

**THE CORPORATION OF THE
TOWNSHIP OF TAY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2022, 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, 2022, 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.

Other Matter

The comparative financial statements as at December 31, 2021 have been restated as disclosed in Note 2 to the financial statements.

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:

- 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
March 27, 2024

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, 2022

	2022	2021 (Note 2)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 21,781,015	\$ 19,831,725
Accounts receivable, net of allowance of \$5,000 (2021 - \$5,000)	3,261,726	2,277,673
Investment in Tay Hydro Inc. (Note 6)	3,446,873	2,929,593
Due from Tay Hydro Inc. (Note 7)	9,910	9,910
Debt Recoverable from Others	12,166	22,181
Due from Newmarket-Tay Power Distribution Ltd. (Note 8)	1,742,821	1,742,821
	30,254,511	26,813,903
LIABILITIES		
Accounts payable and accrued liabilities	4,537,960	4,364,626
Deferred revenue - general (Note 9)	2,105,911	875,187
Deferred revenue - obligatory reserve funds (Note 10)	1,578,533	2,069,899
Interest on long-term liabilities	51,543	59,079
Municipal debt (Note 11)	6,420,265	7,275,305
Employee benefits payable (Note 15)	561,037	578,875
	15,255,249	15,222,971
NET FINANCIAL ASSETS	14,999,262	11,590,932
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 12, Schedule 1)	107,847,678	108,458,336
Prepaid expenses	44,239	95,229
	107,891,917	108,553,565
ACCUMULATED SURPLUS	\$ 122,891,179	\$ 120,144,497

CONTINGENT LIABILITIES (Note 16)

APPROVED ON BEHALF OF COUNCIL:

_____ 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, 2022

	Budget 2022 (Note 14)	Actual 2022	Actual 2021 (Note 2)
REVENUE			
Property taxes	\$ 10,268,073	\$ 10,276,957	\$ 9,898,355
User fees	5,831,404	5,925,199	5,617,658
Government transfers	3,439,998	2,270,364	2,588,460
Contributions from obligatory reserve fund	408,241	412,262	286,476
Tay Hydro Inc. income (loss) (Note 6)	-	517,280	97,273
Other	1,219,858	1,954,040	1,149,041
TOTAL REVENUE	21,167,574	21,356,102	19,637,263
EXPENSES			
General government	2,380,238	2,446,658	1,822,469
Protection to persons and property	3,837,045	3,768,136	3,679,898
Transportation services	4,575,614	4,432,141	4,014,262
Environmental services	5,327,443	5,411,176	5,573,011
Health services	25,000	34,909	51,476
Recreation and culture	2,151,099	2,025,232	1,815,877
Planning and development	661,542	491,168	488,134
TOTAL EXPENSES	18,957,981	18,609,420	17,445,127
ANNUAL SURPLUS	2,209,593	2,746,682	2,192,136
ACCUMULATED SURPLUS, BEGINNING OF YEAR	120,144,497	120,144,497	117,952,361
ACCUMULATED SURPLUS, END OF YEAR	\$ 122,354,090	\$ 122,891,179	\$ 120,144,497

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, 2022

	Budget 2022 (Note 14)	Actual 2022	Actual 2021 (Note 2)
Annual surplus	\$ 2,209,593	\$ 2,746,682	\$ 2,192,136
Acquisition of tangible capital assets	(7,539,425)	(3,817,623)	(4,780,718)
Amortization of tangible capital assets	4,252,042	4,252,042	4,611,964
(Gain) loss on disposition of tangible capital assets	-	142,220	(13,033)
Proceeds on disposition of tangible capital assets	-	34,019	73,735
Change in prepaid expense	-	50,990	(43,388)
Increase (decrease) in net financial assets	(1,077,790)	3,408,330	2,040,696
Net financial assets (debt), beginning of year	11,590,932	11,590,932	9,550,236
Net financial assets (debt), end of year	\$ 10,513,142	\$ 14,999,262	\$ 11,590,932

