

**THE CORPORATION OF THE  
TOWNSHIP OF TAY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
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**INDEPENDENT AUDITORS' REPORT**

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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Tay

*Opinion*

We have audited the consolidated financial statements of The Corporation of the Township of Tay (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, the consolidated change in its net financial assets (debt) and its consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Tay as at December 31, 2021, and the results of its 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*  
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Responsibility for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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:



**PAHAPILL and ASSOCIATES Chartered Professional Accountants**  
**Professional Corporation**

- Identify and assess the risks of material misstatement of the consolidated 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, intentional 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 purpose 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 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Pahapill and Associates*

Huntsville, Ontario  
May 24, 2023

Pahapill and Associates Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by  
The Chartered Professional Accountants of Ontario

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 19,831,725	\$ 18,240,977
Accounts receivable, net of allowance of \$5,000 (2020 - \$194,305)	2,277,673	2,619,718
Investment in Tay Hydro Inc. (Note 5)	3,354,593	3,209,320
Due from Tay Hydro Inc. (Note 6)	9,910	19,820
Debt Recoverable from Others	22,181	31,628
Due from Newmarket-Tay Power Distribution Ltd. (Note 7)	1,742,821	1,742,821
	<b>27,238,903</b>	<b>25,864,284</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,364,626	4,901,135
Deferred revenue - general (Note 8)	875,187	879,462
Deferred revenue - obligatory reserve funds (Note 9)	2,069,899	1,404,024
Interest on long-term liabilities	59,079	66,490
Municipal debt (Note 10)	7,275,305	8,094,262
Employee benefits payable (Note 14)	578,875	591,675
	<b>15,222,971</b>	<b>15,937,048</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,015,932</b>	<b>9,927,236</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 11, Schedule 1)	108,458,336	108,350,284
Prepaid expenses	95,229	51,841
	<b>108,553,565</b>	<b>108,402,125</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 120,569,497</b>	<b>\$ 118,329,361</b>

CONTINGENT LIABILITIES (Note 15)

APPROVED ON BEHALF OF COUNCIL:

*TED Walker*

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Mayor

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>REVENUE</b>			
Property taxes	\$ 9,790,962	\$ 9,898,355	\$ 9,553,076
User fees	5,581,452	5,617,658	5,329,813
Government transfers	2,513,104	2,587,742	2,574,649
Contributions from obligatory reserve fund	2,013,520	286,476	992,439
Tay Hydro Inc. income (loss) (Note 5)	-	145,273	32,315
Other	1,143,052	1,149,041	1,186,230
<b>TOTAL REVENUE</b>	<b>21,042,090</b>	<b>19,684,545</b>	<b>19,668,522</b>
<b>EXPENSES</b>			
General government	2,225,255	1,822,469	1,893,157
Protection to persons and property	3,663,942	3,679,898	3,703,405
Transportation services	4,345,784	4,014,262	3,904,301
Environmental services	5,703,697	5,572,293	5,707,570
Health services	25,000	51,476	35,743
Recreation and culture	2,052,215	1,815,877	1,748,246
Planning and development	640,720	488,134	483,113
<b>TOTAL EXPENSES</b>	<b>18,656,613</b>	<b>17,444,409</b>	<b>17,475,535</b>
<b>ANNUAL SURPLUS</b>	<b>2,385,477</b>	<b>2,240,136</b>	<b>2,192,987</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>118,329,361</b>	<b>118,329,361</b>	<b>116,136,374</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 120,714,838</b>	<b>\$ 120,569,497</b>	<b>\$ 118,329,361</b>

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (Note 13)	Actual 2021	Actual 2020
<b>Annual surplus</b>	\$ 2,385,477	\$ 2,240,136	\$ 2,192,987
Acquisition of tangible capital assets	(16,556,224)	(4,780,718)	(5,183,429)
Amortization of tangible capital assets	4,611,964	4,611,964	4,524,740
Contributed tangible capital assets	-	-	(40,000)
(Gain) loss on disposition of tangible capital assets	-	(13,033)	365,183
Proceeds on disposition of tangible capital assets	-	73,735	544
Change in prepaid expense	-	(43,388)	22,802
<b>Increase (decrease) in net financial assets</b>	<b>(9,558,783)</b>	<b>2,088,696</b>	<b>1,882,827</b>
<b>Net financial assets (debt), beginning of year</b>	<b>9,927,236</b>	<b>9,927,236</b>	<b>8,044,409</b>
<b>Net financial assets (debt), end of year</b>	<b>\$ 368,453</b>	<b>\$ 12,015,932</b>	<b>\$ 9,927,236</b>

