

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF MULMUR**

Year ended December 31, 2021

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Financial Statements Index

Year ended December 31, 2021

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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, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, 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.



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- 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 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 9, 2022

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 6,381,999	\$ 5,295,946
Taxes receivable	295,232	402,333
Accounts receivable	278,483	250,972
	6,955,714	5,949,251
Financial liabilities		
Accounts payable and accrued liabilities	497,511	390,602
Deferred revenue (note 6)	1,376,697	1,432,571
Landfill closure and post-closure liability (note 7)	509,269	516,136
Post-employment retirement benefit (note 12)	103,387	92,119
Long-term debt (note 8)	396,320	439,627
	2,883,184	2,871,055
Net financial assets	4,072,530	3,078,196
Non-financial assets		
Tangible capital assets (note 9)	16,171,337	16,097,267
Inventory	185,332	189,930
Prepaid expenses	63,054	54,907
	16,419,723	16,342,104
Impact of COVID-19 (note 13)		
Accumulated surplus (note 10)	\$ 20,492,253	\$ 19,420,300

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, 2021, with comparative information for 2020

	2021 Budget (note 11)	Actual 2021	Actual 2020
Revenue:			
Taxation	\$ 4,150,316	\$ 4,217,973	\$ 4,139,795
User charges	367,980	574,392	495,988
Grants (note 4)	535,743	435,596	491,665
Other income (note 5)	145,563	132,575	133,678
Obligatory reserve fund revenue (note 6)	716,000	505,714	38,453
Total revenue	5,915,602	5,866,250	5,299,579
Expenses:			
General government	935,863	852,863	899,239
Protection to persons and property	1,118,649	974,780	975,943
Transportation services	1,737,851	1,604,742	1,842,318
Environmental services	140,318	133,177	180,662
Health services	18,100	24,610	24,757
Recreational and culture	132,265	177,200	151,313
Planning and development	73,330	21,962	17,437
Amortization	930,277	1,004,963	826,736
Total expenses	5,086,653	4,794,297	4,918,405
Annual surplus	828,949	1,071,953	381,174
Accumulated surplus, beginning of year	19,420,300	19,420,300	18,879,241
Consolidated boards opening change in surplus	-	-	159,885
Accumulated surplus, end of year	\$ 20,249,249	\$ 20,492,253	\$ 19,420,300

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

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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 11)	Actual 2021	Actual 2020
Annual surplus	\$ 828,949	\$ 1,071,953	\$ 381,174
Consolidated board opening changes	-	3,495	-
Acquisition of tangible capital assets	-	(1,083,124)	(1,005,951)
Amortization of tangible capital assets	-	1,004,963	826,736
Loss on disposal of tangible capital assets	-	596	26,416
Proceeds on sale of tangible capital assets	-	-	28,712
Use of inventory	-	4,598	4,145
Use of prepaid expenses	-	(8,147)	(9,633)
	-	(77,619)	(129,575)
Change in net financial assets	828,949	994,334	251,599
Net financial assets, beginning of year	3,078,196	3,078,196	2,826,597
Net financial assets, end of year	\$ 3,907,145	\$ 4,072,530	\$ 3,078,196

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,071,953	\$ 541,059
Items not involving cash:		
Amortization of tangible capital assets	1,004,963	826,736
Loss on disposal of tangible capital assets	596	26,416
Change in accrued post-retirement benefit obligations	11,268	(4,507)
Change in landfill closure and post-closure liability	(6,867)	(6,341)
	2,081,913	1,383,363
Change in non-cash assets and liabilities:		
Taxes receivable	107,101	(44,137)
Accounts receivable	(27,511)	117,055
Prepaid expenses	(8,147)	(9,633)
Inventory	4,598	4,145
Accounts payable and accrued liabilities	106,909	(313,318)
Deferred revenue	(55,874)	192,726
Net change in cash from operating activities	2,208,989	1,330,201
Capital activities:		
Cash used to acquire tangible capital assets	(1,083,124)	(1,005,951)
Proceeds on disposal of tangible capital assets	-	28,712
Consolidated boards opening change	3,495	(159,885)
	(1,079,629)	(1,137,124)
Financing activities:		
Principal repayment of long-term debt	(43,307)	(43,306)
Net change in cash	1,086,053	149,771
Cash, beginning of year	5,295,946	5,146,175
Cash, end of year	\$ 6,381,999	\$ 5,295,946

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, 2021

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%; 2020 - 50.00%)

Honeywood Cemetery Board

Mulmur-Melancthon Volunteer Fire Department (proportionate basis - 75.62%) (operating), 50% (capital); 2020 - 77.91% (operating), 50% (capital))

Rosemont District Fire Department (proportionate basis - 51.38% (operating), 51.38% (capital); 2020 - 51.21% (operating), 51.21% (capital))

Shelburne and District Fire Department (proportionate basis - 7.48%; 2020 - 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, continued

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Tangible capital assets:

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

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

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

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

(i) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(e) Revenue recognition:

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

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

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Reserves and reserve funds:

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

(g) Use of estimates:

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

(h) County of Dufferin and School Boards:

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

(i) Landfill closure and post-closure liabilities:

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

(j) Pensions and employee benefits:

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

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

1. Significant accounting policies (continued):

(k) Deferred revenue – obligatory funds:

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

(l) Financial instruments:

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

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

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

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

2. Operations of County of Dufferin and School Boards:

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

	2021	2020
School Board	\$ 1,498,602	\$ 1,440,159
County of Dufferin	3,207,103	3,122,550
	<u>\$ 4,705,705</u>	<u>\$ 4,562,709</u>

