

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF MULMUR**

Year ended December 31, 2020

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Financial Statements Index

Year ended December 31, 2020

	Page
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Debt	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-17
Schedules to Note 14 - Segmented Information	18-19
Trust Funds	
Independent Auditors' Report	
Statements of Financial Position and Continuity	22
Notes to Financial Statements	23



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INDEPENDENT AUDITORS' 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, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of statement of changes in net financial debt 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, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 8, 2021

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 5,295,946	\$ 5,146,175
Taxes receivable	402,333	358,196
Accounts receivable	250,972	368,117
	<u>5,949,251</u>	<u>5,872,488</u>
Financial liabilities		
Accounts payable and accrued liabilities	390,602	703,920
Deferred revenue (note 6)	1,432,571	1,239,845
Landfill closure and post-closure liability (note 7)	516,136	522,567
Post-employment retirement benefit (note 12)	92,119	96,626
Long-term debt (note 8)	439,627	482,933
	<u>2,871,055</u>	<u>3,045,891</u>
Net financial assets	3,078,196	2,826,597
Non-financial assets		
Tangible capital assets (note 9)	16,097,267	15,813,295
Inventory	189,930	194,075
Prepaid expenses	54,907	45,274
	<u>16,342,104</u>	<u>16,052,644</u>
Impact of COVID-19 (note 13)		
Accumulated surplus (note 10)	<u>\$ 19,420,300</u>	<u>\$ 18,879,241</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, 2020, with comparative information for 2019

	2020 Budget (note 11)	Actual 2020	Actual 2019
Revenue:			
Taxation	\$ 4,086,530	\$ 4,139,795	\$ 4,087,469
User charges	358,858	495,988	477,744
Grants (note 4)	322,126	491,665	913,588
Other income (note 5)	152,148	133,678	241,786
Obligatory reserve fund revenue (note 6)	230,000	38,453	167,065
Total revenue	5,149,662	5,299,579	5,887,652
Expenses:			
General government	961,330	899,239	912,143
Protection to persons and property	1,102,947	975,943	979,189
Transportation services	1,789,770	1,842,318	1,713,187
Environmental services	120,320	180,662	83,312
Health services	10,000	24,757	23,101
Recreational and culture	119,100	151,313	167,422
Planning and development	24,000	17,437	50,362
Amortization	867,739	826,736	930,277
Total expenses	4,995,206	4,918,405	4,858,993
Annual surplus	154,456	381,174	1,028,659
Accumulated surplus, beginning of year	18,879,241	18,879,241	17,792,141
Consolidated boards opening change in surplus		159,885	58,441
Accumulated surplus, end of year	\$ 19,033,697	\$ 19,420,300	\$ 18,879,241

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, 2020, with comparative information for 2019

	2020 Budget (note 11)	Actual 2020	Actual 2019
Annual surplus	\$ 154,456	\$ 381,174	\$ 1,028,659
Consolidated boards change in opening surplus	-	-	58,441
Acquisition of tangible capital assets	-	(1,005,951)	(1,062,420)
Amortization of tangible capital assets	-	826,736	930,277
Loss on disposal of tangible capital assets	-	26,416	4,693
Proceeds on sale of tangible capital assets	-	28,712	-
Use of inventory	-	4,145	4,700
Use of prepaid expenses	-	(9,633)	57,042
	-	(129,575)	(7,267)
Change in net financial assets	154,456	251,599	1,021,392
Net financial assets, beginning of year	2,826,597	2,826,597	1,805,205
Net financial assets, end of year	\$ 2,981,053	\$ 3,078,196	\$ 2,826,597

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 541,059	\$ 1,087,100
Items not involving cash:		
Amortization of tangible capital assets	826,736	930,277
Loss on disposal of tangible capital assets	26,416	4,693
Change in accrued post-retirement benefit obligations	(4,507)	22,708
Change in landfill closure and post-closure liability	(6,431)	(58,695)
	1,383,273	1,986,083
Change in non-cash assets and liabilities:		
Taxes receivable	(44,137)	76,403
Accounts receivable	117,145	(164,169)
Prepaid expenses	(9,633)	57,042
Inventory	4,145	4,700
Accounts payable and accrued liabilities	(313,318)	310,811
Deferred revenue	192,726	288,766
Net change in cash from operating activities	1,330,201	2,559,636
Capital activities:		
Cash used to acquire tangible capital assets	(1,005,951)	(1,062,420)
Proceeds on disposal of tangible capital assets	28,712	-
Consolidated boards opening change	(159,885)	-
	(1,137,124)	(1,062,420)
Financing activities:		
Principal repayment of long-term debt	(43,306)	(43,307)
Net change in cash	149,771	1,453,909
Cash, beginning of year	5,146,175	3,692,266
Cash, end of year	\$ 5,295,946	\$ 5,146,175

