

**The Corporation of the Town of Midland  
Consolidated Financial Statements  
For the year ended December 31, 2020**

---

**The Corporation of the Town of Midland  
Consolidated Financial Statements  
For the year ended December 31, 2020**

---

	<b>Contents</b>
<b>Management's Responsibility</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 4</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
<b>Notes to the Consolidated Financial Statements</b>	<b>9 - 23</b>
<b>Schedule 1 - Consolidated Schedule of Segmented Disclosure</b>	<b>24 - 25</b>

---

**MANAGEMENT'S RESPONSIBILITY FOR THE  
CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of The Corporation of the Town of Midland (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



---

Chief Administrative Officer  
David Denault  
November 23, 2021



---

Chief Financial Officer  
Michael Jerney  
November 23, 2021



Tel: 905 898 1221  
Fax: 905 898 0028  
Toll-free: 866 275 8836  
www.bdo.ca

BDO Canada LLP  
The Gates of York Plaza  
17310 Yonge Street Unit 11  
Newmarket ON L3Y 7R9

---

## Independent Auditor's Report

---

**To the Mayor and Councilors of The Corporation of the Town of Midland**

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Town of Midland, (the Town) which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement change in net financial assets and consolidated statement of 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 consolidated financial position of the Town as at December 31, 2020, and the consolidated results of its operations, changes in net financial assets, and 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 Town 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matters**

The consolidated financial statements of The Corporation of the Town of Midland for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on October 21, 2020.

### **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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

### **Auditor's Responsibilities 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 Town'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 Town'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 Town 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 Group 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario  
November 23, 2021

**The Corporation of the Town of Midland  
Consolidated Statement of Financial Position**

**December 31** **2020** **2019**

<b>Financial assets</b>		
Cash (note 3)	\$ 22,554,546	\$ 16,518,540
Investments (note 4)	21,576,684	21,312,832
Taxes receivable	2,092,243	2,085,052
Accounts receivable	3,859,374	4,241,649
Long-term receivables	88,052	113,366
Inventories for resale	17,278	17,683
	<b>50,188,177</b>	<b>44,289,122</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	11,076,872	10,762,010
Employee future benefits (note 7)	1,961,939	2,032,310
Interest payable	162,496	134,083
Deferred revenue (note 5)	7,144,157	6,811,834
Long-term debt (note 8)	24,407,366	13,658,361
	<b>44,752,830</b>	<b>33,398,598</b>
<b>Net financial assets</b>	<b>5,435,347</b>	<b>10,890,524</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 17)	182,733,337	169,566,715
Prepaid expenses and inventory of supplies	1,381,806	1,132,395
	<b>184,115,143</b>	<b>170,699,110</b>
<b>Accumulated surplus (note 9)</b>	<b>\$ 189,550,490</b>	<b>\$ 181,589,634</b>

Contingencies (note 13)  
Uncertainty of COVID-19 (note 15)

Approved by Council

  
\_\_\_\_\_ Mayor

  
\_\_\_\_\_ Chief Administrative Officer

**The Corporation of the Town of Midland**  
**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2020	2020	2019
	(note 2)		
<b>Revenue</b>			
Taxation (note 10)	\$ 22,572,860	\$ 22,700,569	\$ 21,129,861
User charges	8,320,539	8,771,345	9,211,658
Government grants (note 11)	1,851,998	3,123,425	4,130,842
Contributions from other municipalities	707,465	380,331	417,981
Developer charges	2,213,892	916,534	1,109,633
Other	1,379,757	2,440,994	2,791,051
	<u>37,046,511</u>	<u>38,333,198</u>	<u>38,791,026</u>
<b>Expenses (Schedule 1)</b>			
General government	5,184,420	5,192,387	4,477,172
Protection to person and property	9,218,918	8,880,777	8,887,447
Transportation services	6,289,037	4,871,965	6,922,205
Environmental and water services	5,748,927	5,679,209	4,968,747
Recreational and culture	6,407,511	5,230,450	5,898,879
Planning and development	363,315	517,554	658,212
	<u>33,212,128</u>	<u>30,372,342</u>	<u>31,812,662</u>
<b>Annual surplus</b>	<b>3,834,383</b>	<b>7,960,856</b>	<b>6,978,364</b>
<b>Accumulated surplus, beginning of year</b>	<b>181,589,634</b>	<b>181,589,634</b>	<b>174,611,270</b>
<b>Accumulated surplus, end of year</b>	<b>\$185,424,017</b>	<b>\$189,550,490</b>	<b>\$181,589,634</b>

