

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWNSHIP OF MULMUR**

Year ended December 31, 2023

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Financial Statements Index

Year ended December 31, 2023

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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 Municipality), which comprise:

- The consolidated statement of financial position as at December 31, 2023
- 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, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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



Emphasis of Matter – Change in Accounting Policy

We draw attention to note 2 to the financial statements which indicates that the Entity has changed its accounting policy for Asset Retirement Obligations, as a result of the adoption of PS 3280, Asset Retirement Obligations, and has applied the change using the prospective method.

Our opinion is not modified in respect of these matters.

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.



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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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

October 16, 2024

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	\$ 7,590,556	\$ 7,014,346
Taxes receivable	474,621	557,503
Accounts receivable	274,615	341,121
	<u>8,339,792</u>	<u>7,912,970</u>
Financial liabilities		
Accounts payable and accrued liabilities	759,295	761,068
Deferred revenue (note 7)	878,615	925,297
Landfill closure and post-closure liability (note 8)	-	502,371
Post-employment retirement benefit (note 13)	132,887	119,853
Long-term debt (note 9)	309,707	353,013
Asset retirement obligations (note 8)	1,004,789	-
	<u>3,085,293</u>	<u>2,661,602</u>
Net financial assets	5,254,499	5,251,368
Non-financial assets		
Tangible capital assets (note 10)	17,605,082	16,725,509
Inventory	177,496	181,280
Prepaid expenses	71,443	63,951
	<u>17,854,021</u>	<u>16,970,740</u>
Accumulated surplus (note 11)	<u>\$ 23,108,520</u>	<u>\$ 22,222,108</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, 2023, with comparative information for 2022

	2023 Budget (note 12)	2023 Actual	2022 Actual
Revenue:			
Taxation	\$ 4,541,688	\$ 4,573,282	\$ 4,413,808
User charges	437,802	583,251	611,901
Grants (note 5)	275,703	266,807	568,649
Other income (note 6)	194,563	364,178	157,581
Obligatory reserve fund revenue (note 7)	382,335	455,058	922,583
Total revenue	5,832,091	6,242,576	6,674,522
Expenses:			
General government	1,094,607	1,025,352	925,791
Protection to persons and property	1,146,352	961,556	917,724
Transportation services	1,891,761	2,067,782	1,874,312
Environmental services	155,814	133,101	137,125
Health services	17,548	13,244	13,290
Recreational and culture	155,917	261,505	192,707
Planning and development	57,986	42,294	18,059
Amortization	1,004,962	851,330	865,659
Total expenses	5,524,947	5,356,164	4,944,667
Annual surplus	307,144	886,412	1,729,855
Accumulated surplus, beginning of year	22,222,108	22,222,108	20,492,253
Accumulated surplus, end of year	\$ 22,529,252	\$ 23,108,520	\$ 22,222,108

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, 2023, with comparative information for 2022

	2023 Budget (note 12)	2023 Actual	2022 Actual
Annual surplus	\$ 307,144	\$ 886,412	\$ 1,729,855
Acquisition of tangible capital assets	-	(1,285,509)	(1,432,762)
Amortization of tangible capital assets	-	852,316	865,659
Loss on disposal of tangible capital assets	-	63,620	12,931
Asset retirement obligations	-	(510,000)	-
Use of inventory	-	3,784	4,052
Use of prepaid expenses	-	(7,492)	(897)
	-	(883,281)	(551,017)
Change in net financial assets	307,144	3,131	1,178,838
Net financial assets, beginning of year	5,251,368	5,251,368	4,072,530
Net financial assets, end of year	\$ 5,558,512	\$ 5,254,499	\$ 5,251,368

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 886,412	\$ 1,729,855
Items not involving cash:		
Amortization of tangible capital assets	852,316	865,659
Loss on disposal of tangible capital assets	63,620	12,931
Change in accrued post-retirement benefit obligations	13,034	16,466
Change in asset retirement obligations	(7,582)	(6,898)
	<u>1,807,800</u>	<u>2,618,013</u>
Change in non-cash assets and liabilities:		
Taxes receivable	82,882	(45,889)
Accounts receivable	66,506	(279,020)
Prepaid expenses	(7,492)	(897)
Inventory	3,784	4,052
Accounts payable and accrued liabilities	(1,773)	263,557
Deferred revenue	(46,682)	(451,400)
	<u>1,905,025</u>	<u>2,108,416</u>
Capital activities:		
Cash used to acquire tangible capital assets	(1,285,509)	(1,432,762)
Cash used in capital activities	(1,285,509)	(1,432,762)
Financing activities:		
Principal repayment of long-term debt	(43,306)	(43,307)
Cash used in financing activities	(43,306)	(43,307)
	<u>576,210</u>	<u>632,347</u>
Net change in cash	576,210	632,347
Cash, beginning of year	7,014,346	6,381,999
	<u>\$ 7,590,556</u>	<u>\$ 7,014,346</u>

