

THE CORPORATION OF THE TOWN OF WASAGA BEACH

COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2023

THE CORPORATION OF THE TOWN OF WASAGA BEACH
TABLE OF CONTENTS
AS AT DECEMBER 31, 2023

Management's responsibility for the consolidated financial report	1
Independent auditor's report	2
Consolidated statement of financial position	4
Consolidated statement of operations	5
Consolidated statement of change in net financial assets	6
Consolidated statement of cash flow	7
Consolidated statement of remeasurement gains and losses	8
Notes to the consolidated financial statements	9
Schedule 1 - Schedule of library operations	28
Schedule 2 - Consolidated schedule of tangible capital assets	29
Schedule 3 - Consolidated schedule of segmented revenues and expenses 2023 actual	30
Schedule 4 - Consolidated schedule of segmented revenues and expenses 2022 actual	31

THE CORPORATION OF THE TOWN OF WASAGA BEACH

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL REPORT

The accompanying consolidated financial statements of the The Corporation of the Town of Wasaga Beach ("the Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as 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 Municipality's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded 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 auditor 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 Baker Tilly SGB LLP, the independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Andrew McNeill

Chief Administrative Officer
June 27, 2024

Jocelyn Lee

Treasurer
June 27, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the The Corporation of the Town of Wasaga Beach:

Opinion

We have audited the consolidated financial statements of the The Corporation of the Town of Wasaga Beach ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets, cash flow and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and its consolidated results of operations 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 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 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 these 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 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 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 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.

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.

Baker Tilly SGB LLP

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
June 27, 2024

THE CORPORATION OF THE TOWN OF WASAGA BEACH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31

	Budget 2023 \$ (Note 3)	Actual 2023 \$	Actual 2022 \$
Revenues			
Net municipal taxation (Note 18)	31,972,490	32,461,447	28,365,808
Payments in lieu of taxation	-	644,056	593,575
User charges	11,227,430	12,429,144	10,950,765
Government grants (Note 20)	1,775,630	1,495,829	1,848,536
Payments from other municipalities	84,990	131,065	32,496
Contributions from deferred revenue - obligatory reserve funds and other (Note 12)	201,090	65,710	213,331
Investment (Note 8 and 9)	1,008,000	1,109,879	603,359
Penalties and interest on taxes	550,000	718,014	677,869
Other (Note 19)	2,684,720	3,431,006	2,302,013
	<u>49,504,350</u>	<u>52,486,150</u>	<u>45,587,752</u>
Expenses			
General government	5,459,790	2,861,959	2,594,848
Protection to persons and property	11,330,710	13,305,078	12,603,277
Transportation	8,114,800	11,542,111	10,988,538
Environmental	7,872,010	9,715,207	8,555,173
Recreation and cultural	7,197,430	9,292,028	6,431,658
Planning and development	3,498,700	2,849,458	3,180,701
Health, social and family	308,210	391,425	280,343
	<u>43,781,650</u>	<u>49,957,266</u>	<u>44,634,538</u>
Net revenues	<u>5,722,700</u>	<u>2,528,884</u>	<u>953,214</u>
Grants and transfers related to capital			
User charges	3,801,280	298,464	2,751,170
Government grants (Note 20)	2,298,550	1,703,302	1,503,074
Payments from other municipalities	-	6,715	446,739
Contributions from deferred revenue - obligatory reserve funds and other (Note 12)	16,232,110	7,121,124	13,168,376
Investment (Note 8 and 9)	264,150	696,711	470,602
Other (Note 19)	777,000	307,294	242,525
(Loss) on disposal of tangible capital assets	-	(17,660)	(804,413)
Contributed tangible capital assets (Note 4)	-	1,644,575	1,387,000
Income from government business enterprise (Note 22)	600,000	1,327,336	1,351,002
	<u>23,973,090</u>	<u>13,087,861</u>	<u>20,516,075</u>
Annual surplus (Note 21)	29,695,790	15,616,745	21,469,289
Accumulated surplus at beginning of year	349,677,319	349,677,319	328,208,030
Accumulated surplus at end of year (Note 17)	<u>379,373,109</u>	<u>365,294,064</u>	<u>349,677,319</u>

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31

	Budget 2023	Actual 2023	Actual 2022
	\$ (Note 3)	\$	\$
Annual surplus	29,695,790	15,616,745	21,469,289
Acquisition of tangible capital assets	(58,669,610)	(36,412,274)	(38,858,330)
Amortization of tangible capital assets	-	9,021,387	7,586,304
Accretion expense	-	5,985	-
Loss on disposal of tangible capital assets	-	17,660	804,413
Proceeds on disposal of tangible capital assets	-	85,700	900,270
Asset retirement obligations	-	(328,942)	-
Contributed tangible capital assets	-	(1,644,575)	(1,387,000)
Change in prepaid expenses	-	(350,537)	98,079
Change in assets held for resale	-	-	(1)
	(28,973,820)	(13,988,851)	(9,386,976)
Change in accumulated remeasurement gains	-	2,082,994	-
Change in net financial assets	(28,973,820)	(11,905,857)	(9,386,976)
Net financial assets at beginning of year, as originally stated	41,529,072	41,529,072	50,916,048
Adjustment on adoption of the financial instrument standard (Note 2)	-	(760,507)	-
Net financial assets at end of year, as restated	-	40,768,565	-
Net financial assets at end of year	12,555,252	28,862,708	41,529,072

