

**THE CORPORATION OF THE
TOWNSHIP OF TAY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

THE CORPORATION OF THE TOWNSHIP OF TAY
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INDEPENDENT AUDITORS' REPORT

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, which comprise the consolidated statement of financial position as at December 31, 2020, 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 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, 2020, 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 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 Financial Statements

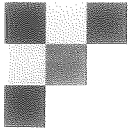
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements 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 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 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.

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
September 22, 2021

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, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 18,240,977	\$ 17,085,752
Accounts receivable, net of allowance of \$194,305 (2019 - \$135,061)	2,619,718	2,357,498
Investment in Tay Hydro Inc. (Note 5)	3,209,320	3,177,005
Due from Tay Hydro Inc. (Note 6)	19,820	19,820
Debt Recoverable from Others	31,628	40,540
Due from Newmarket-Tay Power Distribution Ltd. (Note 7)	1,742,821	1,742,821
	25,864,284	24,423,436
LIABILITIES		
Accounts payable and accrued liabilities	4,901,135	4,457,730
Deferred revenue - general (Note 8)	879,462	786,630
Deferred revenue - obligatory reserve funds (Note 9)	1,404,024	1,575,270
Interest on long-term liabilities	66,490	73,063
Municipal debt (Note 10)	8,094,262	8,875,134
Employee benefits payable (Note 14)	591,675	611,200
	15,937,048	16,379,027
NET FINANCIAL ASSETS	9,927,236	8,044,409
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 11, Schedule 1)	108,350,284	108,017,322
Prepaid expenses	51,841	74,643
	108,402,125	108,091,965
ACCUMULATED SURPLUS	\$ 118,329,361	\$ 116,136,374

CONTINGENT LIABILITIES (Note 15)

APPROVED ON BEHALF OF COUNCIL:



Mayor

THE CORPORATION OF THE TOWNSHIP OF TAY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020	Actual 2020	Actual 2019
REVENUE			
Property taxes	\$ 9,452,914	\$ 9,553,076	\$ 9,374,535
User fees	5,462,399	5,329,813	5,568,724
Government transfers	2,537,243	2,574,649	2,849,448
Contributions from obligatory reserve fund	1,852,939	992,439	478,184
Tay Hydro Inc. income (loss) (Note 5)	-	32,315	(202,608)
Other	1,093,829	1,186,230	1,517,323
TOTAL REVENUE	20,399,324	19,668,522	19,585,606
EXPENSES			
General government	2,101,233	1,893,157	2,163,320
Protection to persons and property	3,619,218	3,703,405	3,465,340
Transportation services	4,144,713	3,904,301	3,689,983
Environmental services	5,725,225	5,707,570	5,517,373
Health services	32,000	35,743	35,580
Recreation and culture	2,012,516	1,748,246	1,901,313
Planning and development	592,784	483,113	495,451
TOTAL EXPENSES	18,227,689	17,475,535	17,268,360
ANNUAL SURPLUS	2,171,635	2,192,987	2,317,246
ACCUMULATED SURPLUS, BEGINNING OF YEAR	116,136,374	116,136,374	113,819,128
ACCUMULATED SURPLUS, END OF YEAR	\$ 118,308,009	\$ 118,329,361	\$ 116,136,374

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, 2020

	Budget 2020 (Note 13)	Actual 2020	Actual 2019
Annual surplus	\$ 2,171,635	\$ 2,192,987	\$ 2,317,246
Acquisition of tangible capital assets	(11,149,660)	(5,183,429)	(4,562,235)
Amortization of tangible capital assets	4,524,740	4,524,740	4,396,224
Contributed tangible capital assets	(40,000)	(40,000)	(43,604)
(Gain) loss on disposition of tangible capital assets	-	365,183	218,653
Proceeds on disposition of tangible capital assets	-	544	107,419
Change in prepaid expense	-	22,802	32,276
Increase (decrease) in net financial assets	(4,493,285)	1,882,827	2,465,979
Net financial assets (debt), beginning of year	8,044,409	8,044,409	5,578,430
Net financial assets (debt), end of year	\$ 3,551,124	\$ 9,927,236	\$ 8,044,409