**The Corporation of the Town of Midland  
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2020	2020	2019
Annual surplus	\$ 3,834,383	\$ 7,960,856	\$ 6,978,364
Acquisition of tangible capital asset	(22,255,670)	(17,498,708)	(10,849,064)
Amortization of tangible capital assets	4,129,323	4,129,323	4,027,512
Proceeds on disposal of tangible capital assets	-	-	110,573
Gain (loss) on disposal of tangible capital assets	-	202,763	(17,860)
	(14,291,964)	(5,205,766)	249,525
Change in prepaid expenses and inventories of supplies	-	(249,411)	(885,134)
<b>Change in net financial assets</b>	<b>(14,291,964)</b>	<b>(5,455,177)</b>	<b>(635,609)</b>
Net financial assets, beginning of year	10,890,524	10,890,524	11,526,133
<b>Net financial assets, end of year</b>	<b>\$ (3,401,440)</b>	<b>\$ 5,435,347</b>	<b>\$ 10,890,524</b>

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



**The Corporation of the Town of Midland  
Consolidated Statement of Cash Flows**

For the year ended December 31	2020	2019
<b>Operating transactions</b>		
Annual surplus	\$ 7,960,856	\$ 6,978,364
Non-cash charges to operations:		
Amortization	4,129,323	4,027,512
Loss (gain) on disposal of tangible capital assets	202,763	(17,860)
Decrease in employee future benefits	(70,371)	(123,300)
Changes in non-cash operating working capital:		
Taxes and user charges receivable	(7,191)	366,070
Trade and other receivables	382,275	(471,629)
Inventories for resale	405	(5,114)
Accounts payable and accrued liabilities	314,862	1,746,505
Interest payable	28,413	(11,931)
Deferred revenue	332,323	648,364
Prepaid expenses and inventory of supplies	(249,411)	(885,134)
<b>Total Operating Transactions</b>	<b>13,024,247</b>	<b>12,251,847</b>
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	-	110,573
Acquisition of tangible capital assets	(17,498,708)	(10,849,064)
<b>Total Capital Transactions</b>	<b>(17,498,708)</b>	<b>(10,738,491)</b>
<b>Investing transactions</b>		
Payment received on long-term receivables	25,314	39,210
Purchase of investments	(263,852)	(21,312,832)
<b>Total Investing Transactions</b>	<b>(238,538)</b>	<b>(21,273,622)</b>
<b>Financing transactions</b>		
Issuance of long-term debt	12,000,000	-
Repayment of long-term debt	(1,250,995)	(1,214,030)
<b>Total Financing Transactions</b>	<b>10,749,005</b>	<b>(1,214,030)</b>
<b>Increase (decrease) in cash</b>	<b>6,036,006</b>	<b>(20,974,296)</b>
Cash, beginning of year	16,518,540	37,492,836
<b>Cash, end of year</b>	<b>\$ 22,554,546</b>	<b>\$ 16,518,540</b>

---

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**1. Summary of Significant Accounting Policies**

The Corporation of the Town of Midland (the "Town") is a municipality in the Province of Ontario. The Town conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**Basis of Consolidation**

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Town and comprise all of the organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the Town. These boards include:

The Town of Midland Public Library Board

The Midland Business Improvement Area

Midland Bay Landing Development Corporation

The assets, liabilities, taxation, other revenues and expenses with respect to the operations of the school boards and the County of Simcoe are not reflected in the Town's consolidated financial statements except to record any resulting receivable or payable with the Town at year-end.

The following entities have been proportionately consolidated:

Huronian Airport Commission	49.6%
-----------------------------	-------

Severn Sound Environmental Association	12.9%
--	-------

All inter-entity transactions and balances have been eliminated.

**Basis of Accounting**

Revenue and expenses are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenses are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

**Cash**

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 90 days or less.