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31

	2023	2022
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	15,616,745	21,469,289
Non-cash items:		
Change in investment in GBE (Note 22)	(616,510)	(735,176)
Amortization of tangible capital assets	9,021,387	7,586,304
Employee future benefits	225,400	114,500
Contributed tangible capital assets	(1,644,575)	(1,387,000)
Loss on disposal of tangible capital assets	17,660	804,413
Unrealized loss on investments	1,322,487	-
Accretion of asset retirement obligations	5,985	-
	23,948,579	27,852,330
Changes in:		
Taxes receivable	(1,674,331)	(920,345)
Water and sewer billings receivable	(151,135)	(228,894)
Accounts receivable	(1,398,140)	492,234
Accounts payable and accruals	3,483,779	(311,906)
Developer deposits	(172,166)	(435,403)
Prepaid expenses	(350,537)	98,079
	23,686,049	26,546,095
Net change in cash from operations		
Capital activities		
Acquisition of tangible capital assets	(36,412,274)	(38,858,330)
Proceeds on disposal of tangible capital assets	85,700	900,270
Accounts receivable related to tangible capital assets	(139,334)	888,852
Accounts payable related to tangible capital assets	(3,091,411)	2,638,415
Local improvements receivable	145,585	145,905
	(39,411,734)	(34,284,888)
Net change in cash from capital		
Investing activities		
Portfolio investments	(2,837,428)	(621,466)
Guaranteed investments	7,793,327	(10,164,920)
	4,955,899	(10,786,386)
Net change in cash from investing		
Financing activities		
Long-term liabilities repaid	(1,442,976)	(1,139,388)
Long-term liabilities assumed	-	3,000,000
Deferred revenue - obligatory reserve funds and other	(425,559)	(2,355,196)
Temporary loans assumed	12,000,000	5,000,000
Temporary loans repaid	-	(3,000,000)
	10,131,465	1,505,416
Net change in cash from financing		
Net change in cash position	(638,321)	(17,019,763)
Cash and cash equivalents at beginning of year	13,665,199	30,684,962
Cash and cash equivalents at end of year (Note 9)	13,026,878	13,665,199

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31

	2023
	\$
Accumulated remeasurement gains at beginning of year	-
Adjustment on adoption of the financial instruments standard (Note 2)	<u>(760,507)</u>
Unrealized gains (losses) attributed to:	
Portfolio investments	<u>2,082,994</u>
Accumulated remeasurement gains at end of year	<u>1,322,487</u>

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

Nature of operations

The Corporation of the Town of Wasaga Beach ("the Municipality") is a lower-tier municipality located in the County of Simcoe, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Summary of significant accounting policies

The consolidated financial statements have been prepared by management of the Municipality in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants of Canada.

The focus of PSAB consolidated financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following organizations which are accountable to, and owned or controlled by, the Municipality:

Corporation of the Town of Wasaga Beach Public Library Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

In addition, the consolidated financial statements include the consolidated operations of Geosands Inc. as disclosed in Note 22. This government business enterprise (GBE) is accounted for using the modified equity method. Under this method, the enterprise's accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions are not eliminated.

(b) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less from the date of acquisition.

Cash equivalents and guaranteed investments are recorded at cost which approximates fair market value.

(d) Assets held for resale

Assets held for resale are stated at the lower of cost and net realizable value.

(e) Portfolio investments

Portfolio investments are recorded at cost plus accrued interest less amortization of purchase premium discounts.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

1. Summary of significant accounting policies (continued)

(f) Financial instruments

The financial instruments of the municipality consist of cash and cash equivalents, accounts receivable, investments, notes receivable, accounts payable, developer deposits, and long-term liabilities. All financial instruments are recognized at cost, amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, accounts payable and long-term liabilities (excluding derivative financial instruments) are recognized at amortized cost.

Notes receivable are recorded at amortized cost. Subsequent amounts received against loans that have been allowed for are recorded as revenue in the year received. Interest is accrued on notes receivable to the extent it is deemed collectable.

Investments include guaranteed investment certificates (GICs), principal protected notes (PPNs), bonds and equities. GICs are recorded at cost, which approximates amortized cost. PPNs have been designated to be recorded at fair value as these are hybrid financial instruments with an embedded derivative that has not been separated from the host contract. Derivatives are recorded at fair value and in determining fair value, the credit risk of both counterparties is considered. Bonds and equities are recorded at fair value as they are quoted in an active market.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured at cost or amortized cost.

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the statement of remeasurement gains and losses until disposition. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

1. Summary of significant accounting policies (continued)

(g) Non-financial 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. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

(g.i) Tangible capital assets

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

Land improvements	- 10 years to infinite life
Buildings	- 10 to 100 years
Machinery and equipment	- 2 to 25 years
Vehicles	- 5 to 20 years
Linear assets	- 3 to 100 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Construction in progress is not amortized until the asset is available for productive use.

Linear assets represent roads, bridges, sidewalks and water and wastewater infrastructure.

(h) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

(i) County and school boards

The Municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. 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.

(j) Segment disclosures

Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Net municipal taxation revenue has been allocated to segments based on budget.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

1. Summary of significant accounting policies (continued)

(k) Taxation and related revenues

Municipal tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services. 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 municipal taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For municipal taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

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.

(l) Government grants

Government grants are recognized in the consolidated financial statements as revenues 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. Conditional government grants are recognized to the extent the conditions imposed on them have been fulfilled. Unconditional government grants are recognized when monies are receivable. Government grants for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Grants are recognized as deferred revenue when grant stipulations give rise to a liability. Grant revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

(m) Revenue recognition

Fees for water and waste water usage are recorded as user charges in the period service is provided. Connection fee revenues are recognized when the connection has been established.