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, 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 2,192,987	\$ 2,317,246
Non-cash charges to operations:		
Amortization	4,524,740	4,396,224
(Gain)loss on disposal of tangible capital assets	365,183	218,653
Contributed tangible capital assets	(40,000)	(43,604)
	7,042,910	6,888,519
Changes in non-cash items:		
Accounts receivable	(262,220)	(53,079)
Accounts payable and accrued liabilities	443,405	1,066,634
Deferred revenue - general	92,832	342,327
Deferred revenue - obligatory reserve funds	(171,246)	145,919
Interest on long-term liabilities	(6,573)	(7,510)
Employee benefits payable	(19,525)	(9,772)
Prepaid expenses	22,802	32,276
	99,475	1,516,795
Cash provided by operating transactions	7,142,385	8,405,314
Capital transactions		
Acquisition of tangible capital assets	(5,183,429)	(4,562,235)
Proceeds on disposal of tangible capital asset	544	107,419
Cash applied to capital transactions	(5,182,885)	(4,454,816)
Investing transactions		
Tay Hydro Inc.	(32,315)	202,608
Cash provided by investing transactions	(32,315)	202,608
Financing transactions		
Debt recoverable	8,912	8,409
Debt advances	3,500	-
Debt principal repayments	(784,372)	(750,294)
Cash applied to financing transactions	(771,960)	(741,885)
Net change in cash and cash equivalents	1,155,225	3,411,221
Cash and cash equivalents, beginning of year	17,085,752	13,674,531
Cash and cash equivalents, end of year	\$ 18,240,977	\$ 17,085,752

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, 2020

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:

Severn 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, 2020

(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) 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.

(iv) 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.

(v) 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, 2020

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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:

	2020	2019
Unrestricted	\$ 10,384,807	\$ 9,219,960
Restricted	7,856,170	7,865,792
	\$ 18,240,977	\$ 17,085,752

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, 2020

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:

	2020 School Boards	2020 County	2020 Total	2019 Total
Payable at the beginning of the year	\$ -	\$ -	\$ -	\$ -
Taxation and payments-in-lieu, net of adjustments	2,790,727	3,990,183	6,780,910	6,649,441
Remitted during the year	(2,791,728)	(3,990,183)	(6,781,911)	(6,649,441)
Payable (receivable) at the end of the year	\$ (1,001)	\$ -	\$ (1,001)	\$ -

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$64,213 (2019 \$63,313) 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.

	2020	2019
Consolidated Balance Sheet		
Assets:		
Total Assets	\$ 3,338,570	\$ 3,278,557
Liabilities:		
Debt due to shareholders (Note 6)	\$ 19,820	\$ 19,820
Other liabilities	109,430	81,732
Total Liabilities	129,250	101,552
Equity		
Shareholder's equity	3,209,320	3,177,005
Total Equity	3,209,320	3,177,005
Total Liabilities and Equity	\$ 3,338,570	\$ 3,278,557
Municipality's share of equity (100% ownership)	\$ 3,209,320	\$ 3,177,005

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

Consolidated Statement of Operations, Retained Earnings and Comprehensive Income

Total Revenues	160,230	(63,897)
Total Expenses	21,231	33,929
Other comprehensive income (loss)	(6,150)	(5,982)
Income taxes	(466)	(2,200)
Net income and comprehensive income	133,315	(101,608)
Less: dividends	(101,000)	(101,000)
Net income (loss), net of dividends	\$ 32,315	\$ (202,608)
Municipality's share of net income (loss), net of dividends (100% ownership)	\$ 32,315	\$ (202,608)

During 2020 the municipality received \$101,000 (2019 - \$101,000) in dividends from Tay Hydro Inc. and \$95,507 (2019 - \$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:

	2020	2019
Promissory notes receivable, non-interest bearing, no specific terms of repayment	\$ 19,820	\$ 19,820

