXPENSES (schedule 1)</b>			
General government	710,708	677,375	612,707
Protection to persons and property	748,695	630,874	585,881
Transportation services	2,104,098	1,876,848	1,712,999
Environmental services	34,140	37,250	33,662
Recreation and cultural services	192,422	260,469	288,645
Planning and development	<u>105,000</u>	<u>153,745</u>	<u>68,293</u>
	<u>3,895,063</u>	<u>3,636,561</u>	<u>3,302,187</u>
<b>ANNUAL SURPLUS</b>	<b>\$ <u>74,948</u></b>	<b>\$ <u>667,828</u></b>	<b>\$ <u>1,119,909</u></b>
<b>ACCUMULATED SURPLUS at beginning of year</b>		\$14,138,549	\$13,018,640
Annual surplus		<u>667,828</u>	<u>1,119,909</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<b><u>\$14,806,377</u></b>	<b><u>\$14,138,549</u></b>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020 Budget (note 8)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>ANNUAL SURPLUS</b>	\$ <u>74,948</u>	\$ <u>667,828</u>	\$ <u>1,119,909</u>
Acquisition of tangible capital assets	(1,235,658)	(1,321,956)	(617,331)
Amortization of tangible capital assets	723,939	741,206	723,939
Loss on disposal of tangible capital assets	0	0	7,259
Proceeds on sale of tangible capital assets	0	37,681	0
Consolidated boards opening changes (schedule 2)	<u>0</u>	<u>1,445</u>	<u>(4,793)</u>
	<u>(511,719)</u>	<u>(541,624)</u>	<u>109,074</u>
Use of (additions to) inventories	0	4,317	(20,131)
Use of (additions to) prepaid expenses	<u>0</u>	<u>(17,856)</u>	<u>(302)</u>
	<u>0</u>	<u>(13,539)</u>	<u>(20,433)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	\$ <u>(436,771)</u>	112,665	1,208,550
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>3,559,627</u>	<u>2,351,077</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u>3,672,292</u>	\$ <u>3,559,627</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus	\$ <u>667,828</u>	\$ <u>1,119,909</u>
Items not requiring an outlay of cash		
Amortization	741,206	723,939
Loss on disposal of tangible capital assets	0	7,259
Change in landfill closure and post-closure liabilities	<u>11,639</u>	<u>11,110</u>
	<u>752,845</u>	<u>742,308</u>
Net changes in non-cash working capital		
Taxes receivable	(33,428)	3,744
Accounts receivable	(108,808)	(39,428)
Prepaid expenses	(17,856)	(302)
Accounts payable and accrued liabilities	176,627	(289,606)
Inventory	4,317	(20,131)
Deferred revenue	<u>178,869</u>	<u>202,648</u>
	<u>199,721</u>	<u>(143,075)</u>
	<u>1,620,394</u>	<u>1,719,142</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,321,956)	(617,331)
Consolidated boards opening change in amortization (schedule 2)	1,445	(4,793)
Proceeds on disposal of tangible capital assets	<u>37,681</u>	<u>0</u>
	<u>(1,282,830)</u>	<u>(622,124)</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Net change in long term debt	<u>(85,045)</u>	<u>(118,126)</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Net change in long term receivables	<u>10,052</u>	<u>45,416</u>
<b>NET INCREASE IN CASH</b>	262,571	1,024,308
<b>CASH, beginning of year</b>	<u>4,810,119</u>	<u>3,785,811</u>
<b>CASH, end of year</b>	<u>\$ 5,072,690</u>	<u>\$ 4,810,119</u>



**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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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	14.71% (2019 - 14.83%)
Mulmur-Melancthon Volunteer Fire Department	22.09% operating, 50.00% capital (2019 - 23.13%, 50.00% capital)
North Dufferin Community Centre	50.00% (2019 - 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, 2020**

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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.

User charges are recognized when the related service is provided.

Grants and 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, 2020**

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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	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.

