

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWNSHIP OF MULMUR**

Year ended December 31, 2024

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Index

Year ended December 31, 2024

	Page
Independent Auditor's Report	
Consolidated Financial Statements:	
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 - 20
Schedules to Note 15 - Segmented Information	21 - 22
Trust Funds:	
Independent Auditor's Report	24
Statements of Financial Position and Continuity	27
Notes to Financial Statements	28



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 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 Township), which comprise:

- The consolidated statement of financial position as at December 31, 2024
- 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 Township as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets, 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 Township 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.



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 Township'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 Township or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 6, 2025

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash	\$ 4,930,469	\$ 7,590,556
Taxes receivable	364,597	474,621
Accounts receivable	602,675	274,615
	<u>5,897,741</u>	<u>8,339,792</u>
Financial liabilities		
Accounts payable and accrued liabilities	846,280	759,295
Deferred revenue (note 7)	926,747	878,615
Post-employment retirement benefit (note 13)	173,835	132,887
Long-term debt (note 9)	266,400	309,707
Asset retirement obligations (note 8)	994,820	1,004,789
	<u>3,208,082</u>	<u>3,085,293</u>
Net financial assets	2,689,659	5,254,499
Non-financial assets		
Tangible capital assets (note 10)	21,497,076	17,605,082
Inventory	174,017	177,496
Prepaid expenses	96,360	71,443
	<u>21,767,453</u>	<u>17,854,021</u>
Accumulated surplus (note 11)	\$ 24,457,112	\$ 23,108,520

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, 2024, with comparative information for 2023

	2024 Budget (note 12)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 4,829,015	\$ 4,866,914	\$ 4,573,282
User charges	559,327	675,156	583,251
Grants (note 5)	426,916	671,495	266,807
Other income (note 6)	295,563	737,140	364,178
Obligatory reserve fund revenue (note 7)	264,000	364,031	455,058
Total revenue	6,374,821	7,314,736	6,242,576
Expenses:			
General government	1,240,123	1,226,284	1,025,352
Protection to persons and property	1,207,976	1,258,799	961,556
Transportation services	2,028,097	1,974,347	2,067,782
Environmental services	143,908	184,148	133,101
Health services	14,700	37,396	13,244
Recreational and culture	336,612	317,316	261,505
Planning and development	59,400	40,178	42,294
Amortization	864,847	976,961	851,330
Total expenses	5,895,663	6,015,429	5,356,164
North Dufferin Community Centre restructure	-	49,285	-
Annual surplus	479,158	1,348,592	886,412
Accumulated surplus, beginning of year	23,108,520	23,108,520	22,222,108
Accumulated surplus, end of year	\$ 23,587,678	\$ 24,457,112	\$ 23,108,520

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 12)	2024 Actual	2023 Actual
Annual surplus	\$ 479,158	\$ 1,348,592	\$ 886,412
Acquisition of tangible capital assets	-	(4,884,973)	(1,285,509)
Amortization of tangible capital assets	-	983,219	852,316
Loss on disposal of tangible capital assets	-	9,760	63,620
Asset retirement obligations	-	-	(510,000)
Use of inventory	-	3,479	3,784
Use of prepaid expenses	-	(24,917)	(7,492)
	-	(3,913,432)	(883,281)
Change in net financial assets	479,158	(2,564,840)	3,131
Net financial assets, beginning of year	5,254,499	5,254,499	5,251,368
Net financial assets, end of year	\$ 5,733,657	\$ 2,689,659	\$ 5,254,499

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, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,348,592	\$ 886,412
Items not involving cash:		
Amortization of tangible capital assets	983,219	852,316
Loss on disposal of tangible capital assets	9,760	63,620
Change in accrued post-retirement benefit obligations	40,948	13,034
Change in asset retirement obligations	(9,969)	(7,582)
	2,372,550	1,807,800
Change in non-cash assets and liabilities:		
Taxes receivable	110,024	82,882
Accounts receivable	(328,060)	66,506
Prepaid expenses	(24,917)	(7,492)
Inventory	3,479	3,784
Accounts payable and accrued liabilities	86,985	(1,773)
Deferred revenue	48,132	(46,682)
Net change in cash from operating activities	2,268,193	1,905,025
Capital activities:		
Cash used to acquire tangible capital assets	(4,884,973)	(1,285,509)
Proceeds on disposal of tangible capital assets	-	-
Cash used in capital activities	(4,884,973)	(1,285,509)
Financing activities:		
Principal repayment of long-term debt	(43,307)	(43,306)
Cash used in financing activities	(43,307)	(43,306)
Net change in cash	(2,660,087)	576,210
Cash, beginning of year	7,590,556	7,014,346
Cash, end of year	\$ 4,930,469	\$ 7,590,556

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, 2024

The Corporation of the Township of Mulmur (the "Township") 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 Township 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 Township 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 Township and which are owned or controlled by the Township.