The accompanying notes and schedules are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>Operating transactions</b>		
Annual surplus	\$ 2,240,136	\$ 2,192,987
Non-cash charges to operations:		
Amortization	4,611,964	4,524,740
(Gain)loss on disposal of tangible capital assets	(13,033)	365,183
Contributed tangible capital assets	-	(40,000)
	<b>6,839,067</b>	<b>7,042,910</b>
Changes in non-cash items:		
Accounts receivable	342,045	(262,220)
Accounts payable and accrued liabilities	(536,509)	443,405
Deferred revenue - general	(4,275)	92,832
Deferred revenue - obligatory reserve funds	665,875	(171,246)
Interest on long-term liabilities	(7,411)	(6,573)
Employee benefits payable	(12,800)	(19,525)
Prepaid expenses	(43,388)	22,802
	<b>403,537</b>	<b>99,475</b>
<b>Cash provided by operating transactions</b>	<b>7,242,604</b>	<b>7,142,385</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,780,718)	(5,183,429)
Proceeds on disposal of tangible capital asset	73,735	544
<b>Cash applied to capital transactions</b>	<b>(4,706,983)</b>	<b>(5,182,885)</b>
<b>Investing transactions</b>		
Tay Hydro Inc.	(145,273)	(32,315)
Repayment of promissory note	9,910	-
<b>Cash provided by investing transactions</b>	<b>(135,363)</b>	<b>(32,315)</b>
<b>Financing transactions</b>		
Debt recoverable	9,447	8,912
Debt advances	-	3,500
Debt principal repayments	(818,957)	(784,372)
<b>Cash applied to financing transactions</b>	<b>(809,510)</b>	<b>(771,960)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,590,748</b>	<b>1,155,225</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>18,240,977</b>	<b>17,085,752</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 19,831,725</b>	<b>\$ 18,240,977</b>

The accompanying notes and schedules are an integral part of these financial statements



# THE CORPORATION OF THE TOWNSHIP OF TAY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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The Corporation of the Township of Tay is a lower-tier municipality located in the County of Simcoe in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Planning Act, Building Code Act and other related legislation.

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

##### (i) Consolidated and Proportionally Consolidated entities

The following local boards are consolidated:

Tay Public Library Board

The following joint local boards and committees are proportionally consolidated:

Sewern Sound Environmental Association (SSEA)	12.5%
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Inter-organizational transactions and balances between these organizations are eliminated.

##### (ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and interorganizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Tay Hydro Inc.

##### (iii) Accounting for County and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Simcoe are not reflected in these consolidated financial statements.

##### (iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds supplemental financial information.

#### (b) Basis of Accounting

##### (i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. This method recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

## THE CORPORATION OF THE TOWNSHIP OF TAY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 15 to 50 years  
Buildings - 50 to 75 years  
Machinery, equipment and furniture - 4 to 30 years  
Vehicles - 4 to 25 years  
Linear assets - 7 to 100 years

No amortization is taken in the year of acquisition and a full year is taken in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Municipality has a capitalization threshold of \$5,000; individual tangible capital assets of lesser value are expensed in the year of purchase.

(iii) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks and short term deposits with original maturities of three months or less.

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(vi) Deferred revenue

The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended. The Municipality also defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed.

## THE CORPORATION OF THE TOWNSHIP OF TAY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

- (vii) Taxation and related revenues  
Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (viii) Pensions and employee benefits  
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.
- (ix) 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 date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable, various employee matters, historical cost and useful lives of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.
- (x) Land inventory  
Land inventory is held for resale and is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

## 2. CASH

Cash consists of the following:

	2021	2020
Unrestricted	\$ 10,448,149	\$ 10,384,807
Restricted	9,383,576	7,856,170
	<b>\$ 19,831,725</b>	<b>\$ 18,240,977</b>

Restricted cash includes development charges, cash in lieu of parkland, conditional grants (included in deferred revenue), water and wastewater reserves and library.