(l) FINANCIAL INSTRUMENTS

The municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash and temporary investments, accounts receivable, long term receivables, accounts payable and accrued liabilities, and long term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2020</b>	<b>2019</b>
Unrestricted cash	\$ 4,031,360	\$ 3,916,289
Unrestricted temporary investments	<u>50,846</u>	<u>50,846</u>
	4,082,206	3,967,135
Restricted cash	<u>990,484</u>	<u>842,984</u>
	<u>\$ 5,072,690</u>	<u>\$ 4,810,119</u>

Cash includes \$2,306,696 (2019 - \$2,071,877) 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 0.60% to 2.05% (2019 - 0.55% to 1.7%) maturing between June 2021 and September 2025 (2019 - June 2020 to June 2024).

**3. LONG TERM RECEIVABLES**

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

	<b>2020</b>	<b>2019</b>
Three loans are charged interest at a rate of 6% and become due in 2027 - 2028	<u>\$ 98,671</u>	<u>\$ 108,723</u>

Principal payments for the next five years are as follows:

2021	\$ 10,656
2022	11,295
2023	11,973
2024	12,691
2025	13,453
Thereafter	<u>38,603</u>
	<u>\$ 98,671</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, 2020, the municipality had undrawn credit capacity of \$500,000 (2019 - \$500,000).

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**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 \$256,663 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 \$416,949 leaving an amount to be recognized in future periods of \$160,286. The estimated remaining capacity of the site's opened cells is approximately 140,700 tonnes, which was expected to be filled in 7 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, 2020, there was \$128,118 available in the reserve.

**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>2020</b>	<b>2019</b>
Loan payable, 3.18%, repayable in monthly instalments of \$3,409 principal and interest, due December 2025	\$ 188,767	\$ 223,079
Tile drainage loans, 6%, annual payments of principal and interest ranging from \$4,810 - \$6,793, due between 2027 - 2028	98,671	108,723
Loan payable, 2.862%, repayable in monthly instalments of \$2,720 principal and interest, due January 2022	35,283	66,433
Loan payable, 3.63%, repayable in semi-annual instalments of \$6,528 principal and interest, due December 2028	<u>89,953</u>	<u>99,484</u>
	<u>\$ 412,674</u>	<u>\$ 497,719</u>

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

2021	\$ 88,012
2022	61,323
2023	60,331
2024	62,655
2025	<u>64,952</u>
	337,273
Thereafter	<u>75,401</u>
	<u>\$ 412,674</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

7. DEFERRED REVENUE

	2020 Opening	Contributions Received	Investment Income	Revenue Recognized	2020 Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 636,612	\$ 184,577	\$ 6,259	\$ (36,617)	\$ 790,831
Recreational land	45,608	0	409	0	46,017
Subdivider - park levies	21,000	0	0	0	21,000
Federal Gas Tax	<u>160,764</u>	<u>91,251</u>	<u>1,621</u>	<u>(100,000)</u>	<u>153,636</u>
	<u>\$ 863,984</u>	<u>\$ 275,828</u>	<u>\$ 8,289</u>	<u>\$ (136,617)</u>	<u>\$ 1,011,484</u>

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:

<b>Revenue</b>	
Approved budget	\$ <u>3,970,011</u>
<b>Expenses</b>	
Approved budget	4,493,980
Acquisition of tangible capital assets	(1,235,658)
Debt principal repayments	(87,198)
Amortization	<u>723,939</u>
<b>Total expenses</b>	<u>3,895,063</u>
ANNUAL SURPLUS	\$ <u>74,948</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:

	2020	2019
School boards	\$ 1,254,013	\$ 1,221,169
County of Dufferin	<u>2,051,601</u>	<u>1,965,441</u>
	<u>\$ 3,305,614</u>	<u>\$ 3,186,610</u>