---

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**1. Summary of Significant Accounting Policies (continued)**

**Government Transfers**

Government transfers, which include entitlements, transfers under shared cost agreements and grants are recognized as revenue in the consolidated financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.

**Non-Financial Assets, Tangible Capital Assets**

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

**Tangible Capital Assets**

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates.

Land improvements	20 - 50 years
Buildings and building service equipment	10 - 50 years
Vehicles	3 - 25 years
Equipment	5 - 30 years
Infrastructure	15 - 100 years
Information Technology	4 - 15 years

Included in buildings are structural items which have estimated useful lives of up to 100 years.

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

**Non-pension Post-employment Benefits, Compensated Absences & Termination Benefits**

The Town accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Town has adopted the following valuation methods and assumptions:

- a) Actuarial cost method:  
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement.

---

**The Corporation of the Town of Midland  
Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**1. Summary of Significant Accounting Policies (continued)**

- a) Actuarial cost method (continued):  
Under this method an equal portion of total estimated future benefit is attributed to each year of service.
- b) Accounting policies:  
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued when they are vested and subject to pay out when an employee leaves the Town's employment. Non-vesting sick leave benefits are accrued and subject to pay out if employees chose to top up their salary under the short-term sick leave plans. At termination an employee is entitled to a payout of 50% of their non-vesting sick leave not to exceed 130 days.

**Pension Plan**

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

**Deferred Revenue**

Deferred revenue includes funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Also included in deferred revenue are user charges, lot levies and fees which have been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

The Town receives development charges under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue (formerly obligatory reserve funds).

---

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**1. Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of the consolidated financial statements in accordance 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include valuation allowances for taxes and user charges receivable, accounts receivable, accrued post-employment benefit obligations, estimated provisions for accrued liabilities and land closure and post-closure liabilities, the estimated useful lives of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Revenue Recognition**

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

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

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

**The Corporation of the Town of Midland  
Notes to the Consolidated Financial Statements**

**December 31, 2020**

**2. Budget Reconciliation**

The Budget for 2020 adopted by Council on January 15, 2020 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2020 budget adopted by Council with adjustments as follows:

	Revenue	Expense	Net
<b>Total Council approved budget</b>	<b>\$ 37,046,511</b>	<b>\$ 37,046,511</b>	<b>\$ -</b>
Less: Budgeted capital expenses	-	22,255,670	22,255,670
2020 Budgeted principal repayments on long-term debt	-	1,211,390	1,206,390
Add: Amortization expense	-	4,129,323	4,129,323
Budgeted net reserve transfers and other items	-	1,503,354	1,503,354
Issuance of new debt	-	14,000,000	14,000,000
<b>Adjusted budget per the consolidated statement of operations</b>	<b>\$ 37,046,511</b>	<b>\$ 33,212,128</b>	<b>\$ 3,834,383</b>

**3. Cash**

Cash is comprised of the following:

	2020	2019
Unrestricted	\$ 16,302,214	\$ 10,512,660
Restricted	6,252,332	6,005,880
	<b>\$ 22,554,546</b>	<b>\$ 16,518,540</b>

Restricted cash is comprised of obligatory reserve funds, set aside for specific purposes by legislation and others.

The Town has a credit facility agreement with Scotiabank, to be used for day to day operations. The maximum credit limit is \$10,000,000 with interest calculated using the composite prime rate minus 0.75%. As at December 31, 2020, the outstanding balance is \$Nil (2019 - \$Nil).

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**4. Investments**

Investments is comprised of funds held with the One Investment Program. Portfolio investments are valued at the lower of cost or market value.

Portfolio investments of \$21,576,684 (2019 - \$21,312,832) have a market value of \$21,576,684 (2019 - \$21,312,832).

