

**CORPORATION OF THE
TOWN OF WASAGA BEACH**

COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2010

CORPORATION OF THE TOWN OF WASAGA BEACH

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **The Corporation of the Town of Wasaga Beach**, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **The Corporation of the Town of Wasaga Beach** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants
Collingwood, Ontario
August 30, 2011

CORPORATION OF THE TOWN OF WASAGA BEACH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2010	2009
	\$	\$
Financial assets		Restated (Note 17)
Cash (Note 4)	19,098,249	16,197,178
Taxes receivable	3,568,573	4,618,039
Water and sewer billings receivables	1,676,752	1,275,347
Accounts receivable	3,796,674	5,135,485
Note receivable from government business enterprise (Note 13)	3,593,269	3,593,269
Investment in government business enterprise (Note 13)	13,019,558	12,379,422
	44,753,075	43,198,740
Liabilities		
Accounts payable and accruals	4,237,509	6,310,425
Developer deposits	3,545,128	4,013,877
Deferred revenue - obligatory reserve funds (Note 5)	7,660,445	8,513,598
Long-term liabilities (Note 6)	10,038,157	12,365,404
Employee future benefits (Note 7)	376,282	356,585
	25,857,521	31,559,889
Net financial assets	18,895,554	11,638,851
Non-financial assets		
Tangible capital assets - net (Schedule 2 and Note 3)	192,417,392	192,276,594
Prepaid expenses	106,705	245,751
	192,524,097	192,522,345
Accumulated surplus (Note 8)	211,419,651	204,161,196

Approved _____ Mayor

_____ Date

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

CONSOLIDATED STATEMENT OF OPERATIONS AS AT DECEMBER 31

	Budget 2010	Actual 2010	Actual 2009
	\$	\$	\$
	(Note 10)		Restated (Note 17)
Revenues			
Net municipal taxation (Note 11)	14,006,666	14,120,988	13,392,937
Payments in lieu of taxation	417,904	515,927	528,253
User charges	9,629,420	8,754,128	8,814,836
Government grants	2,718,681	2,652,421	2,366,743
Payments from other municipalities	310,400	288,267	237,525
Contributions from obligatory reserve funds	194,712	332,027	40,000
Investment income	360,700	592,103	525,395
Penalties and interest on taxes	425,000	615,325	521,685
Other (Note 9)	1,217,785	1,529,991	1,272,952
	29,281,268	29,401,177	27,700,326
Expenses			
General government	2,239,020	2,115,959	2,053,808
Protection to persons and property	6,837,180	6,171,856	6,309,012
Transportation services	3,589,681	4,433,457	4,282,334
Environmental services	5,799,901	5,449,455	5,314,692
Health, social and family services	129,485	56,399	44,362
Recreation and cultural services	2,627,459	2,683,875	2,523,472
Planning and development	1,355,210	1,511,680	1,704,124
Amortization of tangible capital assets	-	5,299,555	5,176,279
Loss on disposal of tangible capital assets	-	320,928	744,968
	22,577,936	28,043,164	28,153,051
Net revenues (expenses)	6,703,332	1,358,013	(452,725)
Other			
Grants and transfers related to capital			
User charges	6,679,975	270,616	1,318,116
Government grants	1,539,119	1,006,539	3,123,556
Contributions from obligatory reserve funds	6,074,225	3,704,692	1,863,855
Investment income	-	29,693	25,540
Other	205,000	23,666	43,395
Contributed tangible capital assets	-	225,100	424,177
Income from government business enterprise	-	640,136	588,583
	14,498,319	5,900,442	7,387,222
Annual surplus (Note 10)	21,201,651	7,258,455	6,934,497
Accumulated surplus, beginning of year		204,161,196	197,226,699
Accumulated surplus, end of year (Note 8)		211,419,651	204,161,196

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Actual 2010	Actual 2009
	\$	\$
Annual surplus	7,258,455	6,934,497
Acquisition of tangible capital assets	(5,791,257)	(13,232,269)
Amortization of tangible capital assets	5,299,555	5,176,279
Loss on disposal of tangible capital assets	320,928	744,968
Proceeds on disposal of tangible capital assets	29,976	48,286
Change in prepaid expense	139,046	(187,396)
Change in net financial assets	7,256,703	(515,635)
Net financial assets, beginning of year	11,638,851	12,154,486
Net financial assets, end of year	18,895,554	11,638,851