# THE CORPORATION OF THE TOWNSHIP OF TAY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

### 3. OPERATIONS OF SCHOOL BOARDS AND COUNTY

Further to Note 1(a)(iii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards and county. The amounts collected, remitted and outstanding are as follows:

	2021 School Boards	2021 County	2021 Total	2020 Total
Payable (receivable) at the beginning of the year	\$ (1,001)	\$ -	\$ (1,001)	\$ -
Taxation and payments-in-lieu, net of adjustments	2,586,955	4,063,899	6,650,854	6,780,910
Remitted during the year	(2,755,532)	(4,073,685)	(6,829,217)	(6,781,911)
<b>Payable (receivable) at the end of the year</b>	<b>\$ (169,578)</b>	<b>\$ (9,786)</b>	<b>\$ (179,364)</b>	<b>\$ (1,001)</b>

### 4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$66,713 (2020 \$64,213) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

### 5. INVESTMENT IN TAY HYDRO INC.

Tay Hydro Inc., a corporation incorporated under the laws of the Province of Ontario, is a 7% shareholder of Newmarket-Tay Power Distribution Ltd., a 7% shareholder of Envi Networks Ltd. and sole shareholder of Tay Contracting Inc., a services company. The corporation of the Township of Tay owns 100% of the outstanding shares. Tay Hydro Inc. uses the equity method to account for its investment in Newmarket-Tay Power Distribution Ltd. Condensed financial information in respect to Tay Hydro Inc. is provided below.

	2021	2020
<b>Consolidated Balance Sheet</b>		
Assets:		
Total Assets	\$ 3,419,253	\$ 3,338,570
Liabilities:		
Debt due to shareholders (Note 6)	\$ 9,910	\$ 19,820
Other liabilities	54,750	109,430
Total Liabilities	64,660	129,250
Equity		
Shareholder's equity	3,354,593	3,209,320
Total Equity	3,354,593	3,209,320
Total Liabilities and Equity	\$ 3,419,253	\$ 3,338,570
Municipality's share of equity (100% ownership)	\$ 3,354,593	\$ 3,209,320

## THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

### Consolidated Statement of Operations, Retained Earnings and Comprehensive Income

Total Revenues	253,452	160,230
Total Expenses	12,222	21,231
Other comprehensive income (loss)	5,043	(6,150)
Income taxes	-	(466)
Net income and comprehensive income	246,273	133,315
Less: dividends	(101,000)	(101,000)
Net income (loss), net of dividends	\$ 145,273	\$ 32,315
Municipality's share of net income (loss), net of dividends (100% ownership)	\$ 145,273	\$ 32,315

During 2021 the municipality received \$101,000 (2020 - \$101,000) in dividends from Tay Hydro Inc. and \$95,507 (2020 - \$95,507) in interest from Newmarket-Tay Power Distribution Ltd., which is included with other revenues.

#### 6. DUE FROM TAY HYDRO INC.

The amount receivable from Tay Hydro Inc. is comprised of the following:

	2021	2020
Promissory notes receivable, non-interest bearing, no specific terms of repayment	\$ 9,910	\$ 19,820

#### 7. DUE FROM NEWMARKET-TAY POWER DISTRIBUTION LTD.

The amount receivable from Newmarket-Tay Power Distribution Ltd. is comprised of the following:

	2021	2020
Note receivable. 5.48% semi-annual interest, no due date. unsecured	\$ 1,742,821	\$ 1,742,821

## THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

### 8. DEFERRED REVENUE - GENERAL

The 2021 continuity of transactions within general deferred revenue are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Grants	\$ 702,920	\$ 91,847	\$ 2,718	\$ (133,971)	\$ 663,514
Other	176,542	176,562	-	(141,431)	211,673
	<b>\$ 879,462</b>	<b>\$ 268,409</b>	<b>\$ 2,718</b>	<b>\$ (275,402)</b>	<b>\$ 875,187</b>

### 9. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2021 continuity of transactions within the obligatory reserve funds are described below:

	Balance beginning of year	Contributions received	Interest earned	Amounts taken into revenue	Balance end of year
Development charges	\$ 1,333,320	\$ 565,684	\$ 10,763	\$ (286,476)	\$ 1,623,291
Recreational Land	70,704	7,625	392	-	78,721
Federal gas tax	-	624,091	1,111	(257,315)	367,887
	<b>\$ 1,404,024</b>	<b>\$ 1,197,400</b>	<b>\$ 12,266</b>	<b>\$ (543,791)</b>	<b>\$ 2,069,899</b>

## THE CORPORATION OF THE TOWNSHIP OF TAY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

#### 10. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2021	2020
Infrastructure Ontario, due September 2047, repayable in semi annual payments of \$81,160 including interest calculated at 3.50% and is unsecured.	\$ 2,756,174	\$ 2,820,338
Infrastructure Ontario, due October 2022, repayable in semi annual payments of \$247,125 including interest calculated at 5.07% and is unsecured.	476,072	928,894
Infrastructure Ontario, due September 2042, repayable in semi annual payments of \$53,638 including interest calculated at 3.41% and is unsecured.	1,599,353	1,650,773
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	1,007,285	1,062,910
Toronto-Dominion Bank, due May 2027, repayable in monthly payments of \$10,307 including interest calculated at 3.72% and is unsecured.	603,132	702,375
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	765,996	808,296
Infrastructure Ontario, due August 2022, repayable in semi annual payments of \$22,426 including interest calculated at 2.74% and is unsecured.	43,946	86,713
Ontario tile drainage loans on behalf of benefiting landowners, due dates range between 2015 and 2025, repayable in annual payments of varying amounts including interest calculated at 6.00% and is secured by the related properties.	22,180	31,628
Share of SSEA loan from Tiny, due July 2022, repayable in annual payments of \$9,333 interest free and is unsecured.	1,167	2,335
	<b>\$ 7,275,305</b>	<b>\$ 8,094,262</b>

## THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2021

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2022	\$ 855,040	\$ 249,469
2023	339,143	218,304
2024	351,221	206,226
2025	363,815	193,632
2026	372,270	180,625
2027 onwards	4,993,816	1,615,959
	<b>\$ 7,275,305</b>	<b>\$ 2,664,215</b>

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2021	2020
Principal payments	\$ 818,957	\$ 784,372
Interest	278,142	315,562
	<b>\$ 1,097,099</b>	<b>\$ 1,099,934</b>

### 11. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Contributed tangible capital assets

The Municipality records all tangible capital assets contributed by external parties at the fair market value. During the year \$nil (2020 \$40,000) such contributions were recorded.

(b) Tangible capital assets recorded at nominal value

Certain tangible capital assets have been assigned a nominal value because of the difficulty of establishing a reasonable historical cost. Land is the only category where nominal values were assigned.

(c) Works of art and historical treasures

No works of arts nor historical treasures are held by the municipality.

(d) Capitalization of Interest

The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.



## THE CORPORATION OF THE TOWNSHIP OF TAY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

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#### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

##### General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

##### Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

##### Transportation Services

Transportation Services include roadway systems and winter control.

##### Environmental Services

This segment includes sanitary sewers, waterworks and solid waste management.

##### Health Services

This segment includes Hospital contributions.

##### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

##### Planning and Development

This segment includes activities related to planning, zoning and economic development.

##### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent to specific segments.