Subdivider contributions and fees for services (included in user charges and other revenues) are recognized over the period of service or when required expenditures occur if applicable.

Investment income (other than on obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances. Revenue from the obligatory reserve funds is recognized in the year in which eligible expenditures are made.

Other user charges, payments from other municipalities and other revenues are recognized as invoiced if collection is reasonably assured.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

1. Summary of significant accounting policies (continued)

(n) Pension plan

The Municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Municipality accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(o) Other post-employment benefits

Employee future benefits other than pension provided by the Municipality include medical, dental and vision benefits. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

The accrued benefit obligations and the current service costs are calculated using the projected benefit method, prorated on service, and based on assumptions that reflect management's best estimates. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains or losses over 10% of the accrued benefit obligation is amortized to expense over the average remaining service period of active employees to full eligibility.

(p) 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates have been made of historical cost and useful lives of tangible capital assets and employee future benefits. In addition, the Municipality's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs. Actual results could differ from those estimates.

(q) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization accounting policies outlined in (g).

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

2. Changes in accounting policies

(a) PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation

On January 1, 2023, the Municipality adopted Public Accounting Standards *PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1).

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2023:

- A increase of \$117,666 to net financial assets and an decrease of \$117,666 to accumulated remeasurement gains due to the unrealized gain of the Municipality's investments previously classified as held-to-maturity.

(b) PS 3280 – Asset Retirement Obligations

On January 1, 2023, the Municipality also adopted Public Accounting Standard *PS 3280 – Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section *PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the prospective basis at the date of adoption. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2023, the Municipality recognized an additional asset retirement obligation relating to several buildings owned by the Municipality that contain asbestos. The buildings were originally purchased between 1939 and 1986, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings had an expected useful life between 39 to 104 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2023:

- Asbestos obligation
 - An increase of \$322,957 to the Buildings capital asset account and asset retirement obligation.

3. Budget amounts

The operating budget is reflected on the consolidated statement of operations, consolidated statement of change in net financial assets and Schedule 1. The budget amounts are those approved by Council for 2023 with adjustments to include amortization expense, which is not budgeted for annually. The budgets established for investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

4. Tangible capital assets

Schedule 2 provides information on the tangible capital assets of the Municipality by major asset class, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) Construction in progress

Construction in progress with a value of \$9,984,592 (2022 - \$41,715,227) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$1,644,575 (2022 - \$1,387,000).

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values have been assigned.

(d) Amortization

Amortization expense for the year totaled \$9,021,387 (2022 - \$7,586,304).

5. Contingencies

(a) In the ordinary course of business, various claims and lawsuits are brought against the Municipality. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the Municipality pursuant to claims, lawsuits or expropriations will be charged in the year of settlement.

(b) Annually, the Municipality is unable to estimate its Ontario Provincial Police adjustment. As a result, any adjustment is recorded in the year in which it is received or paid.

6. Development and letters of credit

As part of various developments, the Municipality has received letters of credit to cover the costs of completing these projects. Letters of credit held by the Municipality at December 31, 2023 were \$34,338,959 (2022 - \$43,571,934).

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

7. Commitments

- (a) The Municipality has an agreement with Floyd Sinton Limited for the operation of Wasaga Beach Transit. The previous contract, which expired July 31, 2022, has been renewed for five years ending August 2027. The new contract is for both conventional transit and specialized transit services. Total future payments on the remaining contract is \$4,254,054.
- (b) The Municipality has a servicing agreement with the Ontario Clean Water Agency to operate and maintain the Wasaga Beach Water Treatment Plant and Water Control Pollution Plant for a term of ten (10) years ending on December 31, 2025 with a renewal option for successive five (5) year terms. The Municipality paid the Ontario Clean Water Agency \$1,345,356 in 2023 and will increase by annual insurance and Consumer Price Index adjustments in subsequent years.
- (c) The Municipality entered into a Joint Use and Cost Sharing Agreement with Simcoe County District School Board in May of 2023. The School Board will construct a new Wasaga Beach Elementary School on lands owned by the Board. The Parties intend to share the cost, on a cost recovery basis, of operating and maintaining the Joint Use Facility costs. The Town will make a capital contribution of approximately \$1.8 million towards the initial cost of the construction of the Joint Use Facility once it is built. The School Board started the construction of the building in 2023.

8. Portfolio investments

Portfolio investments include fixed income federal, provincial and corporate bonds, rated by S&P at a risk level of AA or higher in accordance with the Municipality's investment policy. Also included in portfolio investments are investments held in The ONE Investment Program. It is designed specifically for the municipal and broader Ontario public sector. The investments held within the Program are valued at their purchase cost, plus any reinvested income earned.