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

CONSOLIDATED STATEMENT OF CASH FLOW AS AT DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	7,258,455	6,934,497
Non-cash items:		
Income from government business enterprises	(640,136)	(588,583)
Amortization of tangible capital assets	5,299,555	5,176,279
Employee future benefits	19,697	24,478
Loss on disposal of tangible capital assets	320,928	744,968
	12,258,499	12,291,639
Changes in:		
Taxes receivable	1,049,466	(1,049,310)
Water and sewer billings receivables	(401,405)	(882,294)
Accounts receivable	(757,284)	229,048
Accounts payable and accruals	(1,580,765)	529,381
Developer deposits	(468,749)	(133,624)
Prepaid expenses	139,046	(187,396)
Net change in cash from operations	10,238,808	10,797,444
Capital activities		
Acquisition of tangible capital assets	(5,791,257)	(13,232,269)
Proceeds on disposal of tangible capital assets	29,976	48,286
Accounts receivable related to tangible capital assets	2,096,095	(2,298,532)
Accounts payable related to tangible capital assets	(492,151)	(488,507)
Net change in cash from capital	(4,157,337)	(15,971,022)
Financing activities		
Long-term liabilities repaid	(2,327,247)	(2,121,391)
Deferred revenue - obligatory reserve funds	(853,153)	573,748
Long-term liabilities issued	-	1,500,000
Net change in cash from financing	(3,180,400)	(47,643)
Net change in cash position	2,901,071	(5,221,221)
Cash and cash equivalents, beginning of year	16,197,178	21,418,399
Cash and cash equivalents, end of year	19,098,249	16,197,178

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. 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.

2. Summary of significant accounting policies

The consolidated financial statements of the municipality are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all 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.

(a) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, sources of financing 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

In addition, the consolidated financial statements include the consolidated operations of Geosands Inc. as disclosed in Note 13. 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.

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

(b) Basis of accounting

Sources of financing 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.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(c) 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.

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	- 18 years to infinite life
Buildings	- 10 to 100 years
Machinery and equipment	- 2 to 20 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. Linear assets represent roads, bridges, sidewalks and water and wastewater infrastructure. Construction in progress is not amortized until the asset is available for productive use.

(d) Deferred revenue

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

(e) 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 financial statements.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(f) Government transfers

Government transfers are recognized in the 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.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates have been made of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(h) 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.

3. Tangible capital assets

Schedules 2, 3 and 4 provide information on the tangible capital assets of the municipality by major asset class and business segment, 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 \$4,771,498 (2009 - \$8,962,198) 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 \$225,100 (2009 - \$424,177).

(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 were assigned.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Cash

Cash consists of the following:

	2010	2009
	\$	\$
Unrestricted	11,170,927	7,283,580
Restricted	7,927,322	8,913,598
	19,098,249	16,197,178

Temporary investments consist of a cashable term deposit maturing in February 2011 earning interest at 1.3% per annum and a GIC maturing June 2011 earning interest at 1.5% per annum. Temporary investments are recorded at cost which approximates fair market value.

5. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants 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:

	2010	2009
	\$	\$
Deferred revenue, beginning of year	8,513,598	7,939,850
New deposits:		
Government grants	552,184	79,800
Private sources	2,575,766	2,351,303
Allocation of surplus	-	9,147
Investment income	55,616	37,353
Transfers to revenue	(4,036,719)	(1,903,855)
Deferred revenue, end of year	7,660,445	8,513,598
	2010	2009
	\$	\$
Obligatory reserve funds:		
Development Charges Act	6,448,368	7,885,907
Recreational land	667,520	547,891
Federal and Provincial gas tax allocation	544,557	79,800
	7,660,445	8,513,598

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

6. Long-term liabilities

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

	2010			2009		
	\$ Tax supported	\$ Special area rates and user fees	\$ Total	\$ Tax supported	\$ Special area rates and user fees	\$ Total
Bank	1,319,075	6,488,609	7,807,684	1,627,712	8,254,216	9,881,928
Ontario Clean Water Agency	-	2,230,473	2,230,473	-	2,483,476	2,483,476
	1,319,075	8,719,082	10,038,157	1,627,712	10,737,692	12,365,404

(b) Principal payments for the next 5 years and thereafter are as follows:

	\$
2011	2,297,893
2012	2,194,490
2013	1,919,370
2014	1,529,562
2015	708,963
Thereafter	1,387,879

The above long-term liabilities issued in the name of the municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by 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.