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, 2022

	2022	2021 (Note 2)
Operating transactions		
Annual surplus	\$ 2,746,682	\$ 2,192,136
Non-cash charges to operations:		
Amortization	4,252,042	4,611,964
(Gain)loss on disposal of tangible capital assets	142,220	(13,033)
	<u>7,140,944</u>	<u>6,791,067</u>
Changes in non-cash items:		
Accounts receivable	(984,053)	342,045
Accounts payable and accrued liabilities	173,334	(536,509)
Deferred revenue - general	1,230,724	(4,275)
Deferred revenue - obligatory reserve funds	(491,366)	665,875
Interest on long-term liabilities	(7,536)	(7,411)
Employee benefits payable	(17,838)	(12,800)
Prepaid expenses	50,990	(43,388)
	<u>(45,745)</u>	<u>403,537</u>
Cash provided by operating transactions	<u>7,095,199</u>	<u>7,194,604</u>
Capital transactions		
Acquisition of tangible capital assets	(3,817,623)	(4,780,718)
Proceeds on disposal of tangible capital asset	34,019	73,735
Cash applied to capital transactions	<u>(3,783,604)</u>	<u>(4,706,983)</u>
Investing transactions		
Tay Hydro Inc.	(517,280)	(97,273)
Repayment of promissory note	-	9,910
Cash provided by investing transactions	<u>(517,280)</u>	<u>(87,363)</u>
Financing transactions		
Debt recoverable	10,015	9,447
Debt principal repayments	(855,040)	(818,957)
Cash applied to financing transactions	<u>(845,025)</u>	<u>(809,510)</u>
Net change in cash and cash equivalents	1,949,290	1,590,748
Cash and cash equivalents, beginning of year	19,831,725	18,240,977
Cash and cash equivalents, end of year	\$ 21,781,015	\$ 19,831,725

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, 2022

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 TAYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

- (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, 2022

- (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.

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

2. RESTATEMENT

The comparative figures included in these financial statements have been restated to conform with the accounting and reporting practices adopted for the current year. The change relates to the reporting of Tay Hydro Inc., which had understated the deferred tax liability and tax provision for deferred taxes due to the Company not recording a provision for the deferred tax liability on its investment in Newmarket Tay Power Distribution Ltd. The correction was applied on a retroactive restated basis.

The effects of this restatement are as follows:

Year ended December 31, 2021

ACCUMULATED SURPLUS	
Accumulated surplus, as previously reported	\$ 120,569,497
Tay Hydro Inc. adjustment for deferred taxes	(425,000)
ACCUMULATED SURPLUS, AS RESTATED	\$ 120,144,497

ANNUAL SURPLUS	
Annual surplus as previously reported	\$ 2,240,136
Tay Hydro Inc. provision for deferred taxes	(48,000)
ANNUAL SURPLUS, AS RESTATED	\$ 2,192,136

3. CASH

Cash consists of the following:

	2022	2021
Unrestricted	\$ 12,131,595	\$ 10,448,149
Restricted	9,649,420	9,383,576
	\$ 21,781,015	\$ 19,831,725

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, 2022

4. 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:

	2022 School Boards	2022 County	2022 Total	2021 Total
Payable (receivable) at the beginning of the year	\$ (169,578)	\$ (9,786)	\$ (179,364)	\$ (1,001)
Taxation and payments-in-lieu, net of adjustments	2,772,107	4,265,062	7,037,169	6,650,854
Remitted during the year	(2,608,354)	(4,257,727)	(6,866,081)	(6,829,217)
Payable (receivable) at the end of the year	\$ (5,825)	\$ (2,451)	\$ (8,276)	\$ (179,364)

5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$67,188 (2021 \$66,713) 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.

6. 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.

	2022	2021 (Note 2)
Consolidated Balance Sheet		
Assets:		
Total Assets	\$ 4,050,381	\$ 3,419,253
Liabilities:		
Debt due to shareholders (Note 7)	\$ 9,910	\$ 9,910
Other liabilities	593,598	479,750
Total Liabilities	603,508	489,660
Equity		
Shareholder's equity	3,446,873	2,929,593
Total Equity	3,446,873	2,929,593
Total Liabilities and Equity	\$ 4,050,381	\$ 3,419,253
Municipality's share of equity (100% ownership)	\$ 3,446,873	\$ 2,929,593

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

Consolidated Statement of Operations, Retained Earnings and Comprehensive Income

Total Revenues	736,179	253,452
Total Expenses	19,543	12,222
Other comprehensive income (loss)	28,644	5,043
Income taxes	116,000	48,000
Net income and comprehensive income	629,280	198,273
Less: dividends	(112,000)	(101,000)
Net income (loss), net of dividends	\$ 517,280	\$ 97,273
Municipality's share of net income (loss), net of dividends (100% ownership)	\$ 517,280	\$ 97,273

During 2022 the municipality received \$112,000 (2021 - \$101,000) in dividends from Tay Hydro Inc. and \$95,507 (2021 - \$95,507) in interest from Newmarket-Tay Power Distribution Ltd., which is included with other revenues.