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 Township have been consolidated within these financial statements:

North Dufferin Community Centre Board of Management ("NDCC") (proportionate basis - 100%; 2023 - 50%). Effective January 1, 2024, the Township has 100% interest in NDCC.

Honeywood Cemetery Board

Mulmur-Melancthon Volunteer Fire Department (proportionate basis - 77.47% (operating), 50% (capital); 2023 - 76.54% (operating), 50% (capital))

Rosemont District Fire Department (proportionate basis - 52.17% (operating), 52.17% (capital); 2023 - 52.13% (operating), 52.13% (capital))

Shelburne and District Fire Department (proportionate basis - 7.37%; 2023 - 7.40%)

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

(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 Township 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.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Revenue recognition (continued):

Revenues from an exchange transaction are recognized as or when the Township satisfies the performance obligation. Performance obligations may be satisfied at a point in time or over a period of time. Revenues from a non-exchange transaction are recognized where there is authority and a past event that gives rise to a claim of economic resources.

(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 Township'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 Township 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) Pensions and employee benefits:

The Township 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 Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township 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.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Pensions and employee benefits (continued):

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

(j) Deferred revenue - obligatory funds:

The Township 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.

(k) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (b) The past transactions or events giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Under the prospective method, the assumptions used on initial recognition are those as of the date the legal obligation was incurred. Assumptions used in the subsequent calculations are revised yearly.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. Where the obligation relates to an asset which is no longer in service, and not providing economic benefit, the obligation is expensed upon recognition.

At each financial reporting date, the Township reviews the carrying amount of the liability. Changes to the liability arising from revisions to either the timing or the amount of the original estimate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Township continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(I) Financial instruments:

Financial instruments that are subsequently measured at fair value are classified based on the observability of inputs as follows:

- Level 1 - quoted prices (unadjusted) in active markets;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs that are not based on observable market data (unobservable inputs)

The Township evaluates contractual obligations for the existence of embedded derivatives and separately measures the fair value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses in the period they occur. Once realized, the cumulative gain or loss is reclassified to the statement of operations.

2. Adoption of new accounting standards:

The Township adopted the following accounting standards applicable for fiscal years beginning January 1, 2024:

- (a) PS 3400 *Revenue* establishes standards on how to account for and report on revenue. This standard covers the identification, recognition, measurement, and disclosure for revenues arising from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- (b) PS 3160 *Public Private Partnerships* establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on financial statements of the Township as a result of the adoption of these standards.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Operations of County of Dufferin and School Boards:

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

	2024	2023
School Board	\$ 1,530,811	\$ 1,512,744
County of Dufferin	3,775,385	3,593,632
	\$ 5,306,196	\$ 5,106,376

4. Trust funds:

The Honeywood Cemetery and Mansfield Cemetery trust funds administered by the Township amounting to \$69,666 (2023 - \$66,120) 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.

5. Grants:

	2024	2023
Ontario Municipal Partnership Fund (OMPF)	\$ 249,000	\$ 243,100
Ontario – Anti-theft program	245,637	–
Ontario – Trillium Foundation	150,000	–
Ontario - other	19,411	23,707
	664,048	266,807
Municipal	491	–
Federal	6,956	–
	\$ 671,495	\$ 266,807

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Other income:

	2024	2023
Penalties and interest on taxation	\$ 93,951	\$ 83,835
Investment income	254,247	288,668
Aggregate rebates	26,691	34,401
Rents, concessions and other	232,987	4,923
Donations	50,043	—
NDCC fundraising revenue	50,287	11,884
Gain (loss) on disposal of assets	46,769	(59,533)
Other	(17,835)	—
	<u>\$ 737,140</u>	<u>\$ 364,178</u>

7. 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.