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, 2023

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%; 2022 - 50.00%)

Honeywood Cemetery Board

Mulmur-Melancthon Volunteer Fire Department (proportionate basis - 76.54%) (operating), 50% (capital); 2022 - 76.32% (operating), 50% (capital))

Rosemont District Fire Department (proportionate basis - 52.13% (operating), 52.13% (capital); 2022 - 52.03% (operating), 52.03% (capital))

Shelburne and District Fire Department (proportionate basis – 7.37%; 2022 - 7.40%)

(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, 2023

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, 2023

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.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Pensions and employee benefits (continued):

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

(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) 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, 2023

1. Significant accounting policies (continued):

(m) 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:

(a) The Township adopted the following accounting standards beginning January 1, 2023, with no impact on the financial statements:

(i) PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(ii) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of new accounting standards (continued):

(a) (continued):

- (iii) PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.
 - (iv) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.
- (b) The Township adopted PS 3280 *Asset Retirement Obligations* (ARO), which establishes the accounting and reporting requirements for legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings controlled by public sector entities. An ARO liability can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on prospective basis.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance.

The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from a Township building and the closure and post closure care of the Township's landfill site. The Township reports liabilities related to the legal obligations where the Township is obligated to incur costs to retire a tangible capital asset.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of new accounting standards (continued):

(b) (continued):

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2023. The liability represents the required closure and post-closure care for the active landfill site owned by the Township. As the asset is no longer in productive use, this asset retirement obligation did not result in an accompanying increase to tangible capital assets.

On January 1, 2023, the Municipality recognized an additional asset retirement obligation relating to the removal of asbestos of \$510,000. The liability was measured as of January 1, 2023. This asset retirement obligation resulted in an accompanying increase to the tangible capital assets of \$510,000. There was no impact to accumulated surplus.

Tangible capital assets resulting from asset retirement obligations are amortized in accordance with the useful lives and depreciation accounting policies outlined in Note 1.

3. Operations of County of Dufferin and School Boards:

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

	2023	2022
School Board	\$ 1,512,744	\$ 1,496,882
County of Dufferin	3,593,632	3,420,027
	<u>\$ 5,106,376</u>	<u>\$ 4,916,909</u>

4. Trust funds:

The Honeywood Cemetery and Mansfield Cemetery trust funds administered by the municipality amounting to \$66,120 (2022 - \$64,721) 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, 2023

5. Grants:

	2023	2022
Ontario Municipal Partnership Fund (OMPF)	\$ 243,100	\$ 245,200
Ontario - other	23,707	298,471
	266,807	543,671
Federal	–	24,978
	\$ 266,807	\$ 568,649

6. Other income:

	2023	2022
Penalties and interest on taxation	\$ 83,835	\$ 77,414
Investment income	288,668	50,274
Aggregate rebates	34,401	27,004
Rents, concessions and other	4,923	10,265
Donations	–	100
NDCC fundraising revenue	11,884	5,455
Loss on disposal of assets	(59,533)	(12,931)
	\$ 364,178	\$ 157,581

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.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

7. Deferred revenue (continued):

	Balance at December 31, 2022	Contributions and interest received	Amounts taken to revenue	Balance at December 31, 2023
Deferred revenue:				
Development charges	\$ 702,383	\$ 86,672	\$ (52,458)	\$ 736,597
Park dedication	95,961	46,057	–	142,018
	798,344	132,729	(52,458)	878,615
Obligatory reserve funds:				
Federal gas tax fund	–	117,636	(117,636)	–
Ontario Community Infrastructure Fund	126,953	158,011	(158,011)	–
	\$ 925,297	\$ 408,376	\$ (328,105)	\$ 878,615

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 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 \$494,789 (2022 - \$502,371) for the landfill site. The liability is based on closure in 2023. 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, 2023

8. Asset retirement obligations (continued):

(a) Landfill closure and post closure obligation (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.

(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.