**5. Deferred Revenue**

	Beginning Balance 2020	2020 Inflows	2020 Outflows	Ending Balance 2020
Gas tax	\$ 1,279,583	1,248,161	(878,037)	\$ 1,649,707
Development charges	4,553,497	1,046,243	(1,176,523)	4,423,217
Parkland	172,800	6,624	(16)	179,408
	<u>6,005,880</u>	<u>2,301,028</u>	<u>(2,054,576)</u>	<u>6,252,332</u>
Building department	517,077	8,343	(12,316)	513,104
Other	288,877	1,139,756	(1,049,912)	378,721
	<u>805,954</u>	<u>1,148,099</u>	<u>(1,062,228)</u>	<u>891,825</u>
	<u>\$ 6,811,834</u>	<u>\$ 3,449,127</u>	<u>\$ (3,116,804)</u>	<u>\$ 7,144,157</u>

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**6. Public Library Board**

The Corporation of the Town of Midland Public Library Board is a corporate body as specified under the Library Act and is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors. The primary role of the public library board is to provide library services to the general public.

The Corporation of the Town of Midland Public Library Board has been consolidated in these financial statements. A summary of financial information relating to the Corporation of the Town of Midland Public Library Board is as follows:

	<u>2020</u>	<u>2019</u>
Financial assets	\$ 1,124,194	\$ 937,538
Financial liabilities	<u>2,274,983</u>	<u>2,515,198</u>
Net financial debt	(1,150,789)	(1,577,660)
Non-financial assets	<u>5,112,391</u>	<u>5,516,140</u>
Accumulated surplus	<u>\$ 3,961,602</u>	<u>\$ 3,938,480</u>

**Combined results of operations:**

	<u>2020</u>	<u>2019</u>
Revenue	\$ 1,552,613	\$ 1,836,454
Operating expenses	(1,241,652)	(1,268,606)
Amortization	<u>(283,311)</u>	<u>(280,512)</u>
Annual surplus	<u>\$ 27,650</u>	<u>\$ 287,336</u>

The following summarizes the Town's transactions with the Corporation of the Town of Midland Public Library Board:

	<u>2020</u>	<u>2019</u>
Revenue		
Municipal contributions	\$ 1,325,323	\$ 1,537,354
Expenses		
Debenture interest	<u>81,400</u>	<u>83,741</u>

At the end of the year, the amounts due from the Corporation of the Town of Midland Public Library Board are as follows:

	<u>2020</u>	<u>2019</u>
Trade receivable, restricted for obligatory reserves	\$ 325,584	\$ 447,846
Trade receivable, unrestricted	<u>905,656</u>	<u>407,017</u>



**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**7. Employee Benefits Liabilities**

	2020	2019
Accumulated sick leave entitlements	\$ 365,250	\$ 415,786
Vacation payable	-	1,409
Life, insurance, health and dental	1,596,689	1,615,115
	\$ 1,961,939	\$ 2,032,310

**Post-employment benefits**

Post-employment benefits include accumulated sick leave, health and dental benefits that are provided to early retirees and employees currently on a long term disability. The Town recognized these post-employment costs as they are earned during the employee's tenure of service.

	2020	2019
Post-employment benefits accrued obligation, beginning of year	\$ 2,030,901	\$ 2,154,201
Add: Benefit expense	80,561	75,700
Interest cost	65,816	\$ 68,400
Less: Amortization of actuarial loss	(13,284)	(18,000)
Benefits paid for the period	(202,055)	(249,400)
Post-employment benefits accrued obligation, end of year	\$ 1,961,939	\$ 2,030,901

The accrued benefit obligations for the Town's post-employment benefits liability as at December 31, 2020 are based on actuarial valuations for accounting purposes as at September 17, 2019. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2020	2019
Discount rate	2.0%	3.9%
Salary escalation	4.75%	3.00%
Dental costs escalation	4.75%	4.00%
Health premium care rates	6.75%	7.0%

Health premium care rates starting in 2019 were 7.00% and will be reduced by 0.25% per annum to an ultimate rate of 5%.