(c) Interest is payable at rates ranging from 4.18% to 6.86% per annum.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

7. Employee future benefits

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.

The amount contributed to OMERS for 2010 was \$494,897 (2009 - \$451,309) for current service.

The Corporation of the Town of Wasaga Beach 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, 2008 of \$332,107 and the net periodic benefit cost were determined by an actuarial valuation dated May 20, 2009 and extrapolated to 2010. Actuarial valuations will be prepared every third year or when there are significant changes to the workforce.

Information about the Town of Wasaga Beach's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation, beginning of year	356,585	332,107
Current service cost	19,295	18,289
Interest cost	22,952	22,012
Actuarial loss	5,020	5,020
Benefits paid for the period	(27,570)	(20,843)
Projected accrued benefit obligation, end of year	376,282	356,585

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

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2.0% in 2008 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31st, of the present value of future liabilities and the expense, was determined using an annual discount rate of 5.5%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.5%.

(c) Medical costs

Medical costs were assumed to increase at the CPI rate plus a further increase of 10% in 2008, 9% in 2009, 8% in 2010, 7% in 2011, 6% in 2012 and 5% in 2013 and thereafter.

(d) Dental costs

Dental costs were assumed to increase at the CPI rate plus a further increase of 5% in 2008 and thereafter.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

8. Accumulated surplus

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

	2010	2009
	\$	\$
		Restated (Note 17)
Surplus:		
Investment in tangible capital assets	182,379,235	179,911,190
General revenue	51,339	(6,869,112)
Waste management	-	183,359
Unfunded employee future benefits	(376,282)	(356,585)
Unfunded interest payable	(45,803)	(54,135)
Total surplus	182,008,489	172,814,717
Reserves set aside for specific purposes by Council		
Working funds	2,343,577	1,505,234
Government business enterprise	3,593,269	3,593,269
Contingencies	186,871	202,932
Insurance	158,385	-
Parking	589,974	912,798
Current purposes	285,500	3,632,299
Tax rate stabilization	277,204	277,204
Acquisition of tangible capital assets	8,906,515	8,806,273
Total reserves	16,341,295	18,930,009
Reserve funds set aside for specific purposes by Council		
Current purposes	50,309	37,048
Investment in government business enterprises	13,019,558	12,379,422
Total accumulated surplus	211,419,651	204,161,196

9. Other revenues

Other revenues on the consolidated schedule of current fund operations consists of the following:

	2010	2009
	\$	\$
Rents, concessions and franchises	551,190	533,136
Licences and permits	820,833	670,954
Fines	102,820	49,883
Donations, sale of publications and equipment	55,148	18,979
	1,529,991	1,272,952

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

10. Annual surplus transferred to reserves

At the end of 2010 \$488,657 was transferred from the working funds reserve by council resolution. In 2009 \$598,577 in unspent funds were transferred to the working funds reserve.

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.

	2010
	\$
Recorded annual surplus as per Statement of Operations	7,258,455
Transfers to/from reserves/obligatory reserve funds	(3,661,619)
Reinvested income from government enterprise	(640,136)
Amortization of tangible capital assets	5,299,557
Loss on disposal of tangible capital assets	320,928
Tangible capital asset expenditures	(5,791,257)
Proceeds on disposition of tangible capital assets	29,976
Principal payments on long-term debt	(2,327,247)
Adjusted annual surplus	488,657

11. Net municipal taxation

Net municipal taxation consists of:

	2010	2009
	\$	\$
Taxation revenue	30,066,092	28,224,081
Amount levied and remitted to School Boards	(8,353,369)	(7,795,270)
Amount levied and remitted to the County of Simcoe	(7,591,735)	(7,035,874)
Net municipal taxation	14,120,988	13,392,937

12. Development and letters of credit

As part of various developments, the Town has received letters of credit to cover the costs of completing these projects. Letters of credit held by the Town at December 31, 2010 were \$5,098,352 (2009 - \$7,425,128).