# THE CORPORATION OF THE TOWNSHIP OF TAY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

### 12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,898,355	\$ 9,898,355
User fees	92,614	104,563	8,315	5,302,005	16,010	40,856	53,295	-	5,617,658
Government transfers	37,059	361,366	772,216	96,311	-	72,687	143,603	1,104,500	2,587,742
Contributions from obligatory reserve funds	-	-	84,344	192,330	-	9,802	-	-	286,476
Tay Hydro Inc. income (loss)	-	-	-	-	-	-	-	145,273	145,273
Other	601,790	47,643	81,917	56,920	10,467	74,823	275,481	-	1,149,041
<b>TOTAL REVENUE</b>	<b>731,463</b>	<b>513,572</b>	<b>946,792</b>	<b>5,647,566</b>	<b>26,477</b>	<b>198,168</b>	<b>472,379</b>	<b>11,148,128</b>	<b>19,684,545</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,558,484	1,007,532	1,161,275	649,789	-	1,018,784	247,774	-	5,643,638
Long-term debt charges (interest)	-	55,271	26,582	212,972	-	1,623	1,403	-	297,851
Operating expenses	160,762	2,338,768	1,172,442	2,445,386	51,476	483,165	238,957	-	6,890,956
Amortization	103,223	278,327	1,653,963	2,264,146	-	312,305	-	-	4,611,964
<b>TOTAL EXPENSES</b>	<b>1,822,469</b>	<b>3,679,898</b>	<b>4,014,262</b>	<b>5,572,293</b>	<b>51,476</b>	<b>1,815,877</b>	<b>488,134</b>	<b>-</b>	<b>17,444,409</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,091,006)</b>	<b>\$ (3,166,326)</b>	<b>\$ (3,067,470)</b>	<b>\$ 75,273</b>	<b>\$ (24,999)</b>	<b>\$ (1,617,709)</b>	<b>\$ (15,755)</b>	<b>\$ 11,148,128</b>	<b>\$ 2,240,136</b>

**THE CORPORATION OF THE TOWNSHIP OF TAY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended December 31, 2021

**12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,553,076	\$ 9,553,076
User fees	92,794	76,032	2,319	5,097,702	4,272	8,842	47,852	-	5,329,813
Government transfers	21,431	281,545	304,363	549,697	-	109,385	129,928	1,178,300	2,574,649
Contributions from obligatory reserve funds	-	-	148,183	833,874	-	8,325	2,057	-	992,439
Tay Hydro Inc.income	-	-	-	-	-	-	-	32,315	32,315
Other	626,254	44,661	59,564	88,459	1,126	88,583	277,583	-	1,186,230
<b>TOTAL REVENUE</b>	<b>740,479</b>	<b>402,238</b>	<b>514,429</b>	<b>6,569,732</b>	<b>5,398</b>	<b>215,135</b>	<b>457,420</b>	<b>10,763,691</b>	<b>19,668,522</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,362,754	1,066,971	1,227,801	824,110	-	891,420	249,325	-	5,622,381
Long-term debt charges (interest)	-	57,106	27,982	223,742	-	2,767	1,965	-	313,562
Operating expenses	418,423	2,301,080	1,104,224	2,388,222	35,743	535,337	231,823	-	7,014,852
Amortization	111,980	278,248	1,544,294	2,271,496	-	318,722	-	-	4,524,740
<b>TOTAL EXPENSES</b>	<b>1,893,157</b>	<b>3,703,405</b>	<b>3,904,301</b>	<b>5,707,570</b>	<b>35,743</b>	<b>1,748,246</b>	<b>483,113</b>	<b>-</b>	<b>17,475,535</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,152,678)</b>	<b>\$ (3,301,167)</b>	<b>\$ (3,389,872)</b>	<b>\$ 862,162</b>	<b>\$ (30,345)</b>	<b>\$ (1,533,111)</b>	<b>\$ (25,693)</b>	<b>\$ 10,763,691</b>	<b>\$ 2,192,987</b>

## THE CORPORATION OF THE TOWNSHIP OF TAY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

#### 13. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended to conform with the accounting and reporting standards adopted for the current year actual results.

#### 14. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The 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. 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 actuarial liabilities of \$119,342 million with respect to benefits accrued for service with actuarial assets at that date of \$116,211 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for the current year was \$338,005 (2020 \$356,069) for current service and is included as an expense on the Consolidated Statement of Operations.

The Township pays certain post retirement benefits on behalf of its retired employees, including extended health and dental coverage. The municipality recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2021 was \$454,837 (2020 \$423,637) and the net periodic benefit cost was determined by an actuarial valuation dated May 15, 2020. Actuarial valuations will be prepared every third year or when there are significant changes to the workforce. These costs are included as an expense on the Consolidated Statement of Operations.