**The Corporation of the Town of Midland  
Notes to the Consolidated Financial Statements**

**December 31, 2020**

**8. Net Long-term Liabilities**

	<u>2020</u>	<u>2019</u>
Debenture, bearing interest at 2.15% maturing in November, 2045. Principal and interest is repayable in semi-annual installments of \$311,508.	\$ 12,000,000	\$ -
Debenture, bearing interest at 3.66% maturing in October, 2048. Principal and interest is repayable in semi-annual installments of \$159,644.	5,563,909	5,676,459
Debenture, bearing interest at 4.53% maturing in December, 2040. Principal and interest is repayable in semi-annual installments of \$67,415.	1,761,282	1,814,510
Debenture, bearing interest at 6.153% maturing in July, 2024. Principal and interest is repayable in semi-annual installments of \$221,623.	1,550,716	1,883,129
Debenture, bearing interest at 4.04% maturing in November, 2030. Principal is repayable in semi-annual installments of \$91,710 plus interest.	1,496,703	1,616,030
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$19,188 plus interest.	690,750	921,000
Debenture, bearing interest at 3.71% maturing in November, 2025. Principal and interest is repayable in semi-annual installments of \$52,518.	475,342	560,369
Debenture, bearing interest at 3.71% maturing in November, 2025. Principal and interest is repayable in semi-annual installments of \$39,388.	356,507	420,277
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$8,644 plus interest.	311,175	414,900
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$4,167 plus interest.	150,000	200,000
Term loan, bearing interest at 3.55% maturing in June, 2026. Principal and interest is repayable in monthly installments of \$1,636, secured by a general security agreement.	48,573	56,428
Municipal debt, interest free maturing in July 2022. Principal is repayable in annual installments of \$9,333.	2,409	-
Debenture, repaid during the year.	-	95,259
	<u>\$ 24,407,366</u>	<u>\$ 13,658,361</u>

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**8. Net Long-term Liabilities (continued)**

Principal repayments for each of the next five years and thereafter are as follows:

2021	\$ 1,564,420
2022	1,612,421
2023	1,661,476
2024	1,330,139
2025	935,217
Thereafter	<u>17,303,693</u>
	<u>\$ 24,407,366</u>

The interest expense related to the above long-term debt was \$570,731 (2019 - \$663,969).

The above long-term liabilities were issued after January 1, 1996 and have been approved by municipal by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**9. Accumulated Surplus**

Accumulated surplus is comprised of the following:

	<u>2020</u>	<u>2019</u>
<b>Surpluses</b>		
Current fund	\$ 2,065,340	\$ (9,772,643)
Invested in tangible capital assets	182,733,337	169,566,715
Less: financed by long-term liabilities	<u>(24,407,366)</u>	<u>(13,658,361)</u>
<b>Total surpluses</b>	160,391,311	146,135,711
<b>Reserve funds, set aside for specific purposes by Council</b>	<u>29,159,179</u>	<u>35,453,923</u>
<b>Accumulated surplus</b>	<u>\$ 189,550,490</u>	<u>\$ 181,589,634</u>

**10. Net Taxation**

	<u>2020</u>	<u>2019</u>
<b>Total taxes levied by the Town</b>	\$ 35,621,042	\$ 34,030,524
<b>Less:</b>		
Taxes levied on behalf of the Boards of Education	6,868,918	6,919,944
Taxes levied on behalf of the County of Simcoe	<u>6,051,555</u>	<u>5,980,719</u>
	<u>\$ 22,700,569</u>	<u>\$ 21,129,861</u>

---

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**11. Grants**

	<u>2020</u>	<u>2019</u>
Grants with stipulations	\$ 311,777	\$ 1,790,647
Other	2,811,648	2,340,195
	<u>\$ 3,123,425</u>	<u>\$ 4,130,842</u>

---

**12. Pension Plan**

The Town makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of all full-time members of its staff. The plan is a defined benefit plan, which specifies that amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including the investment of assets and administration of benefits. OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the 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 \$113.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion indicating an actuarial deficit of \$3.3 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2020 were \$1,690,161 (2019 - \$1,292,828).

---

**13. Contingencies**

The Town is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time; however the Town's management believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position.

---

---

**The Corporation of the Town of Midland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

---

**14. Public Sector Salary Disclosure**

During 2020, twenty-two employees (2019 - twenty-six employees) were paid a salary, as defined by the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Town.

---

**15. Uncertainty of COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's future cash flows, which may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce in order to mitigate any potential impact on operations. An estimate of the financial effect on the financial statements is not practical at this time.

---

**16. Comparative Figures**

Certain comparative figures have been reclassified to confirm with current year presentation.