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

13. Government business enterprise (GBE)

The following operations of related authorities are included in the consolidated statement of operations, accounted for on a modified equity basis:

	2010	2009
	\$ Geosands Inc.	\$ Geosands Inc.
Total assets	21,850,530	21,999,659
Total liabilities	(8,830,972)	(9,620,237)
Net assets	13,019,558	12,379,422
Common shares	2,745,596	2,745,596
Contributed capital	5,175,468	5,175,468
Accumulated earnings	5,098,494	4,458,358
Investment in government business enterprise	13,019,558	12,379,422
Total revenues	15,220,934	12,651,109
Total expenditures	(14,330,798)	(12,042,526)
Net revenues for the year	890,136	608,583
Dividends	(250,000)	(20,000)
Change in fund balance	640,136	588,583

The 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 note receivable in the amount of \$3,593,269 (2009 - \$3,593,269) 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 interest receivable in any given year is the Government of Canada 10 year bond rate posted by the Bank of Canada on December 31st of each year. Interest may be receivable in cash or in additional common shares issued by the government business enterprise. The interest rate was 5.87% (2009 - 6.10%). The rate, which exceeds the Government of Canada 10 year bond rate, was agreed to by Council and the Board of Directors of Wasaga Distribution Inc. Interest of \$202,301 (2009 - \$219,189) pertaining to the note receivable has been recorded as interest income.

The dividends were paid to the Corporation of the Town of Wasaga Beach and are included in investment income.

CORPORATION OF THE TOWN OF WASAGA BEACH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

14. Trust funds

Trust funds administered by the municipality amounting to \$162,899 (2009 - \$144,090) 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:

	2010	2009
	\$	\$
Cemetery Pre-Need	44,016	35,847
Cemetery Perpetual Care and Maintenance	118,883	108,243

15. Contingencies

- (a) In the ordinary course of business, various claims and lawsuits are brought against the municipality. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. 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) The Town's landfill site was taken over by the County of Simcoe. The County rebates the Town for total tonnes of buried waste accepted. The rebate received during the year was \$95,320 (2009 - \$93,247) for 2,666 (2009 - 2,562) tonnes of waste. This rebate will expire once a total of 120,662 tonnes are accepted, which is expected to happen by 2015.

16. Future accounting pronouncements

In February 2010, the CICA issued Section PS 3510, "Tax Revenue", which establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. The section is effective for fiscal years beginning on or after January 1, 2013. Earlier adoption is encouraged. The new standard is not expected to have a material effect on the consolidated financial statements.

17. Restatement

Management has determined that prior year's consolidated financial statements were misstated. The net book value of tangible capital assets and accumulated surplus were overstated by \$9,537,866 as a result of the inclusion of subdivisions not yet assumed from developers as well as the inclusion of the costs of construction in progress that was also included in the opening balances of tangible capital assets. The comparative figures have been adjusted accordingly.

18. Subsequent event

Subsequent to the end of the fiscal year the Corporation of the Town of Wasaga Beach received \$285,900 of OMPF funding related to 2009. The receipt was unexpected and as a result was not recorded in 2010 revenue. The funding will be recorded as 2011 revenue.

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 1 SCHEDULE OF LIBRARY OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2010	Actual 2010	Actual 2009
	\$ (Note 10)	\$	\$
Revenue			
Government grants	40,181	58,921	48,443
Contribution from municipality	322,029	338,517	305,918
Copier, duplicating fees and miscellaneous	12,000	20,714	17,128
Donations	3,500	3,887	3,293
	377,710	422,039	374,782
Expenses			
Salaries, wages and benefits	318,515	329,659	306,912
Services	1,250	1,658	1,000
Materials and supplies	54,605	63,393	58,457
Memberships and training	3,340	8,994	1,823
	377,710	403,704	368,192
Annual surplus	-	18,335	6,590
Financing and transfers			
Accumulated surplus, beginning of the year		323,948	317,358
Accumulated surplus, end of the year		342,283	323,948

