

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF MULMUR**

Year ended December 31, 2022

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Financial Statements Index

Year ended December 31, 2022

	Page
Independent Auditor's Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-17
Schedules to Note 13 - Segmented Information	18-19
Trust Funds	
Independent Auditor's Report	
Statements of Financial Position and Continuity	23
Notes to Financial Statements	24



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 2B3
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Mulmur (the "Municipality"), which comprise:

- The consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

Those charged with governance are responsible for overseeing the Municipality'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 the financial statements.

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

- Identify and assess the risk 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, internal omissions, misrepresentations, or the 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 purposes of expressing an opinion on the effectiveness of the Municipality's internal control.



Page 3

- 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 the events or conditions that may cast significant doubt on the Municipality'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 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 Municipality 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 12, 2023

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 7,014,346	\$ 6,381,999
Taxes receivable	341,121	295,232
Accounts receivable	557,503	278,483
	<u>7,912,970</u>	<u>6,955,714</u>
Financial liabilities		
Accounts payable and accrued liabilities	761,068	497,511
Deferred revenue (note 6)	925,297	1,376,697
Landfill closure and post-closure liability (note 7)	502,371	509,269
Post-employment retirement benefit (note 12)	119,853	103,387
Long-term debt (note 8)	353,013	396,320
	<u>2,661,602</u>	<u>2,883,184</u>
Net financial assets	<u>5,251,368</u>	<u>4,072,530</u>
Non-financial assets		
Tangible capital assets (note 9)	16,725,509	16,171,337
Inventory	181,280	185,332
Prepaid expenses	63,951	63,054
	<u>16,970,740</u>	<u>16,419,723</u>
Accumulated surplus (note 10)	<u>\$ 22,222,108</u>	<u>\$ 20,492,253</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 11)	Actual 2022	Actual 2021
Revenue:			
Taxation	\$ 4,308,934	\$ 4,413,808	\$ 4,217,973
User charges	406,660	611,901	574,392
Grants (note 4)	347,279	568,649	418,520
Other income (note 5)	123,823	157,581	149,651
Obligatory reserve fund revenue (note 6)	150,000	922,583	505,714
Total revenue	5,336,696	6,674,522	5,866,250
Expenses:			
General government	1,016,273	925,791	852,863
Protection to persons and property	1,106,081	917,724	974,780
Transportation services	1,792,750	1,874,312	1,604,742
Environmental services	143,364	137,125	133,177
Health services	19,060	13,290	24,610
Recreational and culture	128,702	192,707	177,200
Planning and development	41,700	18,059	21,962
Amortization	826,736	865,659	1,004,963
Total expenses	5,074,666	4,944,667	4,794,297
Annual surplus	262,030	1,729,855	1,071,953
Accumulated surplus, beginning of year	20,492,253	20,492,253	19,420,300
Accumulated surplus, end of year	\$ 20,754,283	\$ 22,222,108	\$ 20,492,253

The accompanying notes are an integral part of these consolidated financial statements.

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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 11)	Actual 2022	Actual 2021
Annual surplus	\$ 262,030	\$ 1,729,855	\$ 1,071,953
Consolidated board opening changes	-	-	3,495
Acquisition of tangible capital assets	(315,000)	(1,432,762)	(1,083,124)
Amortization of tangible capital assets	826,736	865,659	1,004,963
Loss on disposal of tangible capital assets	-	12,931	596
Proceeds on sale of tangible capital assets	-	-	-
Use of inventory	-	4,052	4,598
Use of prepaid expenses	-	(897)	(8,147)
	511,736	(551,017)	(77,619)
Change in net financial assets	773,766	1,178,838	994,334
Net financial assets, beginning of year	4,072,530	4,072,530	3,078,196
Net financial assets, end of year	\$ 4,846,296	\$ 5,251,368	\$ 4,072,530