---

**The Corporation of the Town of Midland**  
Notes to the Consolidated Financial Statements

**December 31, 2020**

**17. Tangible Capital Assets**

	2020							Total
	General		Infrastructure			Information Assets Under Construction		
Cost	Land Improvements	Land	Vehicles	Equipment	Building and Building Service Equipment	Infrastructure	Technology	Construction
Balance, beginning of year	\$ 9,713,622	\$ 8,220,882	\$ 9,636,593	\$ 54,684,216	\$ 89,013,755	\$ 2,621,986	\$14,487,087	\$ 209,593,880
Add: Additions during the year	140,936	218,081	944,206	535,428	1,226,262	111,248	14,322,547	17,498,708
Add: Transfers	-	-	-	-	397,629	-	(397,629)	-
Less: Disposals during the year	(175,856)	(35,207)	(42,965)	(47,757)	(1,323,862)	(72,224)	-	(1,697,871)
Balance, end of year	9,819,351	8,395,998	10,533,042	55,219,644	89,313,784	2,661,010	28,412,005	225,394,717
<b>Accumulated amortization</b>								
Balance, beginning of year	-	4,955,762	3,884,589	5,527,958	20,292,680	3,756,705	1,609,471	40,027,165
Add: Amortization during the year	-	335,643	459,652	448,106	1,119,382	1,618,336	148,204	4,129,323
Less: Amortization on disposals	-	(35,207)	(42,965)	(47,757)	-	(1,323,862)	(45,317)	(1,495,108)
Balance, end of year	-	5,256,198	4,301,276	5,928,307	21,412,062	4,051,179	1,712,358	42,661,380
<b>Net book value of tangible capital assets</b>	<b>\$ 9,819,351</b>	<b>\$ 8,395,998</b>	<b>\$ 10,533,042</b>	<b>\$ 55,219,644</b>	<b>\$ 89,313,784</b>	<b>\$ 2,661,010</b>	<b>\$ 28,412,005</b>	<b>\$ 225,394,717</b>

**The Corporation of the Town of Midland**  
Notes to the Consolidated Financial Statements

**December 31, 2020**

**17. Tangible Capital Assets (continued)**

	2019							Total
	General		Infrastructure			Assets Under Construction		
	Land Improvement	Vehicles	Equipment	Building and Service Equipment	Infrastructure	Information Technology		
<b>Cost</b>								
Balance, beginning of year	\$ 20,467,263	\$ 6,980,810	\$ 8,796,249	\$ 54,160,096	\$ 87,721,085	\$ 2,387,488	\$ 10,262,644	\$ 200,347,529
Add: Additions during the year	748,476	1,330,707	919,777	524,120	2,625,468	235,286	4,286,096	10,849,064
Add: Transfers	-	-	-	-	1,086,478	-	(1,086,478)	-
Less: Disposals during the year	-	(90,635)	(79,433)	-	(1,332,798)	(788)	(61,653)	(1,602,713)
Balance, end of year	21,215,739	8,220,882	9,636,593	54,684,216	89,013,755	2,621,986	14,487,087	209,593,880
<b>Accumulated amortization</b>								
Balance, beginning of year	-	3,536,768	5,181,430	19,232,481	3,469,559	1,444,844	-	37,509,653
Add: Amortization during the year	-	408,493	426,603	1,060,199	1,619,944	164,773	-	4,027,512
Less: Amortization on disposals	-	(60,672)	(80,075)	-	(1,332,798)	(146)	-	(1,510,000)
Balance, end of year	-	3,884,589	5,527,958	20,292,680	3,756,705	1,609,471	-	40,027,165
<b>Net book value of tangible capital assets</b>	\$ 21,215,739	\$ 4,336,293	\$ 4,108,635	\$ 34,391,536	\$ 85,257,050	\$ 1,012,515	\$ 14,487,087	\$ 169,566,715

Tangible capital assets under construction and other capital work in progress having a value of \$28,412,005 (2019 - \$14,487,087) have not been amortized. Amortization of these assets will commence when the assets are put into service.