3. Trust funds:

The Honeywood Cemetery and Mansfield Cemetery trust funds administered by the municipality amounting to \$60,301 (2020 - \$52,743) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations and accumulated surplus.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

4. Grants:

	2021	2020
Ontario Municipal Partnership Fund (OMPF)	\$ 245,100	\$ 243,300
Ontario - other	181,516	237,070
	426,616	480,370
Federal	8,980	11,295
	\$ 435,596	\$ 491,665

5. Other income:

	2021	2020
Penalties and interest on taxation	\$ 80,687	\$ 66,466
Investment income	21,329	35,225
Rents, concessions and other	16,492	13,242
Donations	10,150	18,745
NDCC income	3,917	—
	\$ 132,575	\$ 133,678

6. Deferred revenue:

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

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

6. Deferred revenue (continued):

	Balance at December 31, 2020	Contributions and interest received	Amounts taken to revenue	Balance at December 31, 2021
Deferred revenue:				
Development charges	\$ 1,027,204	\$ 211,008	\$ 319,140	\$ 919,072
Park dedication	64,665	20,001	—	84,666
	1,091,869	231,009	319,140	1,003,738
Obligatory reserve funds:				
Federal gas tax fund	340,702	218,831	186,574	372,959
	\$ 1,432,571	\$ 449,840	\$ 505,714	\$ 1,376,697

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 \$509,269 (2020 - \$516,136) for the landfill site. The liability is based on an anticipated closure in 2022 with closure costs of \$154,977. Current engineering studies suggest that monitoring would be required for 37 years with annual costs of \$13,250. The liability was based on an annual interest rate of 1.0% with consideration for the cost of inflation.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

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:

	2021	2020
Debenture payable (Administration building), 4.36%, payable in semi-annual instalments of \$8,333 principal plus interest, due October 2024	\$ 50,000	\$ 66,667
Debenture payable (Bridges), 4.91%, payable in semi-annual instalments of \$13,320 principal plus interest, due October 2034	346,320	372,960
	\$ 396,320	\$ 439,627

Principal repayments on long-term debt are as follows:

2022	\$ 43,306
2023	43,307
2024	43,307
2025	26,640
2026	26,640
Thereafter	213,120
	\$ 396,320

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2021

9. Tangible capital assets:

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

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

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

Notes to Consolidated Financial Statements

Year ended December 31, 2021

9. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: 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	Infrastructure: Transportation	Infrastructure: 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, continued

Year ended December 31, 2021

10. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 16,171,337	\$ 16,097,267
General deficit	(794,750)	(693,305)
Gravel pit investment	189,930	194,075
Mulmur-Melancthon Volunteer Fire Department	210,376	138,788
Shelburne and District Fire Department	5,409	2,178
Rosemont and District Fire Department	(26,069)	5,919
Honeywood Cemetery Board	49,263	49,263
NDCC - Committee	(18,433)	(5,573)
Unfunded:		
Employee benefit obligations	(103,387)	(92,119)
Landfill closure and post-closure costs	(509,269)	(516,136)
Total surplus	15,174,407	15,180,357
Reserves funds set aside for specific purpose by Council:		
Gravel pit rehabilitation	162,603	159,869
Mulmur- Melancthon Volunteer Fire Department	97,801	50,444
Rosemont and District Fire Department	255,903	191,691
Shelburne and District Fire Department	67,282	65,066
NDCC - Committee	22,253	22,253
Capital purposes - water	490,933	436,223
Current purpose - water	20,294	20,167
Total reserves funds	1,117,069	945,713
Reserves set aside for specific purpose by Council:		
Tax rate stabilization	1,098,080	747,148
Current purposes	607,333	601,499
Capital purposes	2,495,364	1,945,583
Total reserve	4,200,777	3,294,230
	\$ 20,492,253	\$ 19,420,300

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

11. Budget:

The budget data presented in these consolidated financial statements is based upon the 2021 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		(930,277)
Add:		
Net reserve transfers and other items		170,069
Capital acquisitions		1,545,850
Principal payments on long-term debt		43,307
Budgeted surplus per financial statements	\$	829,949

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, 2021. The results of this valuation disclosed total going concern actuarial liabilities of \$119,300 million (2020 - \$111,800 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$116,200 million (2020 - \$108,600 million) indicating a going concern actuarial deficit of \$3,100 million (2020 - \$3,200 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 2021 was \$177,880 (2020 - \$141,017) 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% (2020 - 4.0%).

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2021

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

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

	2021	2020
Balance, beginning of year	\$ 92,119	\$ 96,626
Current benefit cost (recovery)	7,583	(8,372)
Interest	3,685	3,865
	<u>\$ 103,387</u>	<u>\$ 92,119</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, continued

Year ended December 31, 2021

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, 2021

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

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 14 - Segmented Information (continued)

Year ended December 31, 2021

	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



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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, 2021
- 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, 2021, 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal black line that tapers at both ends.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 9, 2022

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Statements of financial position and continuity

For the year ended December 31, 2021, with comparative information for 2020

	Honeywood Cemetery Trust Fund	Mansfield Cemetery Trust Fund	2020 - Combined
Financial assets			
Cash and cash equivalents	\$ 22,898	\$ 37,403	\$ 52,743
	\$ 22,898	\$ 37,403	\$ 52,743
Net assets			
Fund balance	\$ 22,898	\$ 37,403	\$ 52,743
Balance, beginning of year	22,898	29,845	47,523
Interest income	137	185	522
Plot sales	-	7,550	5,220
	23,035	37,580	53,265
Transfers from trust	137	177	522
Balance, end of year	\$ 22,898	\$ 37,403	\$ 52,743

The accompanying note are 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, 2021, with comparative information for 2020

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.