Investments include:

	2023		2022	
	Book Value	Market Value	Book Value	Market Value
Bond Portfolio Investments	17,102,907	16,645,173	16,686,470	15,793,606
<i>ONE Fund Investments</i>				
Bond Portfolio	4,114,451	3,779,000	4,028,133	3,612,577
Universal Corporate Bond Portfolio	5,384,096	4,857,212	5,257,334	4,571,701
Equities Portfolio	6,433,640	9,600,087	6,021,543	7,649,926
	33,035,094	34,881,472	31,993,480	31,627,810

Investment income earned on the bond portfolio investments during the year was \$369,386 (2022 - \$147,714). Investment income earned in the ONE Fund portfolio during the year was \$1,085,412 (2022 - \$876,513). Of the above amounts, \$821,590 (2022 - \$668,605) was recorded as investment income in the obligatory reserve funds.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

9. Cash, cash equivalents and guaranteed investments

Cash, cash equivalents and guaranteed investments total as follows:

	2023	2022
	\$	\$
Cash and cash equivalents	13,026,878	13,665,199
Guaranteed investments	24,536,908	32,330,235
	<u>37,563,786</u>	<u>45,995,434</u>

The total is comprised of unrestricted and restricted amounts as follows:

	2023	2022
	\$	\$
Unrestricted	12,638,329	20,644,418
Restricted - obligatory reserve funds	24,925,457	25,351,016
	<u>37,563,786</u>	<u>45,995,434</u>

Cash and cash equivalents includes cash held in financial institutions.

Guaranteed investments consist of 5 non-redeemable GICs with maturity dates between July 2024 and August 2025, earning interest rates ranging from 1.70% to 5.90% per annum. The 2022 balance consisted of 7 non-redeemable GICs with maturity dates between February 2023 and August 2025, earning interest rates of 1.40% to 5.05% per annum.

Principal Protected Notes (PPNs) are also included in guaranteed investments and consist of 2 PPNs with maturity dates of August 2027 and 2029, bearing interest at 4.00% per annum. They were originally recorded at cost at time of purchase of \$5,500,000 and subsequently remeasured to their fair market value of \$4,978,550 as of December 31, 2023. The nature of PPNs is such that the principal will be recovered when held to maturity. Management intends to hold each of the PPNs until maturity and this would result in the recovery of all principal of \$5,500,000. There would be no realized losses.

Restricted cash and guaranteed investments relate to obligatory reserve funds as described in Note 12.

The available line of credit has a limit of \$2,000,000. Interest is paid on outstanding balances at a rate of prime less 0.75%. As of year end the balance was \$NIL (2022 - \$NIL).

10. Local improvements receivable

Benefiting land owners of local improvements had the option to pay for their share of the cost in full or finance over increments of 5 or 10 years. Interest rates on the receivable balance range from 1.50% to 6.50% per annum.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

11. Asset retirement obligations

The Municipality's asset retirement obligations consist of several obligations as follows:

(a) Asbestos obligation

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The presence of asbestos is not a current health hazard, and there is no requirement to remove asbestos in these buildings as long as the asbestos is contained and does not pose a public health risk. According to the Canadian Centre of Occupational Health and Safety (CCOHS), there are no significant health risks if the materials containing asbestos in your home or place of work are:

- Tightly bound in the original product, and it is in good condition
- Sealed behind walls and floorboards
- Isolated in an attic
- Left undisturbed

The Municipality assesses spaces for the presence of asbestos prior to any construction or renovation taking place. If any asbestos present would be disturbed due to these activities, it is appropriately abated in a manner that is compliant with relevant legislation and regulations. Remediation activities also occur upon the disposal of a building.

The Municipality's asset retirement obligations represent management's best estimate of the present value of the costs that are expected to be incurred for the remediation of asbestos present in some of the Municipality's buildings. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023. The buildings had an estimated useful life of 15 to 55 years when they were acquired. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. At December 31, 2023, estimated undiscounted asset retirement obligations were \$322,957. The Municipality used a discount rate of 2.50% which represented the Municipality's average cost to borrow from OILC over a similar period of time.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings (see Note 2).

Changes to the asset retirement obligation in the year are as follows:

	Asbestos Removal \$
Asset retirement obligation (ARO)	
Asset retirement obligation balance at beginning of the year	-
Asset retirement obligation additions (Note 2)	322,957
Accretion expense	5,985
	328,942
Asset retirement obligation balance at end of the year	328,942

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

12. Deferred revenue - obligatory reserve funds and other

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the restricted deferred revenue balances is made up as follows:

	2023 \$	2022 \$
Deferred revenue at beginning of year	25,351,015	27,706,211
New deposits:		
Federal government	684,219	1,704,831
Provincial government	1,818,514	2,079,226
Private sources	6,208,495	7,534,307
Investment income	882,083	761,592
Capital and other transfers	<u>(10,018,870)</u>	<u>(14,435,152)</u>
Deferred revenue at end of year	<u>24,925,456</u>	25,351,015
Obligatory reserve funds:		
Recreational land	1,110,932	1,087,238
Development charges act	13,191,829	13,934,117
Building code act	2,633,248	2,791,167
Federal and Provincial gas tax allocation	4,070,626	3,743,072
Other government grants	3,918,821	2,901,141
Library and Arena donations	<u>-</u>	<u>894,280</u>
	<u>24,925,456</u>	25,351,015

13. Temporary loans

The Municipality has a financing agreement in place with Ontario Infrastructure and Lands Corporation ('OILC') whereby OILC made long-term financing available up to a maximum of \$33,500,000 for the acquisition of tangible capital assets related to the new Twinpad Arena and Library infrastructure projects.

Each advance shall be due and payable in full on the earlier of the facility termination date (defined as the earlier of September 29, 2026 and the date on which the obligations of OILC have been terminated) or the debenture purchase date for the project(s) for which the advance was made. The advance will be repaid by a) using immediately available funds; b) converting the advance into long-term financing by issuing to OILC one or more debentures in a principal amount at least equal to the advance to be repaid; or c) any combination of (a) and (b).

Interest is calculated at a floating rate per annum based on OILC's cost of funds plus their prevailing spread assigned to the borrower section for the program delivery costs and risks. Interest costs during construction have been included in the cost of tangible capital assets.