---

The Corporation of the Town of Midland  
Notes to the Consolidated Financial Statements

December 31, 2020

---

**18. Segment Information**

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the Consolidated Schedule of Segment Disclosure. The nature of the segments and the activities they encompass are as follows:

*General Government*

Includes corporate services and governance of the Town. General government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

*Protection Services*

This functional segment includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

*Transportation Services*

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

*Environmental Services*

Includes the management and maintenance of water and wastewater system, the landfill site, transfer stations, and the waste collection system that serves the Town.

*Recreation and Cultural Services*

Provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.

*Planning and Development*

Manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

---



**The Corporation of the Town of Midland  
Consolidated Schedule of Segmented Disclosure  
Schedule 1**

**December 31, 2020**

	2020					Consolidated
	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	
<b>Revenue</b>						
User fees	\$ 33,831	\$ 169,560	\$ 297,587	\$ 7,555,356	\$ 614,061	\$ 8,771,345
Government grants	922,254	244,365	1,251,292	463,226	218,105	3,123,425
Contributions from other municipalities	30,457	-	220,418	-	129,456	380,331
Development charges	(3,266)	-	158,886	126,529	634,385	916,534
Other	1,088,210	70,171	548,420	316,840	287,856	2,440,994
<b>Total Revenue</b>	<b>2,071,486</b>	<b>484,096</b>	<b>2,476,603</b>	<b>8,461,951</b>	<b>1,883,863</b>	<b>15,632,629</b>
<b>Expenses</b>						
Salaries, wages and benefits	2,701,399	2,676,034	2,668,395	1,835,809	2,488,885	12,654,153
Materials and supplies	1,988,134	6,015,006	601,972	2,456,425	1,722,675	13,018,135
Interest on long-term liabilities	-	-	253,002	134,870	182,859	570,731
Amortization	502,854	189,737	1,348,596	1,252,105	836,031	4,129,323
<b>Total Expenses</b>	<b>5,192,387</b>	<b>8,880,777</b>	<b>4,871,965</b>	<b>5,679,209</b>	<b>5,230,450</b>	<b>30,372,342</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (3,120,901)</b>	<b>\$ (8,396,681)</b>	<b>\$ (2,395,362)</b>	<b>\$ 2,782,742</b>	<b>\$ (3,346,587)</b>	<b>\$ (14,739,713)</b>
<b>Funding through:</b>						
Taxation						22,700,569
<b>Annual Surplus</b>						<b>\$ 7,960,856</b>

**The Corporation of the Town of Midland  
Consolidated Schedule of Segmented Disclosure  
Schedule 1**

**December 31, 2020**

	2019					Consolidated
	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development
<b>Revenue</b>						
User fees	\$ 41,902	\$ 301,929	\$ 446,248	\$ 7,364,256	\$ 951,773	\$ 105,550
Government grants	1,121,172	154,725	2,374,467	259,329	111,136	110,013
Contributions from other municipalities	66,737	-	190,250	-	160,994	-
Development charges	37,450	-	791,433	105,750	175,000	-
Other	1,524,210	141,109	543,106	55,672	381,945	145,009
<b>Total Revenue</b>	<b>2,791,471</b>	<b>597,763</b>	<b>4,345,504</b>	<b>7,785,007</b>	<b>1,780,848</b>	<b>360,572</b>
<b>Expenses</b>						
Salaries, wages and benefits	2,360,974	3,106,947	2,921,793	1,559,261	2,578,101	222,480
Materials and supplies	1,657,635	5,596,824	2,482,121	2,022,975	2,259,228	352,842
Interest on long-term liabilities	-	-	217,543	158,239	205,297	82,890
Amortization	458,563	183,676	1,300,748	1,228,272	856,253	-
<b>Total Expenses</b>	<b>4,477,172</b>	<b>8,887,447</b>	<b>6,922,205</b>	<b>4,968,747</b>	<b>5,898,879</b>	<b>658,212</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (1,685,701)</b>	<b>\$ (8,289,684)</b>	<b>\$ (2,576,701)</b>	<b>\$ 2,816,260</b>	<b>\$ (4,118,031)</b>	<b>\$ (297,640)</b>
<b>Funding through:</b>						
Taxation						21,129,861
<b>Annual Surplus</b>						<b>\$ 6,978,364</b>