7. DUE FROM TAY HYDRO INC.

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

	2022	2021
Promissory notes receivable, non-interest bearing, no specific terms of repayment	\$ 9,910	\$ 9,910

8. DUE FROM NEWMARKET-TAY POWER DISTRIBUTION LTD.

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

	2022	2021
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, 2022

9. DEFERRED REVENUE - GENERAL

The 2022 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	\$ 663,514	\$ 1,342,727	\$ 21,407	\$ (177,396)	\$ 1,850,252
Other	211,673	517,660	-	(473,674)	255,659
	\$ 875,187	\$ 1,860,387	\$ 21,407	\$ (651,070)	\$ 2,105,911

10. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

The 2022 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	\$ 1,623,291	\$ 228,367	\$ 42,422	\$ (412,262)	\$ 1,481,818
Recreational Land	78,721	16,250	1,744	-	96,715
Federal gas tax	367,887	318,198	6,695	(692,780)	-
	\$ 2,069,899	\$ 562,815	\$ 50,861	\$(1,105,042)	\$ 1,578,533

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

11. MUNICIPAL DEBT

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

	2022	2021
Infrastructure Ontario, due September 2047, repayable in semi annual payments of \$81,160 including interest calculated at 3.50% and is unsecured.	\$ 2,689,744	\$ 2,756,174
Infrastructure Ontario, due October 2022, repayable in semi annual payments of \$247,125 including interest calculated at 5.07% and is unsecured.	-	476,072
Infrastructure Ontario, due September 2042, repayable in semi annual payments of \$53,638 including interest calculated at 3.41% and is unsecured.	1,546,165	1,599,353
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	949,787	1,007,285
Toronto-Dominion Bank, due May 2027, repayable in monthly payments of \$10,307 including interest calculated at 3.72% and is unsecured.	500,132	603,132
Infrastructure Ontario, due December 2035, repayable in semi annual payments of \$79,806 including interest calculated at 3.34% and is unsecured.	722,271	765,996
Infrastructure Ontario, due August 2022, repayable in semi annual payments of \$22,426 including interest calculated at 2.74% and is unsecured.	-	43,946
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.	12,166	22,180
Share of SSEA loan from Tiny, due July 2022, repayable in annual payments of \$9,333 interest free and is unsecured.	-	1,167
	\$ 6,420,265	\$ 7,275,305

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

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

	Principal	Interest
2023	\$ 339,143	\$ 218,304
2024	351,221	206,226
2025	363,815	193,632
2026	372,270	180,625
2027	309,156	168,173
2028 onwards	4,684,660	1,447,786
	\$ 6,420,265	\$ 2,414,746

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

	2022	2021
Principal payments	\$ 855,039	\$ 818,957
Interest	242,137	278,142
	\$ 1,097,176	\$ 1,097,099

12. 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 (2021 \$nil) 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, 2022

13. 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, 2022

13. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,276,957	\$ 10,276,957
User fees	120,976	92,334	39,520	5,519,755	8,410	85,407	58,797	-	5,925,199
Government transfers	10,700	80,783	320,298	631,693	-	120,290	2,100	1,104,500	2,270,364
Contributions from obligatory reserve funds	-	-	102,409	298,877	-	10,976	-	-	412,262
Tay Hydro Inc. income (loss)	-	-	-	-	-	-	-	517,280	517,280
Other	1,223,343	46,895	81,973	172,095	1,425	85,450	342,859	-	1,954,040
TOTAL REVENUE	1,355,019	220,012	544,200	6,622,420	9,835	302,123	403,756	11,898,737	21,356,102
EXPENSES									
Salaries, wages and benefits	1,572,546	1,115,886	1,336,466	187,720	-	1,227,106	266,302	-	5,706,026
Long-term debt charges (interest)	-	53,482	25,171	162,082	-	397	1,005	-	242,137
Operating expenses	764,037	2,305,606	1,328,763	3,263,393	34,909	488,125	223,861	-	8,408,694
Amortization	110,075	293,162	1,741,741	1,797,981	-	309,604	-	-	4,252,563
TOTAL EXPENSES	2,446,658	3,768,136	4,432,141	5,411,176	34,909	2,025,232	491,168	-	18,609,420
ANNUAL SURPLUS (DEFICIT)	\$ (1,091,639)	\$ (3,548,124)	\$ (3,887,941)	\$ 1,211,244	\$ (25,074)	\$ (1,723,109)	\$ (87,412)	\$ 11,898,737	\$ 2,746,682

