

**The Corporation of the Town of Midland
Consolidated Financial Statements
For the year ended December 31, 2022**

The Corporation of the Town of Midland
Consolidated Financial Statements
For the year ended December 31, 2022

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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 consolidated 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 consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated 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
Rhonda Bunn
October 22, 2025



Acting Chief Financial Officer
Alice Liu
October 22, 2025



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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, 2022, 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, 2022, 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.

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 Town 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.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
October 22, 2025

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

December 31	2022	2021
Financial assets		
Cash (note 3)	\$29,668,745	\$ 28,060,540
Investments (note 4)	22,309,568	21,744,554
Taxes receivable	1,848,746	1,849,841
Accounts receivable	4,954,060	4,277,757
Long-term receivables	54,043	71,243
Inventories for resale	22,948	23,923
	<u>58,858,110</u>	<u>56,027,858</u>
Liabilities		
Accounts payable and accrued liabilities	13,933,320	10,997,590
Employee future benefits (note 7)	1,901,107	1,928,375
Interest payable	137,534	147,158
Deferred revenue (note 5)	7,949,695	9,539,041
Long-term debt (note 8)	22,167,257	23,743,538
	<u>46,088,913</u>	<u>46,355,702</u>
Net financial assets	<u>12,769,197</u>	<u>9,672,156</u>
Non-financial assets		
Tangible capital assets (note 16)	194,002,434	187,072,461
Prepaid expenses and inventory of supplies	1,416,991	1,620,645
	<u>195,419,425</u>	<u>188,693,106</u>
Accumulated surplus (note 9)	<u>\$208,188,622</u>	<u>\$ 198,365,262</u>

Contingencies (note 13)

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 2022 (note 2)	2022	2021
Revenue			
Taxation (note 10)	\$ 25,030,615	\$25,241,846	\$ 24,120,684
User charges	9,833,682	10,291,735	9,804,332
Government grants (note 11)	3,390,449	3,759,970	2,630,751
Contributions from other municipalities	507,700	793,593	591,994
Developer charges	1,066,830	4,036,325	1,332,550
Other	1,435,913	4,996,094	1,871,324
	<u>41,265,189</u>	<u>49,119,563</u>	<u>40,351,635</u>
Expenses (Schedule 1)			
General government	5,218,299	5,585,248	5,202,148
Protection to person and property	9,059,523	9,556,953	9,671,107
Transportation services	6,566,763	6,924,430	8,849,889
Environmental and water services	5,283,256	9,887,909	5,260,774
Recreational and culture	5,945,804	6,390,874	5,203,383
Planning and development	620,639	950,789	831,822
	<u>32,694,284</u>	<u>39,296,203</u>	<u>35,019,123</u>
Annual surplus	8,570,905	9,823,360	5,332,512
Accumulated surplus, beginning of year	<u>198,365,262</u>	<u>198,365,262</u>	<u>193,032,750</u>
Accumulated surplus, end of year	<u>\$206,936,167</u>	<u>\$208,188,622</u>	<u>\$198,365,262</u>

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

For the year ended December 31	Budget 2022 (note 2)	2022	2021
Annual surplus	\$ 8,570,905	\$ 9,823,360	\$ 5,332,512
Acquisition of tangible capital asset	(31,638,724)	(13,281,193)	(6,128,299)
Amortization of tangible capital assets	-	5,698,048	5,023,162
Loss on disposal of tangible capital assets	-	653,172	248,273
	(23,067,819)	2,893,387	4,475,648
Change in prepaid expenses and inventories of supplies	-	203,654	(238,839)
Change in net financial assets	(23,067,819)	3,097,041	4,236,809
Net financial assets, beginning of year	9,672,156	9,672,156	5,435,347
Net financial assets, end of year	\$ (13,395,663)	\$12,769,197	\$ 9,672,156

