



**JOINT RECREATION SUBCOMMITTEE AGENDA  
September 22, 2021 9:00AM**

**This meeting is being conducted by means of Electronic Participation by a majority of members, as permitted by Section 238 (3.3) of the Municipal Act, 2001, as amended.**  
**USING VIDEO AND/OR AUDIO CONFERENCING.**

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<https://us02web.zoom.us/j/84829988171>

Meeting ID: 848 2998 8171

**1.0 CALL TO ORDER**

**2.0 APPROVAL OF THE AGENDA**

Staff Recommendation: THAT the agenda for September 22, 2021 be approved.

**3.0 PREVIOUS MEETING MINUTES**

Staff Recommendation: THAT the minutes of July 9, 2021 be approved.

**4.0 CLOSED SESSION**

Staff Recommendation: THAT the Joint Recreation Committee adjourn to closed session at \_\_\_\_\_. pursuant to Section 239 of the Municipal Act, 2001 as amended for one (1) matter regarding personal matters about an identifiable individual, including municipal or local board employees [239(2)(b)] one (1) matter regarding legal advice [239(2)(f)]

Staff Recommendation: THAT Council do rise out of closed session and into open session with the following motion:

**5.0 ADMINISTRATION**

**5.1 NDCC Risk Report and Draft Recreation Agreement (Heather Boston)**

Staff Recommendation: THAT the Joint Recreation Subcommittee support the proposed changes to the Recreation Agreement (as presented/amended);

AND THAT the report, draft agreement and by-law be forwarded at the next meeting of each respective Council for consideration

**6.0 INFORMATION ITEMS**

**6.1 Council Motions: KPMG Management Letter**

**7.0 ITEMS FOR FUTURE MEETINGS**

**8.0 ADJOURNMENT**

Staff Recommendation: THAT Council adjourns the meeting at \_\_\_\_\_ to meet again on \_\_\_\_\_, 2021 or at the call of the Chair.



**MINUTES**  
**JOINT RECREATION SUBCOMMITTEE**  
**July 9, 2021 9:30AM**

Present: Darren White, Mayor of Melancthon  
David Besley, Deputy Mayor of Melancthon  
Janet Horner, Mayor of Mulmur  
Earl Hawkins, Deputy Mayor of Mulmur  
Denise Holmes, CAO of Melancthon  
Tracey Atkinson, CAO of Mulmur  
Sarah Culshaw, Treasurer of Melancthon  
Roseann Knechtel, Deputy Clerk of Mulmur

**1.0 Call to Order**

The meeting was called to order by Janet Horner at 9:30 a.m. The meeting was hosted using an electronic zoom platform. The next meeting will be Chaired by Darren White.

**2.0 Approval of the Agenda**

**Moved by Hawkins and Seconded by Besley**

THAT the agenda for July 9, 2021 be approved.

**CARRIED.**

**3.0 Approval of Minutes**

**Moved by White and Seconded by Hawkins**

THAT the minutes of May 26, 2021 be approved.

**CARRIED.**

**4.0 Administration**

**4.1 KPMG Management Letter**

Mulmur CAO, Tracey Atkinson provided an overview to the KPMG Management Letter. Discussion ensued. Deputy Mayor Earl Hawkins requested a recorded vote.

**Moved by Hawkins and Seconded by White**

THAT the Joint Recreational Committee receive the management letter from KPMG regarding liabilities at the North Dufferin Community Centre;

AND THAT the Committee forward the Letter to their respective Councils for consideration.

	<b>YEA</b>	<b>NAY</b>
Earl Hawkins	Y	
Darren White	Y	
Dave Besley	Y	
Janet Horner	Y	

**CARRIED.**

#### **4.2 Recreation Agreement**

Tracey Atkinson, Mulmur CAO reviewed the draft agreement with the Committee. Direction was given to staff to update the agreement to address issues and concerns as discussed.

**Moved by White and Seconded by Hawkins**

THAT the Joint Recreational Committee defer the Draft Recreation Agreement to the next meeting.

**CARRIED.**

#### **5.0 Information Items**

##### **5.1 NDCC Grant Application**

**Moved by Hawkins and Seconded by Besley**

THAT the information items be received as copied and circulated.