7. DUE FROM NEWMARKET-TAY POWER DISTRIBUTION LTD.

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

	2020	2019
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, 2020

8. DEFERRED REVENUE - GENERAL

The 2020 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	\$ 646,988	\$ 915,112	\$ 6,572	\$ (865,752)	\$ 702,920
Other	139,642	132,976	-	(96,076)	176,542
	\$ 786,630	\$ 1,048,088	\$ 6,572	\$ (961,828)	\$ 879,462

9. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2020 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	\$ 1,508,934	\$ 799,066	\$ 17,759	\$ (992,439)	\$ 1,333,320
Recreational Land	66,336	3,750	618	-	70,704
Federal gas tax	-	304,363	802	(305,165)	-
	\$ 1,575,270	\$ 1,107,179	\$ 19,179	\$(1,297,604)	\$ 1,404,024

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

10. MUNICIPAL DEBT

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

	2020	2019
Infrastructure Ontario, due September 2047, repayable in semi annual payments of \$81,160 including interest calculated at 3.50% and is unsecured.	\$ 2,820,338	\$ 2,882,315
Infrastructure Ontario, due October 2022, repayable in semi annual payments of \$247,125 including interest calculated at 5.07% and is unsecured.	928,894	1,359,603
Infrastructure Ontario, due September 2042, repayable in semi annual payments of \$53,638 including interest calculated at 3.41% and is unsecured.	1,650,773	1,700,483
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	1,062,910	1,116,722
Toronto-Dominion Bank, due May 2027, repayable in monthly payments of \$10,307 including interest calculated at 3.72% and is unsecured.	702,375	797,921
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	808,296	849,218
Infrastructure Ontario, due August 2022, repayable in semi annual payments of \$22,426 including interest calculated at 2.74% and is unsecured.	86,713	128,332
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.	31,628	40,540
Share of SSEA loan from Tiny, due July 2022, repayable in annual payments of \$9,333 interest free and is unsecured.	2,335	-
	\$ 8,094,262	\$ 8,875,134

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

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

	Principal	Interest
2021	\$ 818,957	\$ 285,552
2022	855,040	249,469
2023	339,143	218,304
2024	351,221	206,226
2025	363,815	193,632
2026 onwards	5,366,086	1,796,584
	\$ 8,094,262	\$ 2,949,767

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

	2020	2019
Principal payments	\$ 784,372	\$ 750,294
Interest	315,562	345,538
	\$ 1,099,934	\$ 1,095,832

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 \$40,000 (2019 \$43,604) 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, 2020

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, 2020

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUE	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,553,076	\$ 9,553,076
User fees	92,794	76,032	2,319	5,097,702	4,272	8,842	47,352	-	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 (loss)	-	-	-	-	-	-	-	32,315	32,315
Other	626,254	44,661	59,564	88,459	1,126	88,583	277,583	-	1,186,230
TOTAL REVENUE	740,479	402,238	514,429	6,569,732	5,398	215,135	457,420	10,763,691	19,668,522
EXPENSES									
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
TOTAL EXPENSES	1,893,157	3,703,405	3,904,301	5,707,570	35,743	1,748,246	483,113	-	17,475,535
ANNUAL SURPLUS (DEFICIT)	\$ (1,152,678)	\$ (3,301,167)	\$ (3,389,872)	\$ 862,162	\$ (30,345)	\$ (1,533,111)	\$ (25,693)	\$ 10,763,691	\$ 2,192,987