	Balance at December 31, 2023	Contributions and interest received	Amounts taken to revenue	Balance at December 31, 2024
Deferred revenue:				
Development charges	\$ 736,597	\$ 109,139	\$ (120,773)	\$ 724,963
Park dedication	142,018	69,114	(9,348)	201,784
	<u>878,615</u>	<u>178,253</u>	<u>(130,121)</u>	<u>926,747</u>
Obligatory reserve funds:				
Federal gas tax fund	—	115,009	(115,009)	—
Ontario Community Infrastructure Fund	—	128,249	(128,249)	—
	<u>\$ 878,615</u>	<u>\$ 421,511</u>	<u>\$ (373,379)</u>	<u>\$ 926,747</u>

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Asset retirement obligations:

(a) Landfill closure and post closure obligation:

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 Township 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 \$484,820 (2023 - \$494,789) for the landfill site. The liability is based on closure in 2025. 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 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.

(b) Asbestos obligation:

The Township owns and operates a building that is suspected to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Long-term debt:

	2024	2023
Debenture payable (Administration building), 4.36%, payable in semi-annual instalments of \$8,333 principal plus interest, due October 2024	\$ —	\$ 16,667
Debenture payable (Bridges), 4.91%, payable in semi-annual instalments of \$13,320 principal plus interest, due October 2034	266,400	293,040
	<u>\$ 266,400</u>	<u>\$ 309,707</u>

Principal repayments on long-term debt are as follows:

2025	\$ 26,640
2026	26,640
2027	26,640
2028	26,640
2029	26,640
Thereafter	133,200
	<u>\$ 266,400</u>

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2024
Balance, beginning of year	\$ 59,698	\$ 999,321	\$ 3,754,549	\$ 2,196,898	\$ 3,395,432	\$ 15,036,468	\$ 6,363,422	\$ 31,805,788
Additions during the year	-	211,410	1,847,947	1,022,373	718,127	830,809	254,307	4,884,973
Consolidated board opening changes	-	-	-	-	-	-	-	-
Asset retirement obligaitons (note 2)	-	-	-	-	-	-	-	-
Disposals during the year	-	-	(85,998)	(151,744)	(240,901)	(175,499)	-	(654,142)
Balance, end of year	59,698	1,210,731	5,516,498	3,067,527	3,872,658	15,691,778	6,617,729	36,036,619

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2024
Balance, beginning of year	-	363,215	1,371,035	1,317,801	2,234,798	7,118,413	1,795,444	14,200,706
Amortization for the year	-	30,243	86,516	161,371	210,371	390,442	104,276	983,219
Consolidated board opening changes	-	-	-	-	-	-	-	-
Disposals during the year	-	-	(79,273)	(151,744)	(240,901)	(172,464)	-	(644,382)
Total	-	393,458	1,378,278	1,327,428	2,204,268	7,336,391	1,899,720	14,539,543

Net book value of tangible capital assets	\$ 59,698	\$ 817,273	\$ 4,138,220	\$ 1,740,099	\$ 1,668,390	\$ 8,355,387	\$ 4,718,009	\$ 21,497,076
--	-----------	------------	--------------	--------------	--------------	--------------	--------------	---------------

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2023
Balance, beginning of year	\$ 59,698	\$ 940,799	\$ 3,211,482	\$ 2,346,066	\$ 3,305,468	\$ 14,835,271	\$ 6,384,944	\$ 31,083,728
Additions during the year	-	43,563	29,711	49,556	140,150	1,022,529	-	1,285,509
Consolidated board opening changes	-	14,960	3,356	-	(480)	21,605	(3,356)	36,085
Asset retirement obligaitons (note 2)	-	-	510,000	-	-	-	-	510,000
Disposals during the year	-	(1)	-	(198,724)	(49,706)	(842,937)	(18,166)	(1,109,534)
Balance, end of year	59,698	999,321	3,754,549	2,196,898	3,395,432	15,036,468	6,363,422	31,805,788

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2023
Balance, beginning of year	-	337,777	1,303,737	1,396,151	2,120,316	7,539,690	1,660,548	14,358,219
Amortization for the year	-	26,187	63,194	120,374	164,612	378,678	99,271	852,316
Consolidated board opening changes	-	(748)	4,104	-	(479)	42,697	53,791	99,365
Disposals during the year	-	(1)	-	(198,724)	(49,651)	(842,652)	(18,166)	(1,109,194)
Total	-	363,215	1,371,035	1,317,801	2,234,798	7,118,413	1,795,444	14,200,706