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,729,855	\$ 1,071,953
Items not involving cash:		
Amortization of tangible capital assets	865,659	1,004,963
Loss on disposal of tangible capital assets	12,931	596
Change in accrued post-retirement benefit obligations	16,466	11,268
Change in landfill closure and post-closure liability	(6,898)	(6,867)
	2,618,013	2,081,913
Change in non-cash assets and liabilities:		
Taxes receivable	(45,889)	107,101
Accounts receivable	(279,020)	(27,511)
Prepaid expenses	(897)	(8,147)
Inventory	4,052	4,598
Accounts payable and accrued liabilities	263,557	106,909
Deferred revenue	(451,400)	(55,874)
Net change in cash from operating activities	2,108,416	2,208,989
Capital activities:		
Cash used to acquire tangible capital assets	(1,432,762)	(1,083,124)
Proceeds on disposal of tangible capital assets	-	-
Consolidated boards opening change	-	3,495
	(1,432,762)	(1,079,629)
Financing activities:		
Principal repayment of long-term debt	(43,307)	(43,307)
Net change in cash	632,347	1,086,053
Cash, beginning of year	6,381,999	5,295,946
Cash, end of year	\$ 7,014,346	\$ 6,381,999

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the Township of Mulmur (the "Municipality") is a Municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Consolidated entities:

The following boards and municipal enterprises owned or controlled by the Municipality have been consolidated within these financial statements:

North Dufferin Community Centre Board of Management ("NDCC") (proportionate basis - 50.00%; 2021 - 50.00%)

Honeywood Cemetery Board

Mulmur-Melancthon Volunteer Fire Department (proportionate basis – 76.32%) (operating), 50% (capital); 2021 - 75.62% (operating), 50% (capital))

Rosemont District Fire Department (proportionate basis – 52.03% (operating), 52.03% (capital); 2021 - 51.38% (operating), 51.38% (capital))

Shelburne and District Fire Department (proportionate basis – 7.40%; 2021 - 7.48%)

(c) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	20 - 25
Buildings	5 - 100
Vehicles	8 - 20
Equipment	5 - 25
Water systems	5 - 100
Roads and bridges	4 - 75

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

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) 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.

(e) Revenue recognition:

The Municipality prepares tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Reserves and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, post-retirement benefit obligations and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(h) County of Dufferin and School Boards:

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

(i) Landfill closure and post-closure liabilities:

The liability for closure of operational site and post-closure care has been recognized based on estimated future expenses estimated inflation and the usage of the site's capacity during the year.

(j) Pensions and employee benefits:

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

Payroll liabilities include vacation entitlements which are accrued as the entitlements are earned.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(k) Deferred revenue – obligatory funds:

The Municipality receives certain contributions under the authority of federal and provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenses, are recorded as deferred revenue.

(l) Financial instruments:

The Municipality initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Municipality subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of operations and accumulated surplus.

Financial assets measured at amortized cost include cash, taxes and user charges receivables and account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, employee post employment benefits and long-term debt.

2. Operations of County of Dufferin and School Boards:

The taxation relating to the school boards are comprised of the following:

	2022	2021
School Board	\$ 1,496,882	\$ 1,498,602
County of Dufferin	3,420,027	3,207,103
	<u>\$ 4,916,909</u>	<u>\$ 4,705,705</u>

3. Trust funds:

The Honeywood Cemetery and Mansfield Cemetery trust funds administered by the municipality amounting to \$64,721 (2021 - \$60,301) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations and accumulated surplus.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

4. Grants:

	2022	2021
Ontario Municipal Partnership Fund (OMPF)	\$ 245,200	\$ 245,100
Ontario - other	298,471	164,440
	543,671	409,540
Federal	24,978	8,980
	\$ 568,649	\$ 418,520

5. Other income:

	2022	2021
Penalties and interest on taxation	\$ 77,414	\$ 80,687
Investment income	50,274	21,329
Aggregate rebates	27,004	17,076
Rents, concessions and other	10,265	16,492
Donations	100	10,150
NDCC fundraising revenue	5,455	3,917
Loss on disposal of assets	(12,931)	—
	\$ 157,581	\$ 149,651

6. Deferred revenue:

Contributions received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

6. Deferred revenue (continued):

	Balance at December 31, 2021	Contributions and interest received	Amounts taken to revenue	Balance at December 31, 2022
Deferred revenue:				
Development charges	\$ 919,072	\$ 192,683	\$ 409,372	\$ 702,383
Park dedication	84,666	11,295	—	95,961
	1,003,738	203,978	409,372	798,344
Obligatory reserve funds:				
Federal gas tax fund	372,959	116,526	489,485	—
Ontario Community Infrastructure Fund	—	150,679	23,726	126,953
	\$ 1,376,697	\$ 471,183	\$ 922,583	\$ 925,297

7. Landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Effective January 1, 2013, the County of Dufferin assumed waste management 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 from the most recent report will be used until an updated report is available. The Corporation of the Township of Mulmur has estimated the closure and post closure liability of \$502,371 (2021 - \$509,269) for the landfill site. The liability is based on closure in 2022. Current engineering studies suggest that monitoring would be required for 37 years with annual costs of \$13,250. The liability was based on an annual interest rate of 1.0% with consideration for the cost of inflation.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

7. Landfill closure and post-closure liability (continued):

The liability is expected to be funded through budgeted allocations over the remaining life of the landfill.

The estimated remaining capacity of the landfill site is 77% of its total estimated capacity and its estimated remaining life is indefinite as there is no longer any material added to the site.

8. Long-term debt:

	2022	2021
Debenture payable (Administration building), 4.36%, payable in semi-annual instalments of \$8,333 principal plus interest, due October 2024	\$ 33,333	\$ 50,000
Debenture payable (Bridges), 4.91%, payable in semi-annual instalments of \$13,320 principal plus interest, due October 2034	319,680	346,320
	\$ 353,013	\$ 396,320

Principal repayments on long-term debt are as follows:

2023	\$ 43,306
2024	43,307
2025	26,640
2026	26,640
2027	26,640
Thereafter	186,480
	\$ 353,013

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2022

9. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	Balance at December 31, 2022
Balance, beginning of year	\$ 59,698	\$ 700,515	\$ 2,704,024	\$ 2,310,669	\$ 3,277,578	\$ 14,558,490	\$ 6,368,653	\$ 29,979,627
Additions during the year		257,637	517,250	52,442	27,890	561,252	16,291	1,432,762
Consolidated board opening changes								-
Transfers	-	-	-	-	-	-	-	-
Disposals during the year	-	(17,353)	(9,792)	(17,045)	-	(284,471)	-	(328,661)
Balance, end of year	59,698	940,799	3,211,482	2,346,066	3,305,468	14,835,271	6,384,944	31,083,728

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	Balance at December 31, 2022
Balance, beginning of year	-	332,684	1,253,727	1,273,545	1,960,323	7,419,957	1,568,054	13,808,290
Amortization for the year	-	22,446	59,802	139,651	159,993	391,273	92,494	865,659
Consolidated board opening changes	-	-	-	-	-	-	-	-
Disposals during the year	-	(17,353)	(9,792)	(17,045)	-	(271,540)	-	(315,730)
Total	-	337,777	1,303,737	1,396,151	2,120,316	7,539,690	1,660,548	14,358,219

Net book value of tangible capital assets	\$ 59,698	\$ 603,022	\$ 1,907,745	\$ 949,915	\$ 1,185,152	\$ 7,295,581	\$ 4,724,396	\$ 16,725,509
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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2022

9. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2021
Balance, beginning of year	\$ 59,698	\$ 623,371	\$ 2,697,089	\$ 2,337,007	\$ 2,954,543	\$ 13,990,123	\$ 6,349,287	\$ 29,011,118
Additions during the year	-	120,070	6,935	-	323,035	613,718	19,366	1,083,124
Consolidated board opening changes	-	-	-	(26,338)	-	-	-	(26,338)
Transfers	-	(42,926)	-	-	-	42,926	-	-
Disposals during the year	-	-	-	-	-	(88,277)	-	(88,277)
Balance, end of year	59,698	700,515	2,704,024	2,310,669	3,277,578	14,558,490	6,368,653	29,979,627

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2021
Balance, beginning of year	-	317,517	1,197,254	1,154,155	1,816,826	6,951,611	1,476,488	12,913,851
Amortization for the year	-	15,167	56,473	142,233	143,497	556,027	91,566	1,004,963
Consolidated board opening changes	-	-	-	(22,843)	-	-	-	(22,843)
Disposals during the year	-	-	-	-	-	(87,681)	-	(87,681)
Total	-	332,684	1,253,727	1,273,545	1,960,323	7,419,957	1,568,054	13,808,290