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, 2020

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%; 2019 - 50.00%)

Honeywood Cemetery Board

Mulmur-Melancthon Volunteer Fire Department (proportionate basis - 77.91% (operating), 50% (capital), 2019 - 76.87% (operating), 50% (capital))

Rosemont District Fire Department (proportionate basis - 51.21% (operating), 51.21% (capital); 2019 - 51.21% (operating), 51.21% (capital))

Shelburne and District Fire Department (proportionate basis - 8.90%; 2019 - 8.70%)

(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

Year ended December 31, 2020

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

Year ended December 31, 2020

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

Year ended December 31, 2020

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.

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:

	2020	2019
School Board	\$ 1,440,159	\$ 1,426,195
County of Dufferin	3,122,550	3,076,838
	<u>\$ 4,562,709</u>	<u>\$ 4,503,033</u>

3. Trust funds:

The trust funds administered by the municipality amounting to \$52,743 (2019 - \$47,523) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

4. Grants:

	2020	2019
Ontario Municipal Partnership Fund (OMPF)	\$ 243,300	\$ 240,500
Ontario - other	237,070	555,230
	480,370	795,730
Federal	11,295	117,858
	\$ 491,665	\$ 913,588

5. Other income:

	2020	2019
Penalties and interest on taxation	\$ 66,466	\$ 86,298
Investment income	35,225	74,721
Rents, concessions and other	13,242	501
Donations	18,745	63,733
Barbeque revenue	-	16,533
	\$ 133,678	\$ 241,786

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

Year ended December 31, 2020

6. Deferred revenue (continued):

	Balance at December 31, 2019	Contributions and interest received	Amounts taken to revenue	Balance at December 31, 2020
Deferred revenue:				
Development charges	\$ 948,512	\$ 117,145	\$ 38,453	\$ 1,027,204
Park dedication	59,012	5,653	-	64,665
	1,007,524	122,798	38,453	1,091,869
Obligatory reserve funds:				
Federal gas tax fund	232,321	108,381	-	340,702
	\$ 1,239,845	\$ 231,179	\$ 38,453	\$ 1,432,571

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 \$516,136 (2019 - \$522,567) for the landfill site. The liability is based on an anticipated closure in 2021 with closure costs of \$146,935. 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

Year ended December 31, 2020

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:

	2020	2019
Debenture payable, 4.36%, payable in semi-annual instalments of \$8,333 principal plus interest, due October 2024	\$ 66,667	\$ 83,333
Debenture payable, 4.91%, payable in semi-annual instalments of \$13,320 principal plus interest, due October 2034	372,960	399,600
	<hr/> \$ 439,627	<hr/> \$ 482,933

Principal repayments on long-term debt are as follows:

2021	\$ 43,307
2022	43,307
2023	43,307
2024	43,307
2025	26,640
Thereafter	239,759
	<hr/> \$ 439,627

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2020
Balance, beginning of year	\$ 59,698	\$ 482,638	\$ 2,680,768	\$ 2,154,975	\$ 2,921,014	\$ 13,264,210	\$ 6,406,338	\$ 27,969,641
Additions during the year	-	52,083	16,321	111,332	60,425	725,913	39,877	1,005,951
Consolidated board opening changes	-	88,650	-	146,420	95,320	-	-	330,390
Disposals during the year	-	-	-	(75,720)	(122,216)	-	(96,928)	(294,864)
Balance, end of year	59,698	623,371	2,697,089	2,337,007	2,954,543	13,990,123	6,349,287	29,011,118

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2020
Balance, beginning of year	-	264,917	1,135,366	987,288	1,734,646	6,576,487	1,457,642	12,156,346
Amortization for the year	-	13,444	61,888	136,766	141,187	375,124	98,327	826,736
Consolidated board opening changes	-	39,156	-	68,140	63,209	-	-	170,505
Disposals during the year	-	-	-	(38,039)	(122,216)	-	(79,481)	(239,736)
Total	-	317,517	1,197,254	1,154,155	1,816,826	6,951,611	1,476,488	12,913,851