Net book value of tangible capital assets	\$ 59,698	\$ 636,106	\$ 2,383,514	\$ 879,097	\$ 1,160,634	\$ 7,918,055	\$ 4,567,978	\$ 17,605,082
--	-----------	------------	--------------	------------	--------------	--------------	--------------	---------------

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Accumulated surplus:

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

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 20,987,076	\$ 17,095,082
General deficit	(113,353)	(746,439)
Gravel pit investment	177,496	181,280
Mulmur-Melancthon Volunteer Fire Department	(299,507)	119,669
Shelburne and District Fire Department	4,093	(1,614)
Rosemont and District Fire Department	221,288	5,162
Honeywood Cemetery Board	9,416	49,263
NDCC	1,427	(7,431)
Unfunded:		
Employee benefit obligations	(173,835)	(132,887)
Landfill closure and post-closure costs	(994,820)	(494,789)
Total surplus	19,819,281	16,067,296
Reserve funds set aside for specific purpose by Council:		
Gravel pit rehabilitation	170,808	168,311
Mulmur- Melancthon Volunteer Fire Department	22,179	217,338
Rosemont and District Fire Department	148,798	383,926
Shelburne and District Fire Department	36,371	14,893
NDCC	52,315	22,253
Capital purposes - water	676,053	659,086
Current purpose - water	22,771	21,680
Total reserves funds	1,129,295	1,487,487
Reserves set aside for specific purpose by Council:		
Tax rate stabilization	782,036	1,272,151
Current purposes	129,499	625,131
Capital purposes	2,597,001	3,656,455
Total reserve	3,508,536	5,553,737
	\$ 24,457,112	\$ 23,108,520

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Budget:

The budget data presented in these consolidated financial statements is based upon the 2024 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		(864,847)
Add:		
Net reserve transfers and other items		(698,802)
Capital acquisitions		1,999,500
Principal payments on long-term debt		43,307
Budgeted surplus per financial statements	\$	479,158

13. Pension agreements and other post-employment benefits:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 127 members of its staff. This 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. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2024 was \$259,819 (2023 - \$214,597) for current service and is included as an expense in the statement of operations and accumulated surplus. The contribution rate for 2024 was 9.0% to 14.6% (2023 - 9.0% to 14.6%) depending on age and level of income level.

The latest available report for the OMERS plan was December 31, 2024. At that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$142.5 billion (2023 - \$134.6 billion) and actuarial assets of \$139.6 billion (2023 - \$130.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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

Other post-employment benefits:

The Township 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% (2023 - 4.0%).

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

	2024	2023
Balance, beginning of year	\$ 132,887	\$ 119,853
Current benefit cost	35,633	8,240
Interest	5,315	4,794
Balance, end of year	\$ 173,835	\$ 132,887

14. Financial instruments:

The Township is exposed to various risks through its financial instruments and continues to monitor, evaluate, and manage these risks. The following analysis provides information about the Township's risk exposure and concentration as at December 31, 2024.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Township is exposed to credit risk from its financial assets including cash and cash equivalents, trade and other accounts receivable, loans receivable, and portfolio investments. The carrying amounts of financial assets represent the Township's maximum credit exposure. The Township manages its exposure to this risk by:

- (i) Maintaining its funds in creditworthy organizations and financial institutions;
- (ii) Assessing the quality of its counterparties, taking into account their creditworthiness and reputation, past experience and other factors; and
- (iii) Reviewing collectability and establishing allowances for doubtful accounts.

The Township has a broad base of debtors which minimizes the concentration of credit risk. There are no provisions for impairment of accounts or taxes receivable.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Township is exposed to liquidity risk from accounts payable and accrued liabilities and municipal debt. The Township manages its exposure to this risk through monitoring projected and actual cash flows and anticipated investing in order to maintain sufficient funds for meeting obligations as they come due.

Accounts payable and accrued liabilities are generally due within 30 days. The annual repayment obligations for debentures payable are disclosed in Note 9.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

15. 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 Township 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 Township's transportation infrastructure.

(d) Environmental Services:

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

(e) Health Services:

Health services includes the operations of local cemeteries.