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

13. 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 (Restated - Note 2)
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,898,355	\$ 9,898,355
User fees	92,614	104,563	8,315	5,306,248	16,010	40,856	49,052	-	5,617,658
Government transfers	37,059	361,366	772,216	240,632	-	72,687	-	1,104,500	2,588,460
Contributions from obligatory reserve funds	-	-	84,344	192,330	-	9,802	-	-	286,476
Tay Hydro Inc. income	-	-	-	-	-	-	-	97,273	97,273
Other	601,790	47,643	81,917	73,515	10,467	74,823	258,886	-	1,149,041
TOTAL REVENUE	731,463	513,572	946,792	5,812,725	26,477	198,168	307,938	11,100,128	19,637,263
EXPENSES									
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	2,446,104	51,476	483,165	238,957	-	6,891,674
Amortization	103,223	278,327	1,653,963	2,264,146	-	312,305	-	-	4,611,964
TOTAL EXPENSES	1,822,469	3,679,898	4,014,262	5,573,011	51,476	1,815,877	488,134	-	17,445,127
ANNUAL SURPLUS (DEFICIT)	\$ (1,091,006)	\$ (3,166,326)	\$ (3,067,470)	\$ 239,714	\$ (24,999)	\$ (1,617,709)	\$ (180,196)	\$ 11,100,128	\$ 2,192,136

THE CORPORATION OF THE TOWNSHIP OF TAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

14. 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.

15. 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$128,789 million with respect to benefits accrued for service with actuarial assets at that date of \$122,111 million indicating an actuarial deficit of \$6,678 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 \$329,016 (2021 \$338,005) 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, 2022 was \$381,612 (2021 \$454,837) and the net periodic benefit cost was determined by an actuarial valuation dated October 24, 2023. 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.

	2022	2021
Accrued plan liability, beginning of year	\$ 578,875	\$ 591,675
Current service cost	54,075	39,238
Interest cost	14,138	13,525
Actuarial gain	(45,288)	(44,000)
Benefits paid for the period	(34,800)	(21,563)
Plan amendments incurred in the year	(5,963)	-
Accrued plan liability	561,037	578,875
Unrecognized gain	(179,425)	(124,038)
Accrued benefit obligation, end of year	\$ 381,612	\$ 454,837

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 2.1% in 2022 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 4.6%. 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 3.0% per annum.

THE CORPORATION OF THE TOWNSHIP OF TAYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

d) Drug costs - Drug costs were assumed to increase 8.175% in 2022, 8.0% in 2023, 7.825% in 2024, 7.65% in 2025, 7.475% in 2026, 7.3% in 2027, 7.125% in 2028, 6.95% in 2029, 6.775% in 2030, 6.6% in 2031, 6.425% in 2032, 6.25% in 2033, 6.075% in 2034, 5.9% in 2035, 5.725% in 2036, 5.55% in 2037, 5.375% in 2038, 5.2% in 2039, 5.025% in 2040, 4.85% in 2041, 4.675% in 2042, 4.5% in 2043 and thereafter.

e) Vision costs - Vision costs were assumed to increase 4.5% in 2022 and thereafter.

f) Other health care costs - Other health care costs were assumed to increase 4.5% in 2022 and thereafter.

g) Dental costs - Dental costs were assumed to increase 6.15% in 2022, 6.0% in 2023, 5.85% in 2024, 5.7% in 2025, 5.55% in 2026, 5.4% in 2027, 5.25% in 2028, 5.1% in 2029, 4.95% in 2030, 4.8% in 2031, 4.65% in 2032, 4.5% in 2033 and thereafter.

16. 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 \$19,633 was received in 2022 for services performed in 2021 (2021 \$17,695 credit).