Net book value of tangible capital assets	\$ 59,698	\$ 305,854	\$ 1,499,835	\$ 1,182,852	\$ 1,137,717	\$ 7,038,512	\$ 4,872,799	\$ 16,097,267
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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2019

9. Tangible capital assets (continued):

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2019
Balance, beginning of year	\$ 59,698	\$ 419,559	\$ 2,663,291	\$ 1,653,244	\$ 2,892,310	\$ 13,003,371	\$ 6,406,717	\$ 27,098,190
Additions during the year	-	63,079	17,477	575,588	55,677	349,978	621	1,062,420
Consolidated board opening changes	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(73,857)	(26,973)	(89,139)	(1,000)	(190,969)
Balance, end of year	59,698	482,638	2,680,768	2,154,975	2,921,014	13,264,210	6,406,338	27,969,641

Accumulated Amortization	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastrcuture: Transportation	Infrastrcuture: Environmental	Balance at December 31, 2019
Balance, beginning of year	-	250,230	1,073,824	935,933	1,604,526	6,189,492	1,358,340	11,412,345
Amortization for the year	-	14,687	61,542	121,504	156,898	476,134	99,512	930,277
Consolidated board opening changes	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(70,149)	(26,778)	(89,139)	(210)	(186,276)
Total	-	264,917	1,135,366	987,288	1,734,646	6,576,487	1,457,642	12,156,346

Net book value of tangible capital assets	\$ 59,698	\$ 217,721	\$ 1,545,402	\$ 1,167,687	\$ 1,186,368	\$ 6,687,723	\$ 4,948,696	\$ 15,813,295
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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 16,097,267	\$ 16,439,240
General deficit	(693,305)	(1,287,333)
Gravel pit investment	194,075	198,775
Mulmur-Melancthon Volunteer Fire Department	138,788	117,885
Shelburne and District Fire Department	2,178	4,805
Rosemont and District Fire Department	5,919	15,657
Honeywood Cemetery Board	49,263	76,990
NDCC - Committee	(5,573)	(23,936)
Unfunded:		
Employee benefit obligations	(92,119)	(96,626)
Landfill closure and post-closure costs	(516,136)	(522,567)
Total surplus	15,180,357	14,922,890
Reserves funds set aside for specific purpose by Council:		
Gravel pit rehabilitation	159,869	156,768
Mulmur- Melancthon Volunteer Fire Department	50,444	23,489
Rosemont and District Fire Department	191,691	125,715
Shelburne and District Fire Department	65,066	39,812
NDCC - Committee	22,253	22,253
Capital purposes - water	436,223	431,953
Current purpose - water	20,167	19,947
Total reserves funds	945,713	819,937
Reserves set aside for specific purpose by Council:		
Tax rate stabilization	747,148	908,639
Current purposes	601,499	607,827
Capital purposes	1,945,583	1,619,948
Total reserve	3,294,230	3,136,414
	\$ 19,420,300	\$ 18,879,241

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. Budget:

The budget data presented in these consolidated financial statements is based upon the 2020 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	(867,739)
Add:	
Net reserve transfers and other items	(219,494)
Capital acquisitions	1,198,382
Principal payments on long-term debt	43,307
Budgeted surplus per financial statements	\$ 154,456

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, 2020. The results of this valuation disclosed total going concern actuarial liabilities of \$111,800 million (2019 - \$100,081 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$108,600 million (2019 - \$95,890 million) indicating a going concern actuarial deficit of \$3,200 million (2019 - \$3,400 million). 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 2020 was \$141,017 (2019 - \$81,554) 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% (2019 - 4.0%).

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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

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

	2020	2019
Balance, beginning of year	\$ 96,626	\$ 73,918
Current benefit cost (recovery)	(8,372)	19,751
Interest	3,865	2,957
	<u>\$ 92,119</u>	<u>\$ 96,626</u>

13. Impact of COVID-19 pandemic:

In March 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

Markets are prone to volatility and the COVID-19 virus has presented many uncertainties and is threatening the outlook for future global trade and GDP. This uncertainty has translated into widespread volatility across equity and bond markets.

At this time these factors present uncertainty over future cash flows and may cause significant changes to the assets or liabilities. An estimate of the financial effect is not practicable at this time.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. 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.