(f) Recreation and Cultural Services:

This service area provides services meant to improve the health and development of the Township's ratepayers. Recreational and cultural programs are provided at the arena. Also, the Township 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 15 - Segmented Information (continued)

Year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2024 Total
Revenues:								
Taxation	\$ 1,010,505	1,119,086	2,120,473	232,986	32,327	319,030	32,507	\$ 4,866,914
User charges	74,862	124,812	42,025	256,560	-	155,497	21,400	675,156
Province of Ontario grants	249,000	253,679	1,241	-	-	156,419	4,200	664,539
Government of Canada grants	2,319	-	4,637	-	-	-	-	6,956
Obligatory reserve fund revenue	-	-	364,031	-	-	-	-	364,031
Investment income	238,976	-	-	-	-	-	-	238,976
Interest and penalties	93,951	-	-	-	-	-	-	93,951
Other	394	1,203	78,972	200,000	70,256	53,388	-	404,213
	1,670,007	1,498,780	2,611,379	689,546	102,583	684,334	58,107	7,314,736
Expenses:								
Salaries, wages and benefits	917,873	258,240	892,811	-	-	42,205	-	2,111,129
Materials	170,479	312,172	803,726	49,443	37,313	202,986	8,548	1,584,667
Contracted services	131,673	634,677	263,710	134,704	-	72,125	31,630	1,268,519
Rents and financial expenses	2,260	50	-	-	83	-	-	2,393
Interest on long-term debt	4,000	-	14,100	-	-	-	-	18,100
Amortization	22,683	124,374	646,524	103,820	2,560	77,000	-	976,961
Other	-	53,660	-	-	-	-	-	53,660
	1,248,968	1,383,173	2,620,871	287,967	39,956	394,316	40,178	6,015,429
Excess of revenues over expenses	\$ 421,039	115,607	(9,492)	401,579	62,627	290,018	17,929	\$ 1,299,307

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 15 - Segmented Information (continued)

Year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2023 Total
Revenues:								
Taxation	\$ 894,116	909,964	2,254,133	198,407	13,395	267,155	36,112	\$ 4,573,282
User charges	70,447	115,634	59,421	238,842	-	63,007	35,900	583,251
Province of Ontario grants	243,100	8,175	466	-	-	15,066	-	266,807
Government of Canada grants	-	-	-	-	-	-	-	-
Obligatory reserve fund revenue	-	20,969	408,702	-	-	-	25,387	455,058
Investment income	287,572	1,096	-	-	-	-	-	288,668
Interest and penalties	83,835	-	-	-	-	-	-	83,835
Other	781	200	(21,359)	-	-	11,884	169	(8,325)
	1,579,851	1,056,038	2,701,363	437,249	13,395	357,112	97,568	6,242,576
Expenses:								
Salaries, wages and benefits	785,227	212,019	865,695	-	-	45,707	-	1,908,648
Materials	164,498	148,845	901,869	19,071	13,244	168,704	783	1,417,014
Contracted services	69,434	553,742	284,850	114,030	-	47,094	41,511	1,110,661
Rents and financial expenses	1,922	50	-	-	-	-	-	1,972
Interest on long-term debt	1,271	-	15,368	-	-	-	-	16,639
Amortization	21,824	104,181	572,227	99,271	2,444	51,383	-	851,330
Other	3,000	46,900	-	-	-	-	-	49,900
	1,047,176	1,065,737	2,640,009	232,372	15,688	312,888	42,294	5,356,164
Excess (deficiency) of revenues over expenses	\$ 532,675	(9,699)	61,354	204,877	(2,293)	44,224	55,274	\$ 886,412



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 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, 2024
- 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, 2024, 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 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.



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 26

- 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'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 6, 2025

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Statements of Financial Position and Continuity

For the year ended December 31, 2024, with comparative information for 2023

	Honeywood Cemetery Trust Fund	Mansfield Cemetery Trust Fund	2024 Combined	2023 Combined
Financial assets				
Cash and cash equivalents	\$ 25,393	\$ 44,272	\$ 69,665	\$ 66,290
	\$ 25,393	\$ 44,272	\$ 69,665	\$ 66,290
Net assets				
Fund balance	\$ 25,393	\$ 44,272	\$ 69,665	\$ 66,290
Balance, beginning of year	\$ 24,438	\$ 41,852	\$ 66,290	64,421
Interest income	1,139	1,956	3,095	3,404
Plot sales	955	2,420	3,375	1,820
	26,532	46,228	72,760	69,645
Transfers from trust	1,139	1,956	3,095	3,355
Balance, end of year	\$ 25,393	\$ 44,272	\$ 69,665	66,290

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Note to financial statements

For the year ended December 31, 2024

1. Accounting policy:

Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues and expenses as they are incurred and measureable as a result of the receipt of goods or services and the creation of a legal obligation to pay.