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

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 2 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	Construction in Progress	2010 Total	2009 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	16,027,098	6,314,908	38,025,070	7,619,218	7,375,670	160,279,568	8,962,198	244,603,730	233,966,917
Additions	415,135	978,490	411,665	703,834	870,453	6,602,380	976,227	10,958,184	26,021,304
Disposals	-	-	-	(247,845)	(426,028)	(547,909)	(5,166,927)	(6,388,709)	(15,384,491)
Balance, end of year	16,442,233	7,293,398	38,436,735	8,075,207	7,820,095	166,334,039	4,771,498	249,173,205	244,603,730
Accumulated amortization									
Balance, beginning of year	-	1,584,989	11,166,614	1,647,964	4,165,617	33,761,952	-	52,327,136	48,953,059
Amortization	-	167,372	893,224	531,353	590,041	3,117,566	-	5,299,556	5,176,279
Disposals	-	-	-	(247,845)	(423,660)	(199,374)	-	(870,879)	(1,802,202)
Balance, end of year	-	1,752,361	12,059,838	1,931,472	4,331,998	36,680,144	-	56,755,813	52,327,136
Net book value, end of year	16,442,233	5,541,037	26,376,897	6,143,735	3,488,097	129,653,895	4,771,498	192,417,392	192,276,594

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government		Police, Fire and Protection Services		Transportation Services		Environmental Services		Recreation and Cultural Services		Planning and Development		Health Services		Total	
	\$		\$		\$		\$		\$		\$		\$		\$	
Cost																
Balance, beginning of year	8,352,958		5,904,777		54,816,072		150,424,602		15,428,796		400,693		313,637		235,641,535	
Additions	266,829		455,943		3,214,037		4,231,033		1,801,139		4,457		8,519		9,981,957	
Disposals	(54,921)		(84,606)		(762,547)		(242,382)		(76,145)		(1,181)		-		(1,221,782)	
Assets in service, end of year	8,564,866		6,276,114		57,267,562		154,413,253		17,153,790		403,969		322,156		244,401,710	
Work in progress	-		10,734		728,339		3,979,185		53,239		-		-		4,771,497	
All assets, end of year	8,564,866		6,286,848		57,995,901		158,392,438		17,207,029		403,969		322,156		249,173,207	
Accumulated amortization																
Balance, beginning of year	496,601		2,438,264		20,488,330		25,184,407		3,590,693		55,830		73,013		52,327,138	
Amortization	137,066		259,567		2,026,649		2,364,935		499,119		7,582		4,638		5,299,556	
Disposals	(54,921)		(84,606)		(592,821)		(61,205)		(76,145)		(1,181)		-		(870,879)	
Balance, end of year	578,746		2,613,225		21,922,158		27,488,137		4,013,667		62,231		77,651		56,755,815	
Net book value, end of year	7,986,120		3,673,623		36,073,743		130,904,301		13,193,362		341,738		244,505		192,417,392	

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2009

Cost	General Government		Police, Fire and Protection Services		Transportation Services		Environmental Services		Recreation and Cultural Services		Planning and Development		Health Services		Total
	\$		\$		\$		\$		\$		\$		\$		
Balance, beginning of year	7,976,299		5,701,153		50,652,868		140,009,259		14,812,609		366,411		262,626		219,781,225
Additions	537,101		253,730		6,399,163		10,470,259		710,219		34,282		51,011		18,455,765
Disposals	(160,442)		(50,105)		(2,235,961)		(54,917)		(94,033)		-		-		(2,595,458)
Assets in service, end of year	8,352,958		5,904,778		54,816,070		150,424,601		15,428,795		400,693		313,637		235,641,532
Work in progress	-		4,910		1,631,288		6,203,861		1,122,139		-		-		8,962,198
All assets, end of year	8,352,958		5,909,688		56,447,358		156,628,462		16,550,934		400,693		313,637		244,603,730
Accumulated amortization															
Balance, beginning of year	447,261		2,228,406		20,041,120		22,891,711		3,225,863		49,007		69,691		48,953,059
Amortization	135,130		259,962		1,969,121		2,343,058		458,863		6,823		3,322		5,176,279
Disposals	(85,790)		(50,104)		(1,521,912)		(50,363)		(94,033)		-		-		(1,802,202)
Balance, end of year	496,601		2,438,264		20,488,329		25,184,406		3,590,693		55,830		73,013		52,327,136
Net book value, end of year	7,856,357		3,471,424		35,959,029		131,444,056		12,960,241		344,863		240,624		192,276,594