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, 2022

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	Assets Under Construction	TOTAL 2022	TOTAL 2021
COST								
Balance, beginning of year	\$ 11,937,952	\$ 35,176,629	\$ 21,984,766	\$ 6,797,604	\$ 88,080,623	\$ 9,775,621	\$ 173,753,195	\$ 169,473,170
Additions and betterments	217,749	236,077	192,505	94,797	1,541,208	1,535,287	3,817,623	4,780,718
Disposals and writedowns		(6,523)		(119,689)	(540,721)		(666,933)	(500,693)
Allocation from work in progress		224,749				(224,749)		
BALANCE, END OF YEAR	12,155,701	35,630,932	22,177,271	6,772,712	89,081,110	11,086,159	176,903,885	173,753,195
ACCUMULATED AMORTIZATION								
Balance, beginning of year	2,355,847	13,857,719	13,250,750	2,579,891	33,250,652		65,294,859	61,122,886
Annual amortization	184,820	723,562	872,609	441,004	2,030,047		4,252,042	4,611,964
Amortization disposals		(6,523)		(89,675)	(394,496)		(490,694)	(439,991)
BALANCE, END OF YEAR	2,540,667	14,574,758	14,123,359	2,931,220	34,886,203		69,056,207	65,294,859
TANGIBLE CAPITAL ASSETS-NET	\$ 9,615,034	\$ 21,056,174	\$ 8,053,912	\$ 3,841,492	\$ 54,194,907	\$ 11,086,159	\$ 107,847,678	\$ 108,458,336

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

2022

	2022	2021
RESERVES AND RESERVE FUNDS		
Working capital	\$ 1,785,043	\$ 1,785,043
Contingencies	525,940	534,137
Replacement of equipment	229,392	873,723
Current purposes	1,195,262	1,378,146
Capital purposes	8,303,046	7,605,751
Hydro	1,742,821	1,742,821
Modernization	364,457	664,457
Tax rate stabilization reserve	648,140	648,140
Cemetery	37,369	37,443
Library and donations reserve	556,465	457,293
TOTAL RESERVES AND RESERVE FUNDS	15,387,935	15,726,954
OTHER		
Tangible capital assets	102,048,356	101,098,233
General operating surplus (deficit)	(460,478)	831,821
Corporate services	319,684	-
Fire department	567,682	2,944
Water	628,411	-
Roads	1,271,127	-
Recreation, community centres and arenas	30,394	25,635
Parks and recreation	138,775	-
Heritage committee	25,521	21,171
Other	-	77,545
Severn Sound Environmental Association accumulated (deficit) surplus (12.5%)	38,026	(10,344)
Unfunded employee future benefits	(561,037)	(578,875)
Investment in Government Business Enterprises	3,456,783	2,949,413
TOTAL OTHER	107,503,244	104,417,543
ACCUMULATED SURPLUS	\$122,891,179	\$120,144,497

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

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 369,788	\$ 363,001
Trade and other receivables	1,204	33,932
Receivable from own municipality	205,938	73,338
	576,930	470,271
LIABILITIES		
Accounts payable and accrued liabilities	22,302	14,814
	22,302	14,814
NET FINANCIAL ASSETS	554,628	455,457
NON-FINANCIAL ASSETS		
Tangible capital assets - net	384,231	394,574
	384,231	394,574
ACCUMULATED SURPLUS	\$ 938,859	\$ 850,031

STATEMENT OF OPERATIONS

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
REVENUE			
Municipal contributions	\$ 511,729	\$ 511,729	\$ 473,024
Provincial grants	33,932	33,932	33,932
Contributions from obligatory reserve fund	8,325	10,976	9,802
Other	7,700	12,473	9,528
TOTAL REVENUE	561,686	569,110	526,286
EXPENSES			
Wages and benefits	425,546	353,821	313,974
Materials and contracted services	90,790	81,003	70,074
Amortization	45,458	45,458	46,957
TOTAL EXPENSES	561,794	480,282	431,005
ANNUAL SURPLUS (DEFICIT)	(108)	88,828	95,281
ACCUMULATED SURPLUS, BEGINNING OF YEAR	850,031	850,031	754,750
ACCUMULATED SURPLUS, END OF YEAR	\$ 849,923	\$ 938,859	\$ 850,031

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

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 65,475	\$ 64,272
Due from cemetery board	1,713	2,441
	67,188	66,713
LIABILITIES		
NET FINANCIAL ASSETS	67,188	66,713
NON-FINANCIAL ASSETS		
ACCUMULATED SURPLUS	\$ 67,188	\$ 66,713

STATEMENT OF OPERATIONS

	Actual 2022	Actual 2021
REVENUE		
Interest earned	\$ 2,628	\$ 347
Care and maintenance collected	475	2,500
TOTAL REVENUE	3,103	2,847
EXPENSES		
Transfer to cemetery operations	2,628	347
TOTAL EXPENSES	2,628	347
ANNUAL SURPLUS (DEFICIT)	475	2,500
ACCUMULATED SURPLUS, BEGINNING OF YEAR	66,713	64,213
ACCUMULATED SURPLUS, END OF YEAR	\$ 67,188	\$ 66,713