As at December 31, 2023 the Municipality has received \$17,000,000 in advances from OILC related to this agreement for the Twinpad Arena and Library.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

14. Long-term liabilities

(a) Long-term liabilities consist of the following:

	2023 \$	2022 \$
(a) OILC debenture for the Main Street Bridge, 2.48% interest, semi-annual blended payments of \$320,838 principal and interest, due March 2027.	2,138,491	2,716,361
(b) OILC debenture for the purchase of a fire pumper truck, 2.06% interest, semi-annual blended payments of \$54,851 principal and interest, due March 2025.	161,221	265,982
(c) Toronto Dominion bank loan for the purchase of beachfront properties, 3.163% interest, monthly blended payments of \$33,310 principal and interest, due May 2025.	5,115,371	5,349,716
(d) OILC debenture for the purchase of beachfront properties, 3.28% interest, monthly payments of \$23,000 plus interest, due July 2040.	4,577,000	4,853,000
(e) OILC debenture for the retrofit of streetlights with LED light bulbs, 2.21% interest, semi-annual payments of \$125,000 plus interest, due July 2026.	750,000	1,000,000
	12,742,083	14,185,059

(b) Principal, interest and total debt payments for the next 5 years are as follows:

	Principal \$	Interest \$	Total \$
2024	1,466,180	372,542	1,838,722
2025	6,061,774	245,012	6,306,786
2026	1,148,220	151,477	1,299,697
2027	592,909	122,742	715,651
2028	276,000	110,068	386,068
Thereafter	3,197,000	611,959	3,808,959
	12,742,083	1,613,800	14,355,883

The above long-term liabilities issued in the name of the Municipality have been approved through by-laws. 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.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

15. Pension agreements

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the Municipality cannot be identified. The Municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS for 2023 were \$1,400,531 (2022 - \$1,184,167) for current service.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.1 (2022 - \$130.3) billion in respect of benefits accrued for service with actuarial assets at that date of \$131.9 (2022 - \$123.6) billion, indicating a going concern actuarial deficit of \$4.2 (2022 - \$6.7) billion.

16. Employee future benefits

The Municipality 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, 2023 of \$1,817,500 and the net periodic benefit cost were determined by an actuarial valuation dated April 24, 2024. Actuarial valuations will be prepared every third year or when there are significant changes to the workforce.

Information about the Municipality's obligation for employee future benefits is as follows:

	2023	2022
	\$	\$
Accrued plan liability at beginning of year	1,425,600	1,311,100
Current service cost	202,300	114,400
Interest cost	52,100	39,900
Amortization of actuarial loss	93,400	58,200
Benefits paid for the year	(122,400)	(98,000)
	<hr/>	<hr/>
Accrued plan liability at end of year	1,651,000	1,425,600
Unrecognized actuarial loss	166,500	377,400
	<hr/>	<hr/>
Accrued benefit obligation at end of year	1,817,500	1,803,000

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

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2.5% in 2023 (2022 - 2.5%) and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2023 of the present value of future liabilities and the expense, was determined using an annual discount rate of 4.3% (2022 - 2.2%). This corresponds to the assumed CPI rate plus an assumed real rate of return of 2.5% (2022 - 2.5%).

(c) Health care costs

Health care costs were assumed to increase 7.2% in 2023 (2022 - 6.1%) and 7.0% in 2024.

(d) Dental costs

Dental costs were assumed to increase 4.3% in 2022 (2022 - 4.0%) and thereafter.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

17. Accumulated surplus

The accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023 \$	2022 \$
Surplus:		
Investment in tangible capital assets	307,586,409	288,888,375
Unfunded liability for asset retirement obligation	<u>(328,942)</u>	-
Total surplus	<u>307,257,467</u>	<u>288,888,375</u>
Reserves set aside for specific purposes by Council		
Working funds	2,276,686	1,903,087
Government business enterprise	3,593,269	3,593,269
Water and wastewater	19,505,927	21,934,864
Operating	3,994,869	3,769,723
Tax rate stabilization	2,547,547	1,690,564
Casino revenue	1,339,899	152,138
Acquisition of tangible capital assets	<u>5,495,407</u>	<u>9,078,816</u>
Total reserves	<u>38,753,604</u>	<u>42,122,461</u>
Reserve funds set aside for specific purposes by Council		
Acquisition of tangible capital assets	<u>241,507</u>	<u>241,507</u>
Investment in government business enterprises (Note 22)	<u>19,041,486</u>	<u>18,424,976</u>
Total accumulated surplus	<u>365,294,064</u>	<u>349,677,319</u>

18. Net municipal taxation

Net municipal taxation consists of:

	2023 \$	2022 \$
Taxation revenue	57,716,576	50,747,787
Amount levied and remitted to school boards	(9,685,513)	(9,004,936)
Amount levied and remitted to the County of Simcoe	<u>(15,569,616)</u>	<u>(13,377,043)</u>
Net municipal taxation	<u>32,461,447</u>	<u>28,365,808</u>

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

19. Other revenues

Other revenues on the consolidated statement of operations consists of the following:

	2023	2022
	\$	\$
Licenses and permits	213,391	1,049,659
Rents and concessions	1,080,681	770,984
Fines	480,401	287,370
Donations	436,773	284,387
Casino revenues	1,227,054	152,138
Parkland contributions	300,000	-
	3,738,300	2,544,538

20. Government grants

Government grants on the consolidated statement of operations and schedule 3 consist of the following:

	2023	2022
	\$	\$
Federal	720,751	399,969
Provincial	2,478,380	2,951,641
	3,199,131	3,351,610

21. Annual surplus transferred to reserves

A reconciliation between adjusted annual surplus as transferred to reserves and recorded annual surplus as per the consolidated statements is reflected below. The need for this is generated by the actual recorded results complying with PSAB reporting requirements.