Net book value of tangible capital assets	\$ 59,698	\$ 367,831	\$ 1,450,297	\$ 1,037,124	\$ 1,317,255	\$ 7,138,533	\$ 4,800,599	\$ 16,171,337
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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 16,725,509	\$ 16,171,337
General deficit	(747,170)	(794,750)
Gravel pit investment	185,332	189,930
Mulmur-Melancthon Volunteer Fire Department	166,452	210,376
Shelburne and District Fire Department	—	5,409
Rosemont and District Fire Department	(28,008)	(26,069)
Honeywood Cemetery Board	49,263	49,263
NDCC - Committee	(7,431)	(18,433)
Unfunded:		
Employee benefit obligations	(119,853)	(103,387)
Landfill closure and post-closure costs	(502,371)	(509,269)
Total surplus	15,721,723	15,174,407
Reserve funds set aside for specific purpose by Council:		
Gravel pit rehabilitation	165,638	162,603
Mulmur- Melancthon Volunteer Fire Department	155,385	97,801
Rosemont and District Fire Department	345,582	255,903
Shelburne and District Fire Department	39,709	67,282
NDCC - Committee	22,253	22,253
Capital purposes - water	554,866	490,933
Current purpose - water	20,586	20,294
Total reserves funds	1,304,019	1,117,069
Reserves set aside for specific purpose by Council:		
Tax rate stabilization	1,304,848	1,098,080
Current purposes	603,251	607,333
Capital purposes	3,288,267	2,495,364
Total reserve	5,196,366	4,200,777
	\$ 22,222,108	\$ 20,492,253

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

11. Budget:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is listed below.

Approved surplus per approved budget	\$	–
Less:		
Amortization		(826,736)
Add:		
Net reserve transfers and other items		730,459
Capital acquisitions		315,000
Principal payments on long-term debt		43,307
Budgeted surplus per financial statements	\$	262,030

12. Pension agreements and other post-employment benefits:

OMERS provides pension services to more than 500,000 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$121.1 billion (2021 - \$116.2 billion) indicating a going concern actuarial deficit of \$6.7 billion (2021 - \$3.1 billion). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2022 was \$174,541 (2021 - \$177,880) and is included as an expense in the statement of operations and accumulated surplus.

Other post-employment benefits:

The Municipality provides extended health care, dental, life and disability insurance benefits to all employees. The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.0% (2021 - 4.0%).

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

12. Pension agreements and other post-employment benefits (continued):

Information about the other post-employment benefit plan is as follows:

	2022	2021
Balance, beginning of year	\$ 103,387	\$ 92,119
Current benefit cost	12,330	7,583
Interest	4,136	3,685
	<u>\$ 119,853</u>	<u>\$ 103,387</u>

13. Segmented information:

The Corporation of the Township of Mulmur is a diversified municipal government institution that provides a wide range of services to its ratepayers such as fire, water, recreation, planning and roadway services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of each segment and the activities they encompass are as follows:

(a) General Government:

These items relate to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

(b) Protection Services:

Protection is comprised of police services and fire protection. The police services, which are provided by the OPP, work to ensure the safety and protection of the ratepayers and their property. The fire department is responsible for providing fire suppression services, fire prevention programs, training and education. The members of the fire department consist of volunteers.

(c) Transportation Services:

Transportation is responsible for maintaining the Municipality's transportation infrastructure.

(d) Environmental Services:

This service provides the Municipality's drinking water to the residents of the Mansfield subdivision, as well as waste disposal to ratepayers.

(e) Health Services:

Health services includes the operations of local cemeteries.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

13. Segmented information:

(f) Recreation and Cultural Services:

This service area provides services meant to improve the health and development of the Municipality's ratepayers. Recreational and cultural programs are provided at the arena. Also, the Municipality receives library services from surrounding municipalities to assist with its ratepayers' informational needs.