THE CORPORATION OF THE TOWNSHIP OF TAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,374,535	\$ 9,374,535
User fees	165,147	154,252	5,815	5,032,283	2,100	83,027	126,100	-	5,568,724
Government transfers	2,991	35,896	623,657	154,293	-	67,622	85,654	1,879,335	2,849,448
Contributions from obligatory reserve funds	-	-	132,373	303,294	-	37,362	5,155	-	478,184
Tay Hydro Inc. income	-	-	-	-	-	-	-	(202,608)	(202,608)
Other	758,726	81,213	81,539	132,252	61,306	76,985	325,302	-	1,517,323
TOTAL REVENUE	926,864	271,361	843,384	5,622,122	63,406	264,996	542,211	11,051,262	19,585,606
EXPENSES									
Salaries, wages and benefits	1,363,791	1,021,893	1,134,299	811,650	-	1,059,885	238,780	-	5,630,298
Long-term debt charges (interest)	-	58,400	29,311	251,478	-	3,866	2,483	-	345,538
Operating expenses	692,785	2,160,024	1,023,045	2,188,162	35,580	542,412	254,188	-	6,896,196
Amortization	106,744	225,023	1,503,328	2,266,083	-	295,150	-	-	4,396,328
TOTAL EXPENSES	2,163,320	3,465,340	3,689,983	5,517,373	35,580	1,901,313	495,451	-	17,268,360
ANNUAL SURPLUS (DEFICIT)	\$ (1,236,456)	\$ (3,193,979)	\$ (2,846,599)	\$ 104,749	\$ 27,826	\$ (1,636,317)	\$ 46,760	\$ 11,051,262	\$ 2,317,246

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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, 2020. The results of this valuation disclosed total actuarial liabilities of \$111,820 million with respect to benefits accrued for service with actuarial assets at that date of \$108,609 million indicating an actuarial deficit of \$3,211 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 \$356,069 (2019 \$352,927) 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, 2020 was \$423,637 (2019 \$399,162) 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.

	2020	2019
Accrued plan liability, beginning of year	\$ 611,200	\$ 620,972
Current service cost	38,100	37,990
Interest cost	12,700	12,763
Actuarial gain	(44,000)	(46,037)
Benefits paid for the period	(26,325)	(14,488)
Accrued plan liability	591,675	611,200
Unrecognized gain	(168,038)	(212,038)
Accrued benefit obligation, end of year	\$ 423,637	\$ 399,162

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, 2020

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 \$14,162 was received in 2020 for services performed in 2019 (2019 \$25,111 credit).

16. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at December 31, 2020, management is uncertain of the effects of changes in operations on its financial statements as a result of the COVID-19 crisis and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, the potential impact on the Municipality's operations as at the date of the financial statements cannot be reasonably estimated.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

**THE CORPORATION OF THE TOWNSHIP OF TAY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	Assets Under Construction	TOTAL 2020	TOTAL 2019
COST								
Balance, beginning of year	\$ 11,441,539	\$ 35,007,960	\$ 21,515,750	\$ 5,853,329	\$ 85,336,076	\$ 6,064,324	\$ 165,218,978	\$ 162,341,382
Additions and betterments	155,249	74,038	384,944	537,238	2,104,690	1,967,270	5,223,429	4,605,839
Disposals and write-downs		(29,203)	(69,851)	(67,498)	(571,449)	(231,236)	(969,237)	(1,728,243)
Allocation from work in progress	121,449	119,638	6,689		320,290	(568,066)		
BALANCE, END 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
ACCUMULATED AMORTIZATION								
Balance, beginning of year	1,976,009	12,732,216	10,430,427	1,947,957	30,115,047		57,201,656	54,207,603
Annual amortization	181,344	752,002	1,314,114	387,064	1,890,216		4,524,740	4,396,224
Amortization disposals		(5,310)	(66,793)	(65,749)	(465,658)		(603,510)	(1,402,171)
BALANCE, END OF YEAR	2,157,353	13,478,908	11,677,748	2,269,272	31,539,605		61,122,886	57,201,656
TANGIBLE CAPITAL ASSETS-NET	\$ 9,560,884	\$ 21,693,525	\$ 10,159,784	\$ 4,053,797	\$ 55,650,002	\$ 7,232,292	\$ 108,350,284	\$ 108,017,322