	2023	2022
	\$	\$
Annual surplus	15,616,745	21,469,289
Change in government business enterprise	(616,510)	(735,176)
Accretion of asset retirement obligations	5,985	-
Amortization of tangible capital assets	9,021,387	7,586,304
Loss (gain) on disposal of tangible capital assets	17,660	804,413
Proceeds on disposal of tangible capital assets	85,700	900,270
Tangible capital asset additions	(38,056,850)	(40,245,330)
Issuance of temporary loans	12,000,000	5,000,000
Principal payments on long-term liabilities	(1,442,976)	(1,139,388)
	(3,368,859)	(6,359,618)
Annual deficit transferred from reserves		

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

22. Government business enterprise (GBE)

The following balances represent the consolidation of Geosands Inc., Wasaga Distribution Inc., Wasaga Genco Inc. and Wasaga Resource Services Inc. for the year ended December 31. The following operations are included in the consolidated statement of operations, accounted for on a modified equity basis:

	Notes	2023 \$	2022 \$
Total assets		48,878,620	43,435,767
Total liabilities	(a)	(29,837,134)	(25,010,791)
Net assets		19,041,486	18,424,976
Common shares		2,745,596	2,745,596
Miscellaneous paid-in capital		5,175,468	5,175,468
Retained income		11,120,422	10,503,912
Investment in government business enterprise		19,041,486	18,424,976
Total revenues	(b)	25,366,956	24,596,238
Total expenditures		(24,175,446)	(23,381,062)
Comprehensive income for the year		1,191,510	1,215,176
Dividends		(575,000)	(480,000)
Change in investment in government business enterprise equity		616,510	735,176
Income from government business enterprise:			
Change in investment in GBE equity	(c)	616,510	735,176
Dividends	(d)	575,000	480,000
Interest on note receivable	(e)	135,826	135,826
		1,327,336	1,351,002

(a) Note receivable from Wasaga Distribution Inc.

Geosands' liabilities include a note receivable from Wasaga Distribution Inc., repayable to the Municipality, in the amount of \$3,593,269 (2022 - \$3,593,269), which has no fixed terms of principal repayment. Interest is determined on the principal amount outstanding on the 30th day following December 31st of each year in which principal is owing. The note bears interest at the rate approved by the Ontario Energy Board (OEB) in connection with the the current decision and order issued by the OEB approving the electricity distribution rates that Wasaga Distribution Inc. is permitted to recover. Interest may be receivable in cash or in additional common shares issued by the government business enterprise. The interest rate during the year was 3.78% (2022 - 3.78%).

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

22. Government business enterprise (GBE) (continued)

(b) Rent revenue

Included in total revenue of the GBE is rental income from the Municipality. In 2011, a lease agreement was entered into with Wasaga Distribution Inc., effective January 1, 2012 for the construction of a fire hall on a portion of the land owned by Wasaga Distribution Inc. The Municipality was charged rent of \$33,743 (2022 - \$32,136). Rent will increase by the same percentage as the Consumer Price Index for the first ten years. The GBE sought an appraisal for the lease and the Town agreed to the adjustment, which was reflected in the 2022 rent payment. The term of the lease is forty years, including options for two extensions of twenty years.

(c) Change in investment in government business enterprise equity

Change in investment in government business enterprise equity represents the annual increase or decrease in the retained earnings of Geosands Inc., Wasaga Distribution Inc. and Wasaga Resources Services Inc., after eliminating any intercompany transactions between the three companies. The amount of change in retained earnings is calculated as the companies' annual net income, less any dividends paid to the Municipality. The amount retained by those companies is determined by their Board of Directors, in their anticipation of investments in property, plant and equipment and their cash requirements to effectively operate the companies. The Municipality only receives cash from the investment in the government business enterprise when dividends are declared as described in (d) below.

(d) Dividends

During the year the Municipality received \$575,000 (2022 - \$480,000) cash in the form of dividends from Geosands Inc. The amount of dividends paid each year is determined by the Board of Directors of Wasaga Resources Services Inc., Wasaga Distribution Inc. and Geosands Inc. based on their annual earnings, their anticipated amount of investment required in property, plant and equipment and their available cash flow.

(e) Interest on note receivable

During the year the Municipality received \$135,826 (2022 - \$135,826) cash in the form of interest from the note receivable from Wasaga Distribution Inc., as described in (a) above.

23. Trust funds

Trust funds administered by the Municipality amounting to \$275,616 (2022 - \$254,145) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The trust funds are comprised of the following:

	2023	2022
	\$	\$
Cemetery pre-need	27,165	27,654
Cemetery perpetual care and maintenance	248,451	226,491

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

24. Segmented information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police (OPP contract), fire, recreation and library services as well as road, water and sewer infrastructure. Distinguishable functional segments have been separately disclosed in the segmented information. Revenues that are directly related to the costs of the function have been attributed to each segment. Net municipal taxation revenue is allocated to each segment based on the prorated total budgeted expenses for each department.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the consolidated schedules of segmented revenues and expenses.