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**10. GRANTS**

	<b>2020 Budget (note 8)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 173,500	\$ 173,500	\$ 175,600
Conditional - roads	80,000	122,993	81,700
Conditional - other	<u>109,592</u>	<u>124,242</u>	<u>393,890</u>
	<u>363,092</u>	<u>420,735</u>	<u>651,190</u>
Other municipalities - recreation	0	27,205	27,512
Other municipalities - roads	<u>5,300</u>	<u>5,410</u>	<u>5,357</u>
	<u>5,300</u>	<u>32,615</u>	<u>32,869</u>
	<u>\$ 368,392</u>	<u>\$ 453,350</u>	<u>\$ 684,059</u>

**11. OTHER INCOME**

	<b>2020 Budget (note 8)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Penalties and interest on taxation	\$ 91,000	\$ 105,841	\$ 91,264
Other fines and penalties	36,810	9,649	38,446
Investment income	49,000	36,803	69,668
Licenses, permits and rents	22,695	26,688	29,004
Donations and fundraising	500	0	11,343
Plateau community contributions	33,000	33,439	31,349
Dufferin Wind community contributions	260,000	268,996	263,721
CHD community contributions	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>
	<u>\$ 802,005</u>	<u>\$ 790,416</u>	<u>\$ 843,795</u>

**12. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$41,118 (2019 - \$41,488) 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. 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 2020 was \$62,578 (2019 - \$60,537) on behalf of 9 members (2019 - 10 members) of its staff. Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Operations.

There are no past service contribution obligations.

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**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, 2020 amount to \$4,287,783.

**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. FINANCIAL INSTRUMENT RISK MANAGEMENT**

Credit Risk

The municipality is exposed to credit risk through the possibility of non-collection of accounts receivable. The majority of its receivables are from ratepayers and government entities. For accounts receivable, the municipality measures impairment based on how long the amounts have been outstanding.

Liquidity Risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality undertakes a planning and budgeting process to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and temporary investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of certain long term liabilities.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.



**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**17. 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.

**18. MATERIAL UNCERTAINTY DUE TO NOVEL CORONAVIRUS (COVID-19)**

During the year and 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, 2020

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation Services	Planning and Development	2020	2019
<b>EXPENSES</b>								
Salaries and benefits	\$ 447,907	\$ 63,467	\$ 470,766	\$ 0	\$ 34,514	\$ 0	\$ 1,016,654	\$ 992,672
Materials	175,011	46,755	705,849	334	53,696	55,508	1,037,153	849,649
Contracted services	36,848	408,000	18,833	34,331	0	91,714	589,726	504,948
Rents and financial expenses	1,201	0	3,732	0	0	0	4,933	1,186
Interest on long term debt	3,526	0	8,096	(1,362)	0	6,523	16,783	21,245
Amortization	12,882	53,052	669,572	3,947	1,753	0	741,206	723,939
Transfers	<u>0</u>	<u>59,600</u>	<u>0</u>	<u>0</u>	<u>170,506</u>	<u>0</u>	<u>230,106</u>	<u>208,548</u>
	<u>\$ 677,375</u>	<u>\$ 630,874</u>	<u>\$ 1,876,848</u>	<u>\$ 37,250</u>	<u>\$ 260,469</u>	<u>\$ 153,745</u>	<u>\$ 3,636,561</u>	<u>\$ 3,302,187</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, 2020