**CARRIED.**

#### **6.0 Closed Session**

##### **6.1 NDCC Board Reorganization**

**Moved by Hawkins and Seconded by White**

THAT the Joint Recreation Committee adjourn to closed session at 11:20 a.m. pursuant to Section 239 of the Municipal Act, 2001 as amended for one (1) matter regarding labour relations or employee negotiations [239(2)(d)]

**CARRIED.**

**Moved by White and Seconded by Besley**

THAT Council do rise out of closed session at 11:47 a.m. and into open session with the following motion:

THAT the Committee direct staff to investigate board and committee governance structures and report back to a subsequent meeting.

**CARRIED.**

## **7.0 Meeting Adjournment**

**Moved by Hawkins and Seconded by Besley**

THAT Council adjourns the meeting at 11:50 a.m. and agree to meet again at the call of the Chair.

**CARRIED.**

DRAFT



## **STAFF REPORT**

**TO:** Joint Recreation Subcommittee  
**FROM:** Heather Boston, Treasurer  
**DATE:** September 22, 2021  
**SUBJECT:** NDCC Risks

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## **PURPOSE**

The purpose of this report is to further provide the Joint Recreation Subcommittee with possible solutions to the financial and operational risks as outlined in the KPMG LLP June 1, 2021, management letter.

## **BACKGROUND & DISCUSSION**

At the June 2<sup>nd</sup> Township of Mulmur Council meeting KPMG presented the year-end financial statements and management letter. The management letter noted the Township's exposure to financial and operational risk via the NDCC Board of Management current governance structure.

The risks identified in the management letter were as follows:

- employees operating the NDCC do not have a direct reporting to either municipality and decisions made by the employees and/or the NDCC Board of Management may inadvertently expose the Township to liabilities and costs
- there is no robust accounting or supervision for inventories of supplies such as fuel oil, propane gasoline, concession, etc.

There are a few amendments the participating Townships could make to the current agreement to mitigate their risks. I have noted the changes below and identified the section number of the agreement that they relate to.

9. The Board should follow one of the Township's policies and procedures rather than making their own.
17. The Township of Mulmur to resume responsibility for the staff (Human Resources) of the arena. This would not eliminate the arena manager from attending all meetings of the Board as a staff representative to ensure all issues are dealt with.
18. The Board will continue to recommend changes to the user fees and policies follow the Township of Mulmur's policies per section 9 above.
23. Capital improvements not approved in the budget will have to be approved by both Townships.
24. The Township of Mulmur should have the authority to spend additional funds on the NDCC facility provided Mulmur pays at 100% of the costs. This will allow the Township to mitigate any financial or operational risks as outlined in the management letter.
26. All cheques will be signed per the Township of Mulmur's policies as noted in section 9 above. This is the procedure that is being followed and the agreement needs to be updated to reflect this.
26. Additional audits are not required by the Board and will only be performed as required either by the Township's or by a third party such as the CRA.

By implementing these changes, the Townships can mitigate their operational and financial risks in a timely manner.

**STRATEGIC PLAN ALIGNMENT**

1. Growing a Prosperous Mulmur
2. Growing a Connected Mulmur
3. Growing a Supportive Mulmur
4. Growing a Sustainable Mulmur

**FINANCIAL IMPACT**

There is no financial impact on making these changes.

**RECOMMENDATION**

THAT the Joint Recreation Subcommittee support the proposed changes to the agreement and recommend that the report and draft agreement be forwarded to the participating municipalities for consideration.

Respectfully submitted:

*Heather Boston* \_\_\_\_\_

Heather Boston, CPA, CA, CGA, BComm  
Treasurer



**KPMG LLP**  
**Chartered Professional Accountants**  
115 King Street South  
2<sup>nd</sup> Floor  
Waterloo, Ontario N2J 5A3

Telephone (519) 747-8800  
Fax (519) 747-8830  
Internet [www.kpmg.ca](http://www.kpmg.ca)

**Ms. Heather Boston**

Treasurer  
Township of Mulmur  
758070 2<sup>nd</sup> Line East  
Mulumur, ON  
L9V 0G8

June 1, 2021

Dear Ms. Boston:

In planning and performing our audit of the consolidated financial statements of Township of Mulmur (“the Township”) for the period ended December 31, 2020, we obtained an understanding of internal control over financial reporting (ICFR) relevant to the Township’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR. Accordingly, we do not express an opinion on the effectiveness of the Township’s ICFR. Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies or other control deficiencies have been identified. As a result, any matters reported below are limited to those deficiencies in ICFR that we identified during the audit. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Refer to the Appendices for the definitions of various control deficiencies.