The nature of the segments and the activities they encompass are as follows:

- (a) **General government**
General government is the governance of the Municipality. It is comprised of Council, corporate health and safety, human resources and general administration.
- (b) **Protection to persons and property**
Protection to persons and property consists of OPP contract services, fire fighting and fire prevention services and other protective services consisting of community safety activities, animal control, bylaw enforcement and building inspection.
- (c) **Transportation**
Transportation services is comprised of revenues and expenses related to the various forms of transportation available to the Municipality. Transportation services include activities relating to maintaining roads, transit services, parking and streetlights.
- (d) **Environmental**
Environmental services consist of the provision of the Municipality's drinking water and waste water system.
- (e) **Recreation and cultural**
Recreation and cultural services consists of parks, sports centre activities, recreation programs and library services.
- (f) **Planning and development**
Planning and development is comprised of services including Municipal planning and Committee of Adjustment. Planning and development guides, regulates and facilitates development within the Municipality.
- (g) **Health, social and family**
Health services is comprised of revenues and expenses related to the cemetery, which offers an upright monument, flat marker, cremation garden section, mausoleum and columbarium. Social and family services consist of two programs, the Age-Friendly Community Advisory Committee and Senior Active Living Centre.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

25. Subsequent events

Subsequent to year end Council directed staff to complete the process for the establishment of a Municipal Service Corporation (MSC). A MSC is a separate legal entity owned by the Municipality and is recognized in the financial statements as a Government Business Enterprise. The MSC to be created is for the Beachfront Development project and will be wholly owned by the Municipality. The MSC will enter into partnerships with developers to build out the vision for the Beachfront mixed use and Festival Square. The new structure provides the appropriate mechanisms for entering into these types of partnerships.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
SCHEDULE 1
SCHEDULE OF LIBRARY OPERATIONS
FOR THE YEAR ENDED DECEMBER 31

	Budget 2023	Actual 2023	Actual 2022
	\$ (Note 2)	\$	\$
Revenue			
Government grants	34,100	54,667	70,863
Contributions from municipality	1,290,570	1,150,256	921,012
Rents, fines, program and miscellaneous fees	7,970	11,160	8,819
Donations	-	8,067	50
	<u>1,332,640</u>	<u>1,224,150</u>	<u>1,000,744</u>
Expenses			
Salaries, wages and benefits	1,065,450	1,022,773	814,332
Contracted services	37,670	52,661	64,687
Materials and supplies	218,550	138,416	116,898
Memberships and training	10,970	10,300	4,827
	<u>1,332,640</u>	<u>1,224,150</u>	<u>1,000,744</u>
Annual surplus	-	-	-
Accumulated surplus at beginning of year	<u>385,591</u>	<u>385,591</u>	<u>385,591</u>
Accumulated surplus at end of year	<u>385,591</u>	<u>385,591</u>	<u>385,591</u>

The supplemental information provided above has been extracted from the records of the Municipality and is included in the consolidated statement of operations.

THE CORPORATION OF THE TOWN OF WASAGA BEACH
SCHEDULE 2
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	Construction in Progress	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	44,706,684	15,180,756	53,105,615	12,774,978	15,486,666	248,552,772	41,715,227	431,522,698	394,752,915
Additions	-	748,863	48,929,257	3,326,139	2,584,582	14,198,644	3,878,284	73,665,769	46,167,845
Disposals	-	-	(66,554)	(343,121)	(288,875)	(319,804)	(35,608,919)	(36,627,273)	(9,398,062)
Asset retirement obligations	-	-	322,957	-	-	-	-	322,957	-
Balance, end of year	44,706,684	15,929,619	102,291,275	15,757,996	17,782,373	262,431,612	9,984,592	468,884,151	431,522,698
Accumulated amortization									
Balance, beginning of year	-	4,991,033	24,678,553	5,549,260	8,698,501	79,531,918	-	123,449,265	117,633,831
Amortization	-	352,411	1,962,046	907,834	1,152,995	4,646,101	-	9,021,387	7,586,304
Disposals	-	-	(53,602)	(343,121)	(287,534)	(230,736)	-	(914,993)	(1,770,870)
Balance, end of year	-	5,343,444	26,586,997	6,113,973	9,563,962	83,947,283	-	131,555,659	123,449,265
Net book value ¹ , end of year	44,706,684	10,586,175	75,704,278	9,644,023	8,218,411	178,484,329	9,984,592	337,328,492	308,073,433