Schedule 2

	Land	Land Improvements	Facilities	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2020	2019
<b>COST</b>									
Balance, beginning of year	\$ 441,857	\$ 69,033	\$ 916,407	\$ 2,538,700	\$ 518,727	\$ 16,572,933	\$ 117,426	\$ 21,175,083	\$ 20,774,003
Additions during the year	0	0	0	118,711	16,666	1,186,579	0	1,321,956	617,331
Consolidated boards opening changes	0	0	0	(984)	(461)	0	0	(1,445)	4,793
Disposals during the year	0	0	0	(75,718)	(13,929)	(241,486)	0	(331,133)	(221,044)
Balance, end of year	<u>441,857</u>	<u>69,033</u>	<u>916,407</u>	<u>2,580,709</u>	<u>521,003</u>	<u>17,518,026</u>	<u>117,426</u>	<u>22,164,461</u>	<u>21,175,083</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	0	27,300	360,307	1,681,946	290,654	8,306,972	26,038	10,693,217	10,183,063
Amortization	0	1,396	14,350	103,603	28,388	591,831	1,638	741,206	723,939
Accumulated amortization on disposals	0	0	0	(38,037)	(13,929)	(241,486)	0	(293,452)	(213,785)
Balance, end of year	<u>0</u>	<u>28,696</u>	<u>374,657</u>	<u>1,747,512</u>	<u>305,113</u>	<u>8,657,317</u>	<u>27,676</u>	<u>11,140,971</u>	<u>10,693,217</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>									
	<u>\$ 441,857</u>	<u>\$ 40,337</u>	<u>\$ 541,750</u>	<u>\$ 833,197</u>	<u>\$ 215,890</u>	<u>\$ 8,860,709</u>	<u>\$ 89,750</u>	<u>\$ 11,023,490</u>	<u>\$ 10,481,866</u>

See notes to the consolidated financial statements

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**  
**AS AT DECEMBER 31, 2020**

*Schedule 3*

	<b>2020</b>	<b>2019</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 10,709,487	\$ 10,092,870
General surplus	1,149,152	1,149,152
Unfunded solid waste closure and post-closure costs	(256,663)	(245,024)
Recreation, community centres and arenas	121,422	110,998
Cemeteries	84,674	85,168
Fire boards	29,325	24,507
Other	<u>966</u>	<u>966</u>
	<u>11,838,363</u>	<u>11,218,637</u>
<b>RESERVE FUNDS</b>		
Capital purposes	372,377	449,173
Quarry	116,169	115,136
Working funds	347,502	426,666
Replacement of equipment	560,582	406,932
Landfill closure	128,118	117,068
Insurance, sick leave, WSIB	21,629	50,876
Special emergency relief	<u>20,409</u>	<u>15,272</u>
	<u>1,566,786</u>	<u>1,581,123</u>
<b>RESERVES</b>		
Working funds	1,206,293	1,143,854
NDCC operating	20,000	20,000
Capital purposes	<u>174,935</u>	<u>174,935</u>
	<u>1,401,228</u>	<u>1,338,789</u>
	<u>\$ 14,806,377</u>	<u>\$ 14,138,549</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS CEMETERY BOARD  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 4

	2020	2019
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 20,966	\$ 22,010
Due from Cemetery Care and Maintenance Fund	9,204	9,250
Temporary investments	6,933	6,933
Accrued interest receivable	<u>175</u>	<u>153</u>
<b>ACCUMULATED SURPLUS</b>	<b><u>\$ 37,278</u></b>	<b><u>\$ 38,346</u></b>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Sale of plots and markers	\$ 725	\$ 150
Interest	165	(278)
Donations	<u>0</u>	<u>200</u>
	<u>890</u>	<u>72</u>
<b>EXPENSES</b>		
Maintenance	<u>1,958</u>	<u>100</u>
<b>ANNUAL DEFICIT</b>	(1,068)	(28)
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>38,346</u>	<u>38,374</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<b><u>\$ 37,278</u></b>	<b><u>\$ 38,346</u></b>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF ST. PAUL'S CEMETERY BOARD  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 5

	2020	2019
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 3,344	\$ 2,724
Accrued interest receivable	97	184
Temporary investments	<u>43,914</u>	<u>43,914</u>
<b>ACCUMULATED SURPLUS</b>	<b><u>\$ 47,355</u></b>	<b><u>\$ 46,822</u></b>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Interest	\$ <u>542</u>	\$ <u>670</u>
<b>EXPENSES</b>		
Administration	<u>9</u>	<u>9</u>
<b>ANNUAL SURPLUS</b>	533	661
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>46,822</u>	<u>46,161</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<b><u>\$ 47,355</u></b>	<b><u>\$ 46,822</u></b>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY PARK  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 6