9. Long-term debt:

	2023	2022
Debenture payable (Administration building), 4.36%, payable in semi-annual instalments of \$8,333 principal plus interest, due October 2024	\$ 16,667	\$ 33,333
Debenture payable (Bridges), 4.91%, payable in semi-annual instalments of \$13,320 principal plus interest, due October 2034	293,040	319,680
	\$ 309,707	\$ 353,013

Principal repayments on long-term debt are as follows:

2024	\$ 43,707
2025	26,640
2026	26,640
2027	26,640
2028	26,640
Thereafter	159,440
	\$ 309,707

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2023

10. Tangible capital assets:

Cost	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: 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 obligations (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	Infrastructure: Transportation	Infrastructure: 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
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THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements

Year ended December 31, 2023

10. Tangible capital assets (continued):

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

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

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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Accumulated surplus:

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

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 17,095,082	\$ 16,725,509
General deficit	(746,439)	(747,170)
Gravel pit investment	181,280	185,332
Mulmur-Melancthon Volunteer Fire Department	119,669	166,452
Shelburne and District Fire Department	(1,614)	-
Rosemont and District Fire Department	5,162	(28,008)
Honeywood Cemetery Board	49,263	49,263
NDCC - Committee	(7,431)	(7,431)
Unfunded:		
Employee benefit obligations	(132,887)	(119,853)
Landfill closure and post-closure costs	(494,789)	(502,371)
Total surplus	16,067,296	15,721,723
Reserve funds set aside for specific purpose by Council:		
Gravel pit rehabilitation	168,311	165,638
Mulmur- Melancthon Volunteer Fire Department	217,338	155,385
Rosemont and District Fire Department	383,926	345,582
Shelburne and District Fire Department	14,893	39,709
NDCC - Committee	22,253	22,253
Capital purposes - water	659,086	554,866
Current purpose - water	21,680	20,586
Total reserves funds	1,487,487	1,304,019
Reserves set aside for specific purpose by Council:		
Tax rate stabilization	1,272,151	1,304,848
Current purposes	625,131	603,251
Capital purposes	3,656,455	3,288,267
Total reserve	5,553,737	5,196,366
	\$ 23,108,520	\$ 22,222,108

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Budget:

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

Approved surplus per approved budget	\$	–
Less:		
Amortization		(1,004,962)
Add:		
Net reserve transfers and other items		60,967
Capital acquisitions		1,207,832
Principal payments on long-term debt		43,307
<hr/> Budgeted surplus per financial statements	<hr/> \$	<hr/> 307,144 <hr/>

13. Pension agreements and other post-employment benefits:

The Municipality 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 was \$214,597 (2022 - \$174,541) for current service and is included as an expense in the statement of operations and accumulated surplus. The contribution rate for 2023 was 9.0% to 14.6% (2022 - 9.0% to 14.6%) depending on age and level of income level.

The latest available report for the OMERS plan was December 31, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit), based on actuarial liabilities of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$130.4 billion (2022 - \$122.1 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, 2023

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

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% (2022 - 4.0%).

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

	2023	2022
Balance, beginning of year	\$ 119,853	\$ 103,387
Current benefit cost	8,240	12,330
Interest	4,794	4,136
Balance, end of year	\$ 132,887	\$ 119,853

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, 2023.

(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, 2023

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 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.

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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 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 15 - Segmented Information (continued)

Year ended December 31, 2023

	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 of revenues over expenses	\$ 532,675	(9,699)	61,354	204,877	(2,293)	44,224	55,274	\$ 886,412

THE CORPORATION OF THE TOWNSHIP OF MULMUR

Schedule to Note 15 - Segmented Information (continued)

Year ended December 31, 2023

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



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, 2023
- 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, 2023, 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.



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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 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, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

October 16, 2024

THE CORPORATION OF THE TOWNSHIP OF MULMUR - TRUST FUNDS

Statements of Financial Position and Continuity

For the year ended December 31, 2023, with comparative information for 2022

	Honeywood Cemetery Trust Fund	Mansfield Cemetery Trust Fund	2022 - Combined
Financial assets			
Cash and cash equivalents	\$ 24,438	\$ 41,852	\$ 64,421
	\$ 24,438	\$ 41,852	\$ 64,421
Net assets			
Fund balance	\$ 24,438	\$ 41,852	\$ 64,421
Balance, beginning of year	\$ 23,938	\$ 40,483	\$ 60,301
Interest income	1,264	2,140	867
Plot sales	500	1,320	4,120
	25,702	43,943	65,288
Transfers from trust	1,264	2,091	867
Balance, end of year	\$ 24,438	\$ 41,852	\$ 64,421

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, 2023

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.