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 5 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Police, Fire and Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Health Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net municipal taxation	14,120,988	-	-	-	-	-	-	14,120,988
Payments in lieu of taxation	515,927	-	-	-	-	-	-	515,927
User charges	212,061	29,038	881,195	6,865,951	142,645	578,312	44,926	8,754,128
Government grants	2,593,500	-	-	-	58,921	-	-	2,652,421
Payments from other municipalities	40,115	152,832	-	95,320	-	-	-	288,267
Contributions from obligatory reserve funds	194,712	-	-	13,500	62,750	61,065	-	332,027
Investment income	586,725	-	443	3,636	-	-	1,299	592,103
Penalties and interest on taxes	615,325	-	-	-	-	-	-	615,325
Other	20,683	745,801	131,915	83,450	533,817	2,325	12,000	1,529,991
	18,900,036	927,671	1,013,553	7,061,857	798,133	641,702	58,225	29,401,177
Expenses								
Salaries, wages and employee benefits	1,547,758	2,666,761	1,949,501	932,143	1,703,976	681,830	8,299	9,490,268
Interest on long-term liabilities	-	-	40,375	525,438	40,375	-	-	606,188
Materials and supplies	461,251	226,763	1,278,743	926,559	795,664	157,656	42,292	3,888,928
Rents, financial expenses and external transfers	89,347	184,506	39,820	172,367	66,032	85,034	-	637,106
Contracted services	216,988	3,368,208	783,275	2,755,944	77,828	592,160	5,788	7,800,191
Amortization of tangible capital assets	137,066	259,567	2,026,649	2,364,934	499,119	7,582	4,638	5,299,555
(Gain) loss on disposal of tangible capital assets	-	(3,524)	158,539	165,913	-	-	-	320,928
	2,452,410	6,702,281	6,276,902	7,843,298	3,182,994	1,524,262	61,017	28,043,164
Net revenues (expenses)	16,447,626	(5,774,610)	(5,263,349)	(781,441)	(2,384,861)	(882,560)	(2,792)	1,358,013
Other:								
Grants and transfers related to capital								
User charges	5,186	700	700	264,030	-	-	-	270,616
Government grants	-	-	387,802	546,612	72,125	-	-	1,006,539
Contributions from obligatory reserve funds	-	5,945	1,387,001	1,787,047	524,699	-	-	3,704,692
Other	13,666	-	-	-	10,000	-	-	23,666
Contributed tangible capital assets	225,100	-	-	-	-	-	-	225,100
Investment income	-	-	-	29,693	-	-	-	29,693
Income from government business enterprise	640,136	-	-	-	-	-	-	640,136
	884,088	6,645	1,775,503	2,627,382	606,824	-	-	5,900,442
Annual surplus (deficit)	17,331,714	(5,767,965)	(3,487,846)	1,845,941	(1,778,037)	(882,560)	(2,792)	7,258,455

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 6 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	Police, Fire and Protection Services					Recreation and Cultural Services					Total	
	General Government	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Revenues												
Net municipal taxation	13,392,937	-	-	-	-	-	-	-	-	-	-	13,392,937
Payments in lieu of taxation	528,253	-	-	-	-	-	-	-	-	-	-	528,253
User charges	175,420	43,269	830,045	6,881,401	118,318	727,203	39,180	-	-	-	-	8,814,836
Government grants	2,318,300	-	-	-	48,443	-	-	-	-	-	-	2,366,743
Payments from other municipalities	-	144,278	-	93,247	-	-	-	-	-	-	-	237,525
Contributions from obligatory reserve funds	366,150	-	-	40,000	-	-	-	-	-	-	-	40,000
Investment income	521,685	-	-	158,412	-	-	833	-	-	-	-	525,395
Penalties and interest on taxes	-	584,299	138,469	-	-	-	-	-	-	-	-	521,685
Other	18,453	-	138,469	21,938	494,166	2,100	13,527	-	-	-	-	1,272,952
	17,321,198	771,846	968,514	7,194,998	660,927	729,303	53,540	-	-	-	-	27,700,326
Expenses												
Salaries, wages and employee benefits	1,471,763	2,588,544	1,824,835	949,394	1,570,991	587,405	6,615	-	-	-	-	8,999,547
Interest on long-term liabilities	-	-	48,508	589,974	48,508	-	-	-	-	-	-	686,990
Materials and supplies	451,736	232,422	1,048,602	821,308	824,402	171,757	32,981	-	-	-	-	3,583,208
Rents, financial expenses and external transfers	183,581	185,818	117,387	542,761	38,978	80,422	-	-	-	-	-	1,148,947
Contracted services	161,729	3,537,028	904,702	2,294,755	40,593	869,540	4,765	-	-	-	-	7,813,112
Amortization of tangible capital assets	135,130	259,962	1,969,121	2,343,058	458,863	6,823	3,322	-	-	-	-	5,176,279
Loss on disposal of tangible capital assets	74,652	-	668,667	1,649	-	-	-	-	-	-	-	744,968
	2,478,591	6,803,774	6,581,822	7,542,899	2,982,335	1,715,947	47,683	-	-	-	-	28,153,051
Net revenues (expenses)	14,842,607	(6,031,928)	(5,613,308)	(347,901)	(2,321,408)	(986,644)	5,857	-	-	-	-	(452,725)
Other												
Grants and transfers related to capital	-	-	-	1,179,511	4,830	132,605	-	-	-	-	-	1,318,116
User charges	532	638	-	1,657,066	287,875	-	-	-	-	-	-	3,123,556
Government grants	-	-	1,178,615	627,094	445,839	-	-	-	-	-	-	1,863,855
Contributions from obligatory reserve funds	-	-	790,922	25,540	-	-	-	-	-	-	-	25,540
Investment income	-	-	-	132,765	27,500	-	-	-	-	-	-	43,395
Other	15,895	-	-	53,000	53,000	-	-	-	-	-	-	424,177
Contributed tangible capital assets	238,412	-	-	-	-	-	-	-	-	-	-	588,583
Income from government business enterprise	588,583	-	-	-	-	-	-	-	-	-	-	-
	843,422	638	1,969,537	3,621,976	819,044	132,605	-	-	-	-	-	7,387,222
Annual surplus (deficit)	15,686,029	(6,031,290)	(3,643,771)	3,274,075	(1,502,364)	(854,039)	5,857	-	-	-	-	6,934,497