**Significant Deficiencies**

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

**Other Observations**

We identified the following observations that we determined are of sufficient importance to merit management's attention:

Description of other observation
KPMG notes that the governance structure and managerial oversight of the North Dufferin Community Centre (“NDCC”) may expose the Township of financial and operational risk. While operating as a Joint Municipal Service Board, established by agreement between the Township and the Township of Melancthon, the Township is ultimately accountable for the activities of the NDCC, much like any other department or activity of the Township, albeit, some of that accountability may be





**Description of other observation**

shared with the municipal partner.

Employees operating the NDCC do not have a direct reporting to either municipality and decisions made by the employees and/or the Board of NDCC may inadvertently expose the Township of liabilities and costs.

We also understand that a robust accounting for inventories of supplies (whether they be fuel oil, propane, gasoline, concessions, etc.) is not maintained, reported or supervised.

We recommend that the Township consider the governance structure and oversight mechanisms of the NDCC. This may include amending the existing Board in favour of an Advisory Committee (one without operational authority) and revise the reporting structure such that employees operating the NDCC have direct line reporting to Township staff (or Township of Melancthon staff, if determined to be appropriate).

We also recommend that inventory control processes be implemented to document the acquisition, use, and period-end values of inventories on hand, with reporting of such activities to Township staff.

**Use of letter**

This letter is for the use of management and those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purpose or by anyone other than management and those charged with governance.

KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

Chartered Professional Accountants, Licensed Public Accountants  
Matthew Betik, CPA, CA  
Partner  
519-747-8245



### Appendices

<b>Terminology</b>	<b>Definition</b>
<b>Deficiency in Internal Control</b> <b>(“control deficiency”)</b>	<p>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.</p> <p>A deficiency in design exists when (a) a control necessary to prevent, or detect and correct, misstatements in the financial statements is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control is unable to prevent, or detect and correct, misstatements in the financial statements.</p> <p>A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p>
<b>Significant Deficiency in Internal Control</b> <b>(“significant deficiency”)</b>	<p>A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.</p>

**AGREEMENT AS OF**

**BETWEEN:**

**THE CORPORATION OF THE TOWNSHIP OF MULMUR,  
hereinafter referred to as “Mulmur”**

**-and-**

**THE CORPORATION OF THE TOWNSHIP OF MELANCTHON,  
hereinafter referred to as “Melancthon”**

This Agreement witnesseth that, in consideration of the mutual covenants and conditions herein contained, Mulmur and Melancthon agree to the following:

1. Mulmur is the owner of the lands identified as Con 3 W E PT Lot 25, RP 7R-4424 Part 3, on which the facility known as the North Dufferin Community Centre (“NDCC”) is located. The NDCC includes all land, buildings, improvements, equipment and chattels pertaining to its operations.
2. Mulmur Township shall continue to be the sole owner of the NDCC.
3. The NDCC shall be operated in compliance with the provisions of the *Municipal Act, 2001*, SO 2001, c 25, and any applicable regulations, as amended from time to time.
4. The NDCC shall be managed by a joint municipal service board of the Townships of Mulmur and Melancthon, constituted by this agreement pursuant to s. 202 of the *Municipal Act, 2001*. The said joint municipal service board shall be known as the NDCC Board of Management (“Board”), which shall have all the powers given by the *Municipal Act, 2001*, and those given by this Agreement.
5. The Board shall have eight (8) members, all of whom have voting rights. The Board shall be comprised of one (1) member of Council from each of Mulmur and Melancthon, two (2) community members from each of Mulmur and Melancthon, and two (2) other community members-at-large. The Board shall recommend nominated candidates, drawn from community applicants to the parties. The Board members shall be appointed by both parties by resolution. In the event of a disagreement, each party shall appoint 3 community members of its choice to the Board. Nominated candidates shall serve for a term of which they are appointed. The parties shall also have the power to designate the appointed Council representatives to the Board, and may set their term on the Board, not to exceed the term of the Council on which they sit. The quorum of the Board shall be five (5).
6. No person shall be appointed as a Board member unless that person has been appointed by the parties in accordance with the previous paragraph, and has received a Criminal Records Check to the satisfaction of both parties’ Councils.
7. The Board shall elect a Chairperson (Chair) and Vice-Chairperson from among its members at the first meeting of the Board each calendar year. The Chair shall preside at all meetings of the Board and be charged with the general administration of the business and affairs of the Board. The minutes of that meeting shall identify the persons elected to each of the identified positions.
8. The Board shall hold an Annual General Meeting at the call of the Chair, with due prior notice to both parties
9. The Board shall operate under the Township of Mulmur’s policies and procedures ~~Procedural By-law of Mulmur~~.
10. Insurance shall be provided through Mulmur’s insurance provider and the cost will be billed to the Board.
11. A staff member from Melancthon shall act as the Secretary of the Board at no cost.