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
SCHEDULE 3
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protection to Persons and Property	Transportation	Environmental	Recreation and Cultural	Planning and Development	Health, Social and Family	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net municipal taxation	3,428,787	10,425,180	7,933,170	619,970	7,307,140	2,568,510	188,690	32,461,447
Payments in lieu of taxation	644,056	-	-	-	-	-	-	644,056
User charges	58,796	1,054,217	1,447,108	8,297,106	870,230	561,539	140,148	12,429,144
Government grants (Note 20)	1,113,638	-	213,153	34,079	60,485	31,774	42,700	1,495,829
Payments from other municipalities	-	66,801	-	-	49,214	13,050	2,000	131,065
Contributions from deferred revenue - obligatory reserve funds and other	-	-	-	65,710	-	-	-	65,710
Investment	1,109,879	-	-	-	-	-	-	1,109,879
Penalties and interest on taxes	718,014	-	-	-	-	-	-	718,014
Other	1,266,360	191,730	492,518	68,402	576,251	817,767	17,978	3,431,006
	8,339,530	11,737,928	10,085,949	9,085,267	8,863,320	3,982,640	391,516	52,486,150
Expenses								
Salaries, wages and employee benefits	1,621,985	6,153,181	4,337,823	1,900,141	4,720,729	1,515,531	170,497	20,419,887
Interest on long-term liabilities	-	4,211	77,647	-	-	319,391	-	401,249
Materials and supplies	480,301	667,372	2,181,189	2,458,982	1,624,612	401,615	123,559	7,937,630
Rents, financial expenses and external transfers	176,532	349,949	303,186	151,786	673,659	226,566	3,843	1,885,521
Contracted services	432,481	5,597,217	1,344,841	2,035,389	578,636	228,680	68,365	10,285,609
Amortization of tangible capital assets	150,140	533,148	3,296,167	3,168,909	1,690,392	157,675	24,954	9,021,385
Accretion of asset retirement obligations	520	-	1,258	-	4,000	-	207	5,985
	2,861,959	13,305,078	11,542,111	9,715,207	9,292,028	2,849,458	391,425	49,957,266
Net revenues (expenses)	5,477,571	(1,567,150)	(1,456,162)	(629,940)	(428,708)	1,133,182	91	2,528,884
Other								
Grants and transfers related to capital	-	-	-	-	-	-	-	-
User charges	-	176,789	-	121,675	-	-	-	298,464
Government grants (Note 20)	-	147,290	1,534,774	6,715	-	21,238	-	1,703,302
Payments from other municipalities	-	-	-	-	-	-	-	6,715
Contributions from deferred revenue - obligatory reserve funds and other	-	66,150	2,216,404	1,779,341	3,059,229	-	-	7,121,124
Investment	-	-	-	696,711	-	-	-	696,711
Other	-	-	-	-	307,294	-	-	307,294
Gain on disposal of tangible capital assets	-	(1,257)	(33,196)	(19,364)	36,159	-	-	(17,660)
Contributed tangible capital assets	-	-	380,323	1,264,252	-	-	-	1,644,575
Income from government business enterprise	1,327,336	-	-	-	-	-	-	1,327,336
	1,327,336	388,972	4,098,303	3,849,330	3,402,682	21,238	-	13,087,861
Annual surplus (deficit)	6,804,907	(1,178,178)	2,642,141	3,219,390	2,973,974	1,154,420	91	15,616,745

See accompanying notes to the financial statements

THE CORPORATION OF THE TOWN OF WASAGA BEACH
SCHEDULE 4
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protection to Persons and Property	Transportation	Environmental	Recreation and Cultural	Planning and Development	Health, Social and Family	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net municipal taxation	2,399,178	10,081,400	6,972,160	486,260	5,753,050	2,579,120	94,640	28,365,808
Payments in lieu of taxation	593,575	-	-	-	-	-	-	593,575
User charges	57,441	76,711	2,131,874	7,541,141	675,526	391,944	76,128	10,950,765
Government grants	1,534,118	(893)	210,905	-	59,606	2,100	42,700	1,848,536
Payments from other municipalities	-	24,496	-	-	-	-	8,000	32,496
Contributions from deferred revenue - obligatory reserve funds and other	-	-	44,586	168,745	-	-	-	213,331
Investment	603,359	-	-	-	-	-	-	603,359
Penalties and interest on taxes	677,869	-	-	-	-	-	-	677,869
Other	206,332	1,129,886	162,212	98,115	167,981	526,522	8,965	2,302,013
	6,073,872	11,311,600	9,521,737	8,294,261	6,656,163	3,499,686	230,433	45,587,752
Expenses								
Salaries, wages and employee benefits	1,512,092	5,992,684	4,079,430	1,649,480	3,837,655	1,369,129	132,951	18,573,421
Interest on long-term liabilities	-	6,367	85,813	-	-	336,025	-	428,205
Materials and supplies	465,244	609,201	2,291,798	1,984,280	1,370,220	383,770	68,886	7,173,399
Rents, financial expenses and external transfers	134,476	337,994	222,245	144,522	224,104	233,234	792	1,297,367
Contracted services	337,234	5,212,900	1,158,178	1,757,246	345,413	708,305	56,566	9,575,842
Amortization of tangible capital assets	145,802	444,131	3,151,074	3,019,645	654,266	150,238	21,148	7,586,304
	2,594,848	12,603,277	10,988,538	8,555,173	6,431,658	3,180,701	280,343	44,634,538
Net revenues (expenses)	3,479,024	(1,291,677)	(1,466,801)	(260,912)	224,505	318,985	(49,910)	953,214
Other								
Grants and transfers related to capital								
User charges	4,300	-	1,997	2,716,917	27,956	-	-	2,751,170
Government grants	61,788	393,197	846,832	-	201,257	-	-	1,503,074
Payments from other municipalities	-	-	-	446,739	-	-	-	446,739
Contributions from deferred revenue - obligatory reserve funds and other	-	236,366	1,391,768	860	11,539,382	-	-	13,168,376
Investment	-	-	-	470,602	-	-	-	470,602
Other	140,475	-	-	-	102,050	-	-	242,525
Gain on disposal of tangible capital assets	-	12,820	(181,643)	(881,560)	(35,660)	-	281,630	(804,413)
Contributed tangible capital assets	-	-	41,400	139,900	1,205,700	-	-	1,387,000
Income from government business enterprise	1,351,002	-	-	-	-	-	-	1,351,002
	1,557,565	642,383	2,100,354	2,893,458	13,040,685	-	281,630	20,516,075
Annual surplus (deficit)	5,036,589	(649,294)	633,553	2,632,546	13,265,190	318,985	231,720	21,469,289

See accompanying notes to the financial statements