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

2020

	2020	2019
RESERVES AND RESERVE FUNDS		
Working capital	\$ 1,785,043	\$ 1,785,043
Contingencies	624,634	827,070
Replacement of equipment	799,942	554,911
Current purposes	1,411,558	1,259,837
Capital purposes	7,303,911	7,074,167
Hydro	1,742,821	1,742,821
Modernization	676,935	676,935
Tax rate stabilization reserve	210,311	-
Cemetery	47,482	52,826
Library and donations reserve	336,839	236,886
TOTAL RESERVES AND RESERVE FUNDS	14,939,476	14,210,496
OTHER		
Tangible capital assets	100,287,650	99,182,728
General operating surplus (deficit)	248,695	84,500
Recreation, community centres and arenas	22,882	20,767
Heritage committee	18,043	13,093
Fire department	8,606	2,198
Other	145,500	41,436
Severn Sound Environmental Association accumulated (deficit) surplus (12.5%)	21,044	(4,469)
Unfunded employee future benefits	(591,675)	(611,200)
Investment in Government Business Enterprises	3,229,140	3,196,825
TOTAL OTHER	103,389,885	101,925,878
ACCUMULATED SURPLUS	\$118,329,361	\$116,136,374

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

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 261,222	\$ 205,710
Trade and other receivables	825	34,493
Receivable from own municipality	90,948	3,667
	352,995	243,870
LIABILITIES		
Accounts payable and accrued liabilities	17,993	11,526
	17,993	11,526
NET FINANCIAL ASSETS	335,002	232,344
NON-FINANCIAL ASSETS		
Tangible capital assets - net	419,748	441,750
Prepaid expenses	-	2,705
	419,748	444,455
ACCUMULATED SURPLUS	\$ 754,750	\$ 676,799

STATEMENT OF OPERATIONS

	Budget 2020 (Note 13)	Actual 2020	Actual 2019
REVENUE			
Municipal contributions	\$ 465,444	\$ 465,444	\$ 444,678
Provincial grants	33,932	35,225	33,903
Contributions from obligatory reserve fund	8,325	8,325	10,049
Other	5,250	6,473	17,469
TOTAL REVENUE	512,951	515,467	506,099
EXPENSES			
Wages and benefits	378,748	313,772	342,001
Materials and contracted services	88,303	75,997	86,539
Amortization	47,747	47,747	49,500
TOTAL EXPENSES	514,798	437,516	478,040
ANNUAL SURPLUS (DEFICIT)	(1,847)	77,951	28,059
ACCUMULATED SURPLUS, BEGINNING OF YEAR	676,799	676,799	648,740
ACCUMULATED SURPLUS, END OF YEAR	\$ 674,952	\$ 754,750	\$ 676,799

THE CORPORATION OF THE TOWNSHIP OF TAY

SUPPLEMENTARY FINANCIAL INFORMATION

TRUST FUNDS

Effective September 18, 2019 the ownership and maintenance of the Victoria Harbour Union Cemetery was transferred to the Township of Tay. The accumulated surplus of \$52,826 of the Cemetery Board was recorded as revenue in 2019 and added to the Township's accumulated surplus. Condensed financial information in respect to Trust funds held for Victoria Harbour Union Cemetery is provided below.

STATEMENT OF FINANCIAL POSITION

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 63,920	\$ 63,257
Due from cemetery board	293	56
	64,213	63,313
LIABILITIES		
NET FINANCIAL ASSETS	64,213	63,313
NON-FINANCIAL ASSETS		
ACCUMULATED SURPLUS	\$ 64,213	\$ 63,313

STATEMENT OF OPERATIONS

	Actual 2020	Actual 2019
REVENUE		
Interest earned	\$ 959	\$ 1,038
Care and maintenance collected	900	100
Gain on disposal of investments	-	1,348
TOTAL REVENUE	1,859	2,486
EXPENSES		
Transfer to cemetery operations	959	1,038
TOTAL EXPENSES	959	1,038
ANNUAL SURPLUS (DEFICIT)	900	1,448
ACCUMULATED SURPLUS, BEGINNING OF YEAR	63,313	61,865
ACCUMULATED SURPLUS, END OF YEAR	\$ 64,213	\$ 63,313