12. The Treasurer of Mulmur shall act as the Treasurer of the Board at no cost for his or her time. The Treasurer shall keep full and accurate books and records of all transactions of the Board. The Treasurer shall render to the Board at the meetings thereof, or whenever required, an account of all transactions and of the financial position of the Board. The Treasurer shall pay only such items as are approved by the Board.
13. It shall be the policy of the Board that the current year's operating surplus or deficit be allocated to the following year's budget over and above a \$40,000 operating reserve maintained for cash flow purposes.
14. Each Township shall contribute \$20,000 on January 1, 2018, to create an operating reserve for the Board to utilize for cash flow purposes.
15. Commencing 2018, levies shall be paid on February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and October 1<sup>st</sup> of each year.
16. The Board will maintain a recreational capital reserve account to hold any unused capital contributions each year. This reserve will be used to absorb the impact of large purchases and/or unforeseen emergency capital requirements as approved by the Board. A report on the balance of the reserves shall be provided on an annual basis or as requested by the parties.
- ~~17. The Board shall develop other organization structure and procedural rules as may be thought desirable.~~
- ~~18.~~17. The Township of Mulmur Board shall have responsibility and authority, including employment contracts, for staff for both the facilities and the programs.
- ~~19.~~18. Subject to statutory restrictions and those set out in this agreement, the Board ~~may~~shall ~~recommend develop policies, rules, and annual user fee changes schedules~~ to be approved by each Township.
- ~~20.~~19. The Board shall prepare the estimate of the Board's net financial requirements for the year ("Budget"). There shall be no deficit budgeting. The Board shall work co-operatively and equitably with the parties to the Agreement to fund all operational and developmental expenses.
- ~~21.~~20. The Budget shall be submitted annually to each Township for approval no later than October 31<sup>st</sup>. The parties shall have the right to amend the Budget by mutual agreement prior to approval.
- ~~22.~~21. Upon approval of the Budget by both parties, each party shall appropriate such monies as may be requisitioned by the Board from time to time not to exceed the monies identified in the approved Budget.
- ~~23.~~22. The Board shall not make or incur liability for any expenditure that is not approved as part of its Budget, and the parties shall not be liable for any expenditure that is not approved.
- ~~23.~~ Regardless of the source and extent of funding, the Board must recommend to each Township, for approval, any development and capital improvements not already approved in the budget.
24. The Township of Mulmur may spend monies on the NDCC facility in addition to the NDCC budget at 100% contribution at its sole discretion.
25. The parties shall be responsible for the approved operating and capital levies expenditures and any deficit of the Board as follows:
  - Mulmur 50%
  - Melancthon 50%

26. The Board shall keep books and records, approve expenditures and issue cheques in accordance with the approved Budget.
  - a. The Board shall maintain its own separate bank account.
  - b. All accounts to be paid shall be approved by the Board (this may occur after payment has happened in order to avoid late payment fees).
  - ~~c. All cheques shall be signed by the Chair or designate and the Treasurer or designate of the Board.~~
  - ~~d.c.~~ The Board's accounts shall be audited annually by the Municipal auditor or more frequently as may be required ~~by the Board.~~
  - ~~e.d.~~ The draft minutes of the Board shall be promptly circulated to the respective municipal Councils.
  
27. In the event that either Mulmur or Melancthon wishes to cease participating in the Board, they may do so by providing one (1) year written notice of termination to the other party and the Board. Any written notice given as aforesaid shall terminate this Agreement as of the 31<sup>st</sup> of December of the next calendar year.
  
28. The parties shall renegotiate this agreement in the event that an additional municipality or other permitted party wishes to join in this agreement and is approved by all parties to this agreement.
  
29. This Agreement is personal to the parties and may not be assigned.
  
30. The parties covenant that they are entering into this Agreement in good faith and that they shall carry out its provisions in good faith.
  