	2021	2020
Accrued plan liability, beginning of year	\$ 591,675	\$ 611,200
Current service cost	39,238	38,100
Interest cost	13,525	12,700
Actuarial gain	(44,000)	(44,000)
Benefits paid for the period	(21,563)	(26,325)
Accrued plan liability	578,875	591,675
Unrecognized gain	(124,038)	(168,038)
<b>Accrued benefit obligation, end of year</b>	<b>\$ 454,837</b>	<b>\$ 423,637</b>

The main actuarial assumptions employed for the valuation are as follows:

a) General Inflation - Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 0.5% in 2019 and thereafter.

b) Interest (discount) rate - The obligation as at December 31, of the present value of future liabilities and the expense, was determined using an annual discount rate of 3.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 2.5%.

c) Salary levels - Future general salary levels were assumed to increase 2.0% per annum.

**THE CORPORATION OF THE TOWNSHIP OF TAY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
Year Ended December 31, 2021

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d) Drug costs - Drug costs were assumed to increase 8.2% in 2019, 8.0% in 2020, 7.8% in 2021, 7.6% in 2022, 7.4% in 2023, 7.2% in 2024, 7.0% in 2025, 6.8% in 2026, 6.6% in 2027, 6.4% in 2028, 6.2% in 2029, 6.0% in 2030, 5.8% in 2031, 5.6% in 2032, 5.4% in 2033, 5.2% in 2034, 5.0% in 2035, 4.8% in 2036, 4.6% in 2037, 4.4% in 2038, 4.2% in 2039, 4.0% in 2040 and thereafter.

e) Vision costs - Vision costs were assumed to increase 4.0% in 2019 and thereafter.

f) Other health care costs - Other health care costs were assumed to increase 4.0% in 2019 and thereafter.

g) Dental costs - Dental costs were assumed to increase 6.2% in 2019, 6.0% in 2020, 5.8% in 2021, 5.6% in 2022, 5.4% in 2023, 5.2% in 2024, 5.0% in 2025, 4.8% in 2026, 4.6% in 2027, 4.4% in 2028, 4.2% in 2029, 4.0% in 2030 and thereafter.

**15. CONTINGENT LIABILITY**

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality.

Annually, the municipality is unable to estimate its Ontario Provincial Police adjustment. As a result, the expense adjustment is recorded in the year in which it is received. A credit of \$17,695 was received in 2021 for services performed in 2020 (2020 \$14,162 credit).

**16. IMPACT OF COVID-19**

As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	Assets Under Construction	TOTAL 2021	TOTAL 2020
<b>COST</b>								
Balance, beginning of year	\$ 11,718,237	\$ 35,172,433	\$ 21,837,532	\$ 6,323,069	\$ 87,189,607	\$ 7,232,292	\$ 169,473,170	\$ 165,218,978
Additions and betterments	240,470	55,179	156,326	585,398	1,158,586	2,584,759	4,780,718	5,223,429
Disposals and writedowns	(20,755)	(50,983)	(50,522)	(110,863)	(267,570)		(500,693)	(969,237)
Allocation from work in progress			41,430			(41,430)		
<b>BALANCE, END OF YEAR</b>	<b>11,937,952</b>	<b>35,176,629</b>	<b>21,984,766</b>	<b>6,797,604</b>	<b>88,080,623</b>	<b>9,775,621</b>	<b>173,753,195</b>	<b>169,473,170</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	2,157,353	13,478,908	11,677,748	2,269,272	31,539,605		61,122,886	57,201,656
Annual amortization	216,482	429,794	1,623,524	415,939	1,926,225		4,611,964	4,524,740
Amortization disposals	(17,988)	(50,983)	(50,522)	(105,320)	(215,178)		(439,991)	(603,510)
<b>BALANCE, END OF YEAR</b>	<b>2,355,847</b>	<b>13,857,719</b>	<b>13,250,750</b>	<b>2,579,891</b>	<b>33,250,652</b>		<b>65,294,859</b>	<b>61,122,886</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 9,582,105</b>	<b>\$ 21,318,910</b>	<b>\$ 8,734,016</b>	<b>\$ 4,217,713</b>	<b>\$ 54,829,971</b>	<b>\$ 9,775,621</b>	<b>\$ 108,458,336</b>	<b>\$ 108,350,284</b>