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

For the year ended December 31	2022	2021
Operating transactions		
Annual surplus	\$ 9,823,360	\$ 5,332,512
Non-cash charges to operations:		
Amortization of tangible capital assets	5,698,048	5,023,162
Loss on disposal of tangible capital assets	653,172	248,273
Decrease in employee future benefits	(27,268)	(33,564)
Changes in non-cash operating working capital:		
Taxes and user charges receivable	1,095	242,402
Trade and other receivables	(676,303)	(359,349)
Inventories for resale	975	(6,645)
Accounts payable and accrued liabilities	2,935,730	(138,316)
Interest payable	(9,624)	(15,338)
Deferred revenue	(1,589,346)	2,394,884
Prepaid expenses and inventory of supplies	203,654	(238,839)
Total Operating Transactions	17,013,493	12,449,182
Capital transactions		
Acquisition of tangible capital assets	(13,281,193)	(6,128,299)
Investing transactions		
Payment received on long-term receivables	17,200	16,809
Purchase of investments	(565,015)	(167,870)
Total Investing Transactions	(547,815)	(151,061)
Financing transactions		
Issuance of long-term debt	62,496	900,000
Repayment of long-term debt	(1,638,776)	(1,563,828)
Total Financing Transactions	(1,576,280)	(663,828)
Increase in cash	1,608,205	5,505,994
Cash, beginning of year	28,060,540	22,554,546
Cash, end of year	\$29,668,745	\$ 28,060,540

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

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.

Management's Responsibility

These consolidated financial statements of the Town are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of The Chartered Professional Accountants of Canada.

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:

Huron Airport Commission	49.6%
Seymour 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, 2022

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

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

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.

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 ("EARS") (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.

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

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).

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 probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

2. Budget Reconciliation

The Budget for 2022 adopted by Council on January 26, 2022 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 2022 budget adopted by Council with adjustments as follows:

	Revenue	Expense	Net
Total Council approved budget	\$ 41,265,189	\$ 41,265,189	\$ -
Less: Budgeted capital expenses	-	31,638,724	31,638,724
2022 Budgeted principal repayments on long-term debt	-	-	-
Add: Budgeted net reserve transfers and other items	-	23,067,819	23,067,819
Adjusted budget per the consolidated statement of operations	\$ 41,265,189	\$ 32,694,284	\$ 8,570,905

3. Cash

Cash is comprised of the following:

	2022	2021
Unrestricted	\$23,560,695	\$ 21,808,208
Restricted	6,108,050	6,252,332
	\$29,668,745	\$ 28,060,540

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, 2022, the outstanding balance is \$Nil (2021 - \$Nil).

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

December 31, 2022

4. Investments

Investments is comprised of funds held with the One Investment Program in a mix of high interest savings account, bond portfolios and equity portfolio. Portfolio investments are valued at the lower of cost or market value.

Portfolio investments of \$22,309,568 (2021 - \$21,744,554) have a market value of \$21,037,937 (2021 - \$21,583,767).

5. Deferred Revenue

	Beginning Balance 2022	2022 Inflows	2022 Outflows	Ending Balance 2022
Gas tax	\$ 2,441,359	762,233	(1,432,574)	\$ 1,771,018
Development charges	5,544,261	2,557,193	(4,036,323)	4,065,131
Parkland	220,774	51,127	-	271,901
	<u>8,206,394</u>	<u>3,370,553</u>	<u>(5,468,897)</u>	<u>6,108,050</u>
Building department	549,565	4,681	(175,272)	378,974
Other	783,082	1,585,730	(906,141)	1,462,671
	<u>1,332,647</u>	<u>1,590,411</u>	<u>(1,081,413)</u>	<u>1,841,645</u>
	<u>\$ 9,539,041</u>	<u>\$ 4,960,964</u>	<u>\$ (6,550,310)</u>	<u>\$ 7,949,695</u>

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

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:

	2022	2021
Financial assets	\$ 10,291	\$ 1,366,071
Financial liabilities	578,558	2,181,193
Net financial debt	(568,267)	(815,122)
Non-financial assets	583,527	5,075,836
Accumulated surplus	\$ 15,260	\$ 4,260,714

Combined results of operations:

	2022	2021
Revenue	\$ 1,701,361	\$ 1,510,603
Operating expenses	(1,607,846)	(1,276,436)
Amortization	(91,581)	(312,320)
Annual surplus	\$ 1,934	\$ (78,153)

In 2022, the ownership of the library building was transferred from the Midland Public Library to the Town of Midland, as per the Public Libraries Act, and is now leased to the MPL for \$1. All related assets and liabilities have been removed accordingly.