(g) Planning and Development:

This department provides a number of services including planning and review of all property development plans through its application process.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 14 - Segmented Information (continued)

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2022 Total
Revenues:								
Taxation	\$ 846,348	914,466	2,204,991	204,968	14,045	212,870	16,120	\$ 4,413,808
User charges	58,616	130,621	57,625	217,744	-	51,450	95,845	611,901
Province of Ontario grants	422,682	7,987	127,003	-	-	13,003	-	570,675
Government of Canada grants	4,440	-	-	17,705	-	2,833	-	24,978
Obligatory reserve fund revenue	-	-	922,583	-	-	-	-	922,583
Investment income	58,169							58,169
Interest and penalties	69,519							69,519
Other	101	460	(6,762)		3,635	5,455		2,889
	1,459,875	1,053,534	3,305,440	440,417	17,680	285,611	111,965	6,674,522
Expenses:								
Salaries, wages and benefits	632,195	191,320	727,363	-	-	47,112	200	1,598,190
Materials	193,546	116,519	831,630	20,421	13,260	100,436	5,896	1,281,708
Contracted services	93,890	564,533	299,455	116,704	-	45,159	11,963	1,131,704
Rents and financial expenses	1,877	51	-	-	30	-	-	1,958
Interest on long-term debt	1,998	-	16,676	-	-	-	-	18,674
Amortization	22,350	106,727	595,066	92,495	2,444	45,765	-	864,847
Other	2,285	45,301	-	-	-	-	-	47,586
	948,141	1,024,451	2,470,190	229,620	15,734	238,472	18,059	4,944,667
Excess of revenues over expenses	\$ 511,734	29,083	835,250	210,797	1,946	47,139	93,906	\$ 1,729,855

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 14 - Segmented Information (continued)

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2021 Total
Revenues:								
Taxation	\$ 769,802	945,827	2,072,080	197,727	23,802	189,412	19,323	\$ 4,217,973
User charges	64,881	102,784	39,548	207,643	-	42,236	117,300	574,392
Province of Ontario grants	339,792	8,639	76,593	-	-	7,578	-	432,602
Government of Canada grants	2,994	-	-	-	-	-	-	2,994
Obligatory reserve fund revenue	-	-	482,610	-	-	13,714	9,390	505,714
Investment income	19,867	29	-	-	1,433	-	-	21,329
Interest and penalties	80,687	-	-	-	-	-	-	80,687
Other	15	180	15,947	-	10,500	3,917	-	30,559
	1,278,038	1,057,459	2,686,778	405,370	35,735	256,857	146,013	5,866,250
Expenses:								
Salaries, wages and benefits	611,815	177,344	714,296	-	-	43,692	450	1,547,597
Materials	152,687	167,592	617,887	23,737	24,569	88,316	9,260	1,084,048
Contracted services	77,649	585,490	254,575	109,440	-	45,192	12,253	1,084,599
Rents and financial expenses	1,903	60	-	-	41	-	-	2,004
Interest on long-term debt	2,724	-	17,984	-	-	-	-	20,708
Amortization	22,123	100,280	750,457	91,566	2,444	38,092	-	1,004,962
Other	6,085	44,294	-	-	-	-	-	50,379
	874,986	1,075,060	2,355,199	224,743	27,054	215,292	21,963	4,794,297
Excess (deficiency) of revenues over expenses	\$ 403,052	(17,601)	331,579	180,627	8,681	41,565	124,050	\$ 1,071,953



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 2B3
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Trust Funds of The Corporation of the Township of Mulmur (the "Municipality"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of continuity for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

Those charged with governance are responsible for overseeing the Municipality'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 the financial statements.

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

We also:

- Identify and assess the risk 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, internal omissions, misrepresentations, or the 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 purposes of expressing an opinion on the effectiveness of the Municipality's internal control.



Page 22

- 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 the events or conditions that may cast significant doubt on the Municipality'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 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 Municipality's 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 12, 2023

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Statements of Financial Position and Continuity

For the year ended December 31, 2022, with comparative information for 2021

	Honeywood Cemetery Trust Fund	Mansfield Cemetery Trust Fund	2021 - Combined
Financial assets			
Cash and cash equivalents	\$ 23,938	\$ 40,483	\$ 60,301
	\$ 23,938	\$ 40,483	\$ 60,301
Net assets			
Fund balance	\$ 23,938	\$ 40,483	\$ 60,301
Balance, beginning of year	\$ 22,898	\$ 37,403	\$ 52,743
Interest income	330	537	322
Plot sales	1,040	3,080	7,550
	24,268	41,020	60,615
Transfers from trust	330	537	314
Balance, end of year	\$ 23,938	\$ 40,483	\$ 60,301

The accompanying note are an integral part of these financial statements.