31. All previous agreements signed are hereby null and void.

In WITNESS WHEREOF each of the parties hereto has affixed its corporate seal attested to by the proper officers duly authorized in that behalf;

SIGNED, SEALED AND DELIVERED  
in the presence of:

**THE CORPORATION OF THE  
TOWNSHIP OF MULMUR**

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**CLERK**

**THE CORPORATION OF THE  
TOWNSHIP OF MELANCTHON**

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**CLERK**

## Roseann Knechtel

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**Subject:** FW: Joint Recreation Sub-Committee Recommendation from July 9, 2021 meeting

**From:** Denise Holmes <[dholmes@melancthontownship.ca](mailto:dholmes@melancthontownship.ca)>

**Date:** August 17, 2021 at 9:29:52 AM EDT

**To:** Tracey Atkinson <[tatkinson@mulmur.ca](mailto:tatkinson@mulmur.ca)>

**Subject:** Joint Recreation Sub-Committee Recommendation from July 9, 2021 meeting

Hi Tracey,

At the Council meeting held on August 12, 2021, the following motion was introduced and passed:

*Moved by Besley, Seconded by McLean*

**Be it resolved that: Council receives the Joint Recreation Sub-Committee Recommendation (Letter from KPMG) as information. Carried.**

Thank you.

Regards,  
Denise Holmes



Denise B. Holmes, AMCT | Chief Administrative Officer/Clerk | Township of Melancthon | [dholmes@melancthontownship.ca](mailto:dholmes@melancthontownship.ca) | PH: 519-925-5525 ext 101 | FX: 519-925-1110 | [www.melancthontownship.ca](http://www.melancthontownship.ca) |

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## COUNCIL MINUTES August 4, 2021 9:00AM

Council Present: Mayor Horner, Deputy Mayor Hawkins, Councillors Boxem, Clark and Cufaro

Staff Present: Tracey Atkinson - CAO, John Willmetts - Director of Public Works, Roseann Knechtel - Deputy Clerk

### 14.0 COMMITTEE MINUTES AND SUB-COMMITTEE REPORTS

- 14.1 Dufferin County Council Minutes – July 2021
- 14.2 Joint Recreation Subcommittee Minutes - July 12, 2021
- 14.3 Mulmur-Melancthon Fire Board – July 20 2021
- 14.4 Committee of Adjustment, July 21, 2021
- 14.5 Economic Development Committee July 26, 2021
- 14.6 Police Services Board – July 28 2021
- 14.7 NDCC Board Minutes – June 9 2021

Councillor Clark sought clarification regarding the letter from KPMG discussed at the Joint Recreation Subcommittee and provided comments from members of the NDCC Board of Management.

Mayor Horner expressed interest to have both Mulmur and Melancthon Mayors attend an upcoming NDCC Board meeting to speak to the letter.

Councillor Clark provided an update on the NDCC including direction to install security cameras and that all fundraising events and summer camps for 2021 have been cancelled.

#### **Moved by Cufaro and Seconded by Boxem**

THAT Council receives the Committee Minutes and Sub-Committee Reports as copied and circulated.

	<b>Yea</b>	<b>Nay</b>
Councillor Boxem	Y	
Councillor Clark	Y	
Councillor Cufaro	Y	
Deputy Mayor Hawkins	Y	
Mayor Horner	Y	

**CARRIED.**

### 15.0 INFORMATION ITEMS (REPORTS, LETTERS)

- 15.1 2021 Development Charges Update Study
- 15.2 Headwaters Poll Results
- 15.3 Ontario Land Tribunal Process
- 15.4 KPMG Letter re NDCC

- 15.5 Response from MTO Stunt Driving Motion
- 15.6 Dufferin County Notice of Decision: Mulmur OPA 2
- 15.7 Town of Shelburne PSB Motion of Support
- 15.8 Municipal Asset Management Program Funding
  
- 15.9 Town of Mono Conservations Authority Act
- 15.10 Town of Shelburne Motion – Boards

**Moved by Clark and Seconded by Boxem**

THAT Council receives the information items as copied;

AND THAT the following items be endorsed: 15.9

	<b>Yea</b>	<b>Nay</b>
Councillor Boxem	Y	
Councillor Clark	Y	
Councillor Cufaro	Y	
Deputy Mayor Hawkins	Y	
Mayor Horner	Y	

**CARRIED.**