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**SUPPLEMENTARY UNAUDITED SCHEDULE OF SURPLUS**  
**2021**

	2021	2020
<b>RESERVES AND RESERVE FUNDS</b>		
Working capital	\$ 1,785,043	\$ 1,785,043
Contingencies	534,137	624,634
Replacement of equipment	873,723	799,942
Current purposes	1,378,146	1,411,558
Capital purposes	7,605,751	7,303,911
Hydro	1,742,821	1,742,821
Modernization	664,457	676,935
Tax rate stabilization reserve	648,140	210,311
Cemetery	37,443	47,482
Library and donations reserve	457,293	336,839
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>15,726,954</b>	<b>14,939,476</b>
<b>OTHER</b>		
Tangible capital assets	101,098,233	100,287,650
General operating surplus (deficit)	831,821	248,695
Recreation, community centres and arenas	25,635	22,882
Heritage committee	21,171	18,043
Fire department	2,944	8,606
Other	77,545	145,500
Severn Sound Environmental Association accumulated (deficit) surplus (12.5%)	(10,344)	21,044
Unfunded employee future benefits	(578,875)	(591,675)
Investment in Government Business Enterprises	3,374,413	3,229,140
<b>TOTAL OTHER</b>	<b>104,842,543</b>	<b>103,389,885</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$120,569,497</b>	<b>\$118,329,361</b>

**THE CORPORATION OF THE TOWNSHIP OF TAY**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**TAY PUBLIC LIBRARY**

Condensed financial information in respect to Tay Public Library is provided below.

**STATEMENT OF FINANCIAL POSITION**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 363,001	\$ 261,222
Trade and other receivables	33,932	825
Receivable from own municipality	73,338	90,948
	<b>470,271</b>	<b>352,995</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	14,814	17,993
	<b>14,814</b>	<b>17,993</b>
<b>NET FINANCIAL ASSETS</b>	<b>455,457</b>	<b>335,002</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net	394,574	419,748
	<b>394,574</b>	<b>419,748</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 850,031</b>	<b>\$ 754,750</b>

**STATEMENT OF OPERATIONS**

	Budget 2021 (Note 13)	Actual 2021	Actual 2020
<b>REVENUE</b>			
Municipal contributions	\$ 473,024	\$ 473,024	\$ 465,444
Provincial grants	33,932	33,932	35,225
Contributions from obligatory reserve fund	8,325	9,802	8,325
Other	7,700	9,528	6,473
<b>TOTAL REVENUE</b>	<b>522,981</b>	<b>526,286</b>	<b>515,467</b>
<b>EXPENSES</b>			
Wages and benefits	391,571	313,974	313,772
Materials and contracted services	86,060	70,074	75,997
Amortization	46,957	46,957	47,747
<b>TOTAL EXPENSES</b>	<b>524,588</b>	<b>431,005</b>	<b>437,516</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(1,607)</b>	<b>95,281</b>	<b>77,951</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>754,750</b>	<b>754,750</b>	<b>676,799</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 753,143</b>	<b>\$ 850,031</b>	<b>\$ 754,750</b>



# THE CORPORATION OF THE TOWNSHIP OF TAY

## SUPPLEMENTARY FINANCIAL INFORMATION

### TRUST FUNDS

Condensed financial information in respect to Trust funds held for Victoria Harbour Union Cemetery is provided below.

### STATEMENT OF FINANCIAL POSITION

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 64,272	\$ 63,920
Due from cemetery board	2,441	293
	<b>66,713</b>	<b>64,213</b>
<b>LIABILITIES</b>		
<b>NET FINANCIAL ASSETS</b>	<b>66,713</b>	<b>64,213</b>
<b>NON-FINANCIAL ASSETS</b>		
<b>ACCUMULATED SURPLUS</b>	<b>\$ 66,713</b>	<b>\$ 64,213</b>

### STATEMENT OF OPERATIONS

	Actual 2021	Actual 2020
<b>REVENUE</b>		
Interest earned	\$ 347	\$ 959
Care and maintenance collected	2,500	900
<b>TOTAL REVENUE</b>	<b>2,847</b>	<b>1,859</b>
<b>EXPENSES</b>		
Transfer to cemetery operations	347	959
<b>TOTAL EXPENSES</b>	<b>347</b>	<b>959</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>2,500</b>	<b>900</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>64,213</b>	<b>63,313</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 66,713</b>	<b>\$ 64,213</b>