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

	2022	2021
Revenue		
Municipal contributions	\$ 1,461,156	\$ 1,325,323
Expenses		
Debenture interest	-	78,953

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

	2022	2021
Trade receivable, restricted for obligatory reserves	\$ 257,036	\$ 281,758
Trade receivable, unrestricted	-	1,236,087

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

December 31, 2022

7. Employee Future Benefits Liabilities

	<u>2022</u>	<u>2021</u>
Accumulated sick leave entitlements	\$ 364,600	\$ 363,399
Life insurance, health and dental	<u>1,536,507</u>	<u>1,564,976</u>
	<u>\$ 1,901,107</u>	<u>\$ 1,928,375</u>

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.

	<u>2022</u>	<u>2021</u>
Post-employment benefits accrued obligation, beginning of year	\$ 1,928,375	\$ 1,961,939
Add: Benefit expense	86,519	77,771
Interest cost	50,857	64,342
Less: Amortization of actuarial loss	3,245	(14,084)
Benefits paid for the year	<u>(167,889)</u>	<u>(161,593)</u>
Post-employment benefits accrued obligation, end of year	<u>\$ 1,901,107</u>	<u>\$ 1,928,375</u>

The accrued benefit obligations for the Town's post-employment benefits liability as at December 31, 2022 are based on actuarial valuations for accounting purposes as at September 9, 2022. 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:

	<u>2022</u>	<u>2021</u>
Discount rate	2.9%	2.9%
Salary escalation	3.00%	3.00%
Dental costs escalation	4.00%	4.00%
Health premium care rates	7.00%	7.00%

Health premium care rates starting in 2022 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, 2022

8. Net Long-term Liabilities

	<u>2022</u>	<u>2021</u>
Debenture, bearing interest at 2.15% maturing in November, 2045. Principal and interest is repayable in semi-annual installments of \$311,508.	\$ 11,258,112	\$ 11,633,022
Debenture, bearing interest at 3.66% maturing in October, 2048. Principal and interest is repayable in semi-annual installments of \$159,644.	5,326,185	5,447,202
Debenture, bearing interest at 4.53% maturing in December, 2040. Principal and interest is repayable in semi-annual installments of \$67,415.	1,647,399	1,705,616
Debenture, bearing interest at 6.153% maturing in July, 2024. Principal and interest is repayable in semi-annual installments of \$221,623.	822,289	1,197,536
Debenture, bearing interest at 4.04% maturing in November, 2030. Principal is repayable in semi-annual installments of \$91,710 plus interest.	1,243,244	1,372,508
Debenture, bearing interest at 3.00% maturing in November, 2046. Principal and interest is repayable in semi-annual installments of \$25,715.	875,388	900,000
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$19,188 plus interest.	230,250	460,500
Debenture, bearing interest at 3.71% maturing in November, 2025. Principal and interest is repayable in semi-annual installments of \$52,518.	295,618	387,132
Debenture, bearing interest at 3.71% maturing in November, 2025. Principal and interest is repayable in semi-annual installments of \$39,388.	221,714	290,349
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$8,644 plus interest.	103,725	207,450
Debenture, bearing interest at 3.05% maturing in December, 2023. Principal is repayable in monthly installments of \$4,167 plus interest.	50,000	100,000
Term loan, bearing interest at 3.55% maturing in June, 2026. Principal is repayable in monthly installments of \$1,636, secured by a general security agreement.	31,261	41,019
Municipal debt, interest free matured in July 2022. Principal is repayable in annual installments.	-	1,204
Term loan, bearing interest at 6.00% maturing in December 2027. Principal and interest is repayable in monthly installments of \$2,436, secured by a general security agreement.	62,072	-
	<u>\$ 22,167,257</u>	<u>\$ 23,743,538</u>

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

December 31, 2022

8. Net Long-term Liabilities (continued)

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

2023	\$ 1,698,067
2024	1,368,143
2025	974,693
2026	814,932
2027	834,472
Thereafter	<u>16,476,950</u>
	<u>\$ 22,167,257</u>

The interest expense related to the above long-term debt was \$704,050 (2021 - \$731,731).