(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, 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2020 Total
Revenues:								
Taxation	\$ 778,430	904,111	2,026,630	234,824	22,249	158,874	14,677	\$ 4,139,795
User charges	63,623	86,480	42,138	207,261		47,311	49,175	495,988
Province of Ontario grants	414,327	9,004	20,900	-	-	6,139	30,000	480,370
Government of Canada grants	11,295	-	-	-	-	-	-	11,295
Obligatory reserve fund revenue	-	-	38,453	-	-	-	-	38,453
Investment income	35,225	-	-	-	-	-	-	35,225
Interest and penalties	66,466	-	-	-	-	-	-	66,466
Other	266	358	-	-	26,092	5,271	-	31,987
	1,369,632	999,953	2,128,121	442,085	48,341	217,595	93,852	5,299,579
Expenses:								
Salaries, wages and benefits	633,129	181,493	723,717	-	-	34,584	150	1,573,073
Materials	159,155	161,134	825,475	43,624	24,733	73,451	12,081	1,299,653
Contracted services	99,683	589,920	273,780	137,038	-	43,278	5,206	1,148,905
Rents and financial expenses	1,776	64	-	-	24	-	-	1,864
Interest on long-term debt	3,461	-	19,346	-	-	-	-	22,807
Amortization	25,600	98,212	565,479	98,327	1,676	37,442	-	826,736
Other	2,035	43,332	-	-	-	-	-	45,367
	924,839	1,074,155	2,407,797	278,989	26,433	188,755	17,437	4,918,405
Excess (deficiency) of revenues over expenses	\$ 444,793	(74,202)	(279,676)	163,096	21,908	28,840	76,415	\$ 381,174

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 14 - Segmented Information (continued)

Year ended December 31, 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2019 Total
Revenues:								
Taxation	\$ 787,231	896,824	2,011,257	153,795	20,644	175,353	42,365	\$ 4,087,469
User charges	46,965	99,721	33,578	184,892	-	61,388	51,200	477,744
Province of Ontario grants	709,847	10,323	67,518	-	-	8,041	-	795,729
Government of Canada grants	117,859	-	-	-	-	-	-	117,859
Obligatory reserve fund revenue	-	-	166,000	-	-	1,065	-	167,065
Investment income	72,123	406	-	-	2,192	-	-	74,721
Interest and penalties	86,298	-	-	-	-	-	-	86,298
Other	258	240	5	-	63,731	16,533	-	80,767
	1,820,581	1,007,514	2,278,358	338,687	86,567	262,380	93,565	5,887,652
Expenses:								
Salaries, wages and benefits	574,472	176,063	707,148	-	-	38,997	-	1,496,680
Materials	295,589	181,609	717,198	21,691	23,075	87,248	12,691	1,339,101
Contracted services	34,272	577,785	268,241	61,621	-	41,177	37,671	1,020,767
Rents and financial expenses	1,647	61	-	-	25	-	-	1,733
Interest on long-term debt	4,178	-	20,600	-	-	-	-	24,778
Amortization	23,681	86,912	677,702	99,512	1,441	41,029	-	930,277
Other	1,985	43,672	-	-	-	-	-	45,657
	935,824	1,066,102	2,390,889	182,824	24,541	208,451	50,362	4,858,993
Excess (deficiency) of revenues over expenses	\$ 884,757	(58,588)	(112,531)	155,863	62,026	53,929	43,203	\$ 1,028,659



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INDEPENDENT AUDITORS' 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, 2020
- 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 Trust Funds of the Municipality as at December 31, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
June 8, 2021

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Statements of financial position and continuity

For the year ended December 31, 2020, with comparative information for 2019

	Honeywood Cemetery Trust Fund	Mansfield Cemetery Trust Fund	2019 - Combined
Financial assets			
Cash and cash equivalents	\$ 22,898	\$ 29,845	\$ 47,523
	\$ 22,898	\$ 29,845	\$ 47,523
Net assets			
Fund balance	\$ 22,898	\$ 29,845	\$ 47,523
Balance, beginning of year	20,938	26,585	44,233
Interest income	232	290	1,018
Plot sales	1,960	3,260	3,290
	23,130	30,135	48,541
Transfers from trust	232	290	1,018
Balance, end of year	\$ 22,898	\$ 29,845	\$ 47,523

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Notes to financial statements

For the year ended December 31, 2020, with comparative information for 2019

1. Accounting policies:

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.