	2020	2019
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Cash	\$ 11,369	\$ 4,961
Receivables	<u>2,801</u>	<u>7,922</u>
<b>NET FINANCIAL ASSETS</b>	<u>14,170</u>	<u>12,883</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>13,610</u>	<u>13,610</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 27,780</u>	<u>\$ 26,493</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Grant - Township of Melancthon	\$ 2,500	\$ 2,500
Interest	28	0
Gain on disposal of tangible capital asset	0	7,218
Other income	<u>0</u>	<u>1,347</u>
	<u>2,528</u>	<u>11,065</u>
<b>EXPENSES</b>		
Administration	897	6,084
Hydro	<u>344</u>	<u>394</u>
	<u>1,241</u>	<u>6,478</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	1,287	4,587
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>26,493</u>	<u>21,906</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 27,780</u>	<u>\$ 26,493</u>

THE CORPORATION OF THE TOWNSHIP OF MELANCTHON  
 SCHEDULE OF HORNING'S MILLS COMMUNITY HALL  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 7

	2020	2019
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>FINANCIAL ASSETS</b>		
Cash	\$ 43,498	\$ 43,699
Accounts receivable	<u>373</u>	<u>373</u>
	<u>43,871</u>	<u>44,072</u>
<b>LIABILITIES</b>		
Deferred revenue	<u>200</u>	<u>200</u>
<b>NET FINANCIAL ASSETS</b>	<u>43,671</u>	<u>43,872</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>48,500</u>	<u>55,363</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 92,171</u>	<u>\$ 99,235</u>

<b>STATEMENT OF OPERATIONS</b>		
<b>REVENUE</b>		
Grant - Township of Melancthon	\$ 6,452	\$ 0
Fundraising and user charges	1,705	7,436
Interest	<u>398</u>	<u>838</u>
	<u>8,555</u>	<u>8,274</u>
<b>EXPENSES</b>		
Amortization	6,863	6,863
Supplies and maintenance	4,909	2,685
Hydro and fuel	2,982	3,541
Telephone	537	514
Other	328	212
Fundraising	<u>0</u>	<u>444</u>
	<u>15,619</u>	<u>14,259</u>
<b>ANNUAL DEFICIT</b>	(7,064)	(5,985)
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>99,235</u>	<u>105,220</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 92,171</u>	<u>\$ 99,235</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

### **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, 2020 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, 2020 and the results of its 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 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 funds' 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 funds' 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario  
June 17, 2021

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, 2020

	Horning's Mills Cemetery	St. Paul's Cemetery	Subdividers' Deposits
<b>STATEMENT OF FINANCIAL POSITION - 2020</b>			
Cash	\$ 8,730	\$ 0	\$ 0
Investments	30,260	9,331	0
Due from the Township of Melancthon	0	0	2,001
Due to cemetery general funds	<u>(9,204)</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>	<b><u>\$ 29,786</u></b>	<b><u>\$ 9,331</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2020</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 29,226</u></b>	<b><u>\$ 10,261</u></b>	<b><u>\$ 2,001</u></b>
<b>RECEIPTS</b>			
Interest earned	160	118	0
Plot sales	<u>400</u>	<u>0</u>	<u>0</u>
	<u>560</u>	<u>118</u>	<u>0</u>
<b>EXPENDITURES</b>	<u>0</u>	<u>1,048</u>	<u>0</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 29,786</u></b>	<b><u>\$ 9,331</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF FINANCIAL POSITION - 2019</b>			
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>
<b>FUND BALANCE</b>	<b><u>\$ 29,226</u></b>	<b><u>\$ 10,261</u></b>	<b><u>\$ 2,001</u></b>

<b>STATEMENT OF CONTINUITY - 2019</b>			
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>\$ 28,404</u></b>	<b><u>\$ 10,268</u></b>	<b><u>\$ 2,001</u></b>
<b>RECEIPTS</b>			
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>
<b>EXPENDITURES</b>	<u>0</u>	<u>7</u>	<u>0</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 29,226</u></b>	<b><u>\$ 10,261</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, 2020**

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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.