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>2022</u>	<u>2021</u>
Surpluses		
Current fund (deficiency)	\$ (1,676,964)	\$ 5,498,495
Invested in tangible capital assets	194,002,434	187,072,461
Less: financed by long-term liabilities	<u>(22,167,257)</u>	<u>(23,743,538)</u>
Total surpluses	170,158,213	168,827,418
Reserve funds, set aside for specific purposes by Council	<u>38,030,409</u>	<u>29,537,844</u>
Accumulated surplus	<u>\$208,188,622</u>	<u>\$198,365,262</u>

10. Net Taxation

	<u>2022</u>	<u>2021</u>
Total taxes levied by the Town	\$38,029,070	\$ 36,535,778
Less:		
Taxes levied on behalf of the Boards of Education	6,368,808	6,317,478
Taxes levied on behalf of the County of Simcoe	<u>6,418,416</u>	<u>6,097,616</u>
	<u>\$25,241,846</u>	<u>\$ 24,120,684</u>

The Corporation of the Town of Midland

Notes to the Consolidated Financial Statements

December 31, 2022

11. Government Grants

	2022	2021
Grants with stipulations	\$ 1,432,574	\$ 1,861,428
Other	2,327,396	744,895
	<u>\$ 3,759,970</u>	<u>\$ 2,606,323</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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$123.6 billion indicating an actuarial deficit of \$6.7 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 2022 were \$1,938,567 (2021 - \$1,634,812).

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, 2022

14. Public Sector Salary Disclosure

During 2022, twenty-one employees (2021 - twenty employees) were paid a salary, as defined by the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Town.

15. 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, 2022

16. Tangible Capital Assets

	2022								
	General				Infrastructure			Total	
	Land	Land Improvements	Vehicles	Equipment	Building and Building Service Equipment	Infrastructure	Information Technology	Assets Under Construction	
Cost									
Balance, beginning of year	\$ 24,698,000	\$ 10,352,535	\$ 8,582,777	\$12,012,682	\$ 68,847,604	\$ 114,085,183	\$ 2,847,108	\$16,125,895	\$ 257,551,784
Add: Additions during the year	386,447	1,104,707	1,195,238	1,632,201	753,377	1,307,387	136,517	6,765,319	13,281,193
Add: Transfers	-	401,529	415,303	2,208,648	3,147,590	(5,818,892)	98,594	51,735	504,507
Less: Disposals during the year	(419,965)	(457,909)	(1,540,323)	(874,335)	111,269	(474,553)	(154,392)	(91,294)	(3,901,502)
Balance, end of year	24,664,482	11,400,862	8,652,995	14,979,196	72,859,840	109,099,125	2,927,827	22,851,655	267,435,982
Accumulated amortization									
Balance, beginning of year	-	6,025,877	4,290,860	6,410,714	24,242,655	27,635,869	1,873,348	-	70,479,323
Add: Amortization during the year	-	322,828	611,994	594,959	1,249,954	2,730,863	187,450	-	5,698,048
Transfers	-	(3,006)	419,860	1,082,740	1,602,319	(2,638,162)	40,756	-	504,507
Less: Amortization on disposals	-	(169,726)	(1,493,119)	(1,209,003)	129,224	(380,538)	(125,168)	-	(3,248,330)
Balance, end of year	-	6,175,973	3,829,595	6,879,410	27,224,152	27,348,032	1,976,386	-	73,433,548
Net book value of tangible capital assets	\$ 24,664,482	\$ 5,224,889	\$ 4,823,400	\$ 8,099,786	\$ 45,635,688	\$ 81,751,093	\$ 951,441	\$22,851,655	\$ 194,002,434