See accompanying notes to the financial statements

CORPORATION OF THE TOWN OF WASAGA BEACH

SCHEDULE 7 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES BUDGET FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Police, Fire and Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Health Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net municipal taxation	14,006,666	-	-	-	-	-	-	14,006,666
Payments in lieu of taxation	417,904	-	-	-	-	-	-	417,904
User charges	45,000	31,700	850,500	8,056,270	125,300	484,850	35,800	9,629,420
Government grants	2,593,500	-	85,000	-	40,181	-	-	2,718,681
Payments from other municipalities	35,400	175,000	-	100,000	-	-	-	310,400
Contributions from obligatory reserve funds	194,712	-	-	-	-	-	-	194,712
Investment income	360,000	-	-	-	-	-	700	360,700
Penalties and interest on taxes	425,000	-	-	-	-	-	-	425,000
Other	17,800	511,540	63,000	67,700	540,745	2,000	15,000	1,217,785
	18,095,982	718,240	998,500	8,223,970	706,226	486,850	51,500	29,281,268
Expenses								
Salaries, wages and employee benefits	1,475,200	2,659,800	1,831,200	1,185,000	1,655,535	627,605	5,600	9,439,940
Interest on long-term liabilities	-	-	40,389	533,981	40,389	-	-	614,759
Materials and supplies	528,720	236,925	1,066,692	913,100	763,435	149,005	118,385	3,776,262
Contracted services	116,850	3,755,375	601,750	3,063,820	102,400	476,100	5,500	8,121,795
Rents, financial expenses and external transfers	118,250	185,080	49,650	104,000	65,700	102,500	-	625,180
	2,239,020	6,837,180	3,589,681	5,799,901	2,627,459	1,355,210	129,485	22,577,936
Net revenues (expenses)	15,856,962	(6,118,940)	(2,591,181)	2,424,069	(1,921,233)	(868,360)	(77,985)	6,703,332
Other								
Grants and transfers related to capital								
Government grants	-	-	1,539,119	-	-	-	-	1,539,119
User charges	-	-	-	6,679,975	-	-	-	6,679,975
Contributions from obligatory reserve funds	-	1,122,940	2,020,319	2,379,918	551,048	-	-	6,074,225
Other	200,000	-	-	-	5,000	-	-	205,000
	200,000	1,122,940	3,559,438	9,059,893	556,048	-	-	14,498,319
Annual surplus (deficit)	16,056,962	(4,996,000)	968,257	11,483,962	(1,365,185)	(868,360)	(77,985)	21,201,651

See accompanying notes to the financial statements