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

December 31, 2022

16. Tangible Capital Assets (continued)

	2021								
	General				Infrastructure			Total	
	Land	Land Improvement	Vehicles	Equipment	Building and Building Service Equipment	Infrastructure	Information Technology	Assets Under Construction	
Cost									
Balance, beginning of year	\$ 24,698,000	\$ 10,276,687	\$ 8,395,998	\$ 10,533,745	\$ 60,424,172	\$ 106,873,013	\$ 2,661,010	\$ 28,412,005	\$ 252,274,630
Add: Additions during the year		106,683	831,766	1,493,213	460,783	497,935	186,499	2,551,420	6,128,299
Add: Transfers	-	-	-	-	7,990,243	6,714,235	-	(14,704,478)	-
Less: Disposals during the year	-	(30,835)	(644,987)	(14,276)	(27,594)	-	(401)	(133,052)	(851,145)
Balance, end of year	24,698,000	10,352,535	8,582,777	12,012,682	68,847,604	114,085,183	2,847,108	16,125,895	257,551,784
Accumulated amortization									
Balance, beginning of year	-	5,713,533	4,301,277	5,929,010	22,987,836	25,415,019	1,712,358	-	66,059,033
Add: Amortization during the year	-	343,179	501,401	541,522	1,254,819	2,220,850	161,391	-	5,023,162
Less: Amortization on disposals	-	(30,835)	(511,818)	(59,818)	-	-	(401)	-	(602,872)
Balance, end of year	-	6,025,877	4,290,860	6,410,714	24,242,655	27,635,869	1,873,348	-	70,479,323
Net book value of tangible capital assets	\$ 24,698,000	\$ 4,326,658	\$ 4,291,917	\$ 5,601,968	\$ 44,604,949	\$ 86,449,314	\$ 973,760	\$ 16,125,895	\$ 187,072,461

Tangible capital assets under construction and other capital work in progress having a value of \$22,851,655 (2021 - \$16,125,895) 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, 2022

17. 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, 2022

	2022						
	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenue							
User fees	\$ 95,669	\$ 421,133	\$ 240,397	\$ 8,477,324	\$ 916,078	\$ 141,134	\$ 10,291,735
Government grants	1,066,455	113,094	853,623	224	1,676,384	50,190	3,759,970
Contributions from other municipalities	-	163,932	302,931	-	326,730	-	793,593
Development charges	-	-	3,170,907	255,791	609,627	-	4,036,325
Other	1,660,317	288,076	1,217,139	1,139,299	373,702	317,561	4,996,094
Total Revenue	2,822,441	986,235	5,784,997	9,872,638	3,902,521	508,885	23,877,717
Expenses							
Salaries, wages and benefits	2,728,605	3,334,943	3,209,969	1,986,050	2,924,382	493,401	14,677,350
Materials and supplies	2,274,039	967,636	861,445	6,116,814	2,545,259	457,388	13,222,581
Contracted services	-	4,994,172	-	-	-	-	4,994,172
Interest on long-term liabilities	-	-	413,525	154,607	135,918	-	704,050
Amortization	582,604	260,202	2,439,491	1,630,438	785,315	-	5,698,050
Total Expenses	5,585,248	9,556,953	6,924,430	9,887,909	6,390,874	950,789	39,296,203
Excess (deficiency) of revenues over expenses	\$ (2,762,807)	\$ (8,570,718)	\$ (1,139,433)	\$ (15,271)	\$ (2,488,353)	\$ (441,904)	\$ (15,418,486)
Funding through:							
Taxation							25,241,846
Annual Surplus						\$	9,823,360

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

December 31, 2022

	2021						
	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenue							
User fees	\$ 59,271	\$ 509,024	\$ 329,900	\$ 8,198,865	\$ 568,877	\$ 138,395	\$ 9,804,332
Government grants	725,034	229,250	1,425,280	8,611	239,583	2,993	2,630,751
Contributions from other municipalities	50,846	122,290	267,130	-	151,728	-	591,994
Development charges	641	258,353	355,210	90,934	578,075	49,337	1,332,550
Other	665,882	33,252	477,144	258,163	292,801	144,082	1,871,324
Total Revenue	1,501,674	1,152,169	2,854,664	8,556,573	1,831,064	334,807	16,230,951
Expenses							
Salaries, wages and benefits	2,998,212	3,034,049	2,920,156	1,707,810	2,379,800	359,064	13,399,091
Materials and supplies	1,637,824	6,340,940	3,678,387	1,996,741	1,775,530	472,758	15,902,180
Interest on long-term liabilities	-	-	391,590	144,041	159,058	-	694,689
Amortization	566,112	296,118	1,859,756	1,412,182	888,995	-	5,023,163
Total Expenses	5,202,148	9,671,107	8,849,889	5,260,774	5,203,383	831,822	35,019,123
Excess (deficiency) of revenues over expenses	\$ (3,700,474)	\$ (8,518,938)	\$ (5,995,225)	\$ 3,295,799	\$ (3,372,319)	\$ (497,015)	\$ (18,788,172)
Funding through:							
Taxation							24,120,684
Annual Surplus						\$	5,332,512