

# **Town of Watson**

## **Consolidated Financial Statements**

For the year ended December 31, 2023

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## Management's Responsibility

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To the Ratepayers of the Town of Watson (the "Town"):


The Town's management is responsible for the preparation and presentation of the accompanying consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fair presentation of the consolidated financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Council is composed of elected officials who are not employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Town's external auditors.

HSA Chartered Professional Accountants LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

May 15, 2024

  
\_\_\_\_\_  
Mayor

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

## **Independent Auditor's Report**

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To the Mayor and Councillors of the Town of Watson (the "Town"):

### ***Qualified Opinion***

We have audited the consolidated financial statements of Town of Watson and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations, changes in net financial assets, cash flows, and remeasurement gains and losses for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "consolidated financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of the report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Watson as at December 31, 2023, and the results of consolidated operations, changes in net financial assets, cash flows, and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Qualified Opinion***

In common with many municipalities, the Town of Watson controls entities that derive receipts from the general public from the sale of goods, donations, and admissions to events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary with respect to:

- revenues, surplus, change in consolidated net financial assets, and cash flows from operations for the years ended December 31, 2023 and 2022;
- assets as at December 31, 2023 and 2022;
- net financial assets and accumulated surplus as at January 1 and December 31 for 2023 and 2022.

Our audit opinion on the consolidated financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Group 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 qualified audit opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

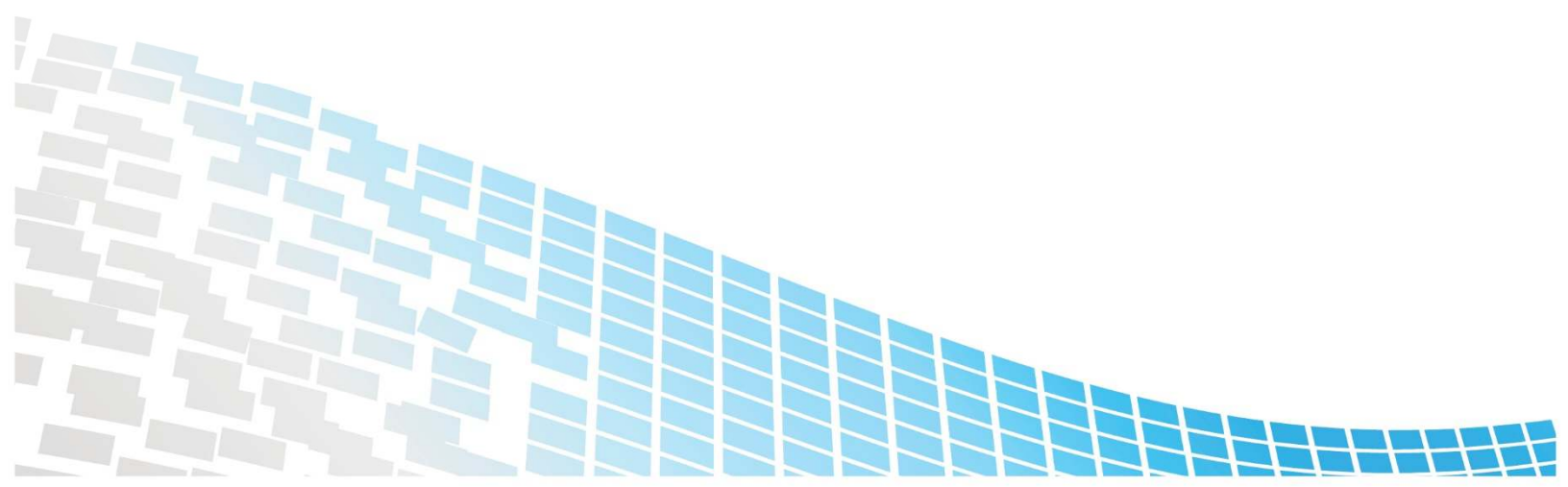
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 Group'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 Group'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 Group 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.



Chartered Professional Accountants  
Humboldt, Saskatchewan

May 16, 2024



**Town of Watson**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

Statement 1

	<b>2023</b>	<b>2022</b>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (note 2)	864,121	196,643
Investments (note 3)	110,973	662,961
Taxes Receivable - Municipal (note 4)	64,406	73,608
Other Accounts Receivable (note 5)	119,455	135,716
Assets Held for Sale (note 6)	63,042	63,542
<b>Total Financial Assets</b>	<b>1,221,997</b>	<b>1,132,470</b>
<b>LIABILITIES</b>		
Bank Indebtedness (note 2, 7)	-	286,587
Accounts Payable and Accrued Liabilities	77,912	69,702
Deposits	19,518	21,390
Deferred Revenue (note 8)	237,500	1,500
Asset Retirement Obligation (note 9)	420,922	-
Other Liabilities	186,111	110,461
Long-Term Debt (note 10)	676,852	563,174
<b>Total Liabilities</b>	<b>1,618,815</b>	<b>1,052,814</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(396,818)</b>	<b>79,656</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 6, 7)	5,744,299	5,422,207
Prepayments and Deferred Charges	9,624	9,260
Stock and Supplies	14,432	27,312
<b>Total Non-Financial Assets</b>	<b>5,768,355</b>	<b>5,458,779</b>
<b>ACCUMULATED SURPLUS (Schedule 8)</b>	<b>5,371,537</b>	<b>5,538,435</b>

Contingent Liabilities (note 11)

Commitments (note 15)

Approved on behalf of Council:

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Councillor

**Town of Watson**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2023**

Statement 2

	2023 Budget	2023	2022
<b>REVENUES</b>	<i>(unaudited)</i>		
Tax Revenue (Schedule 1)	756,660	780,257	744,258
Other Unconditional Revenue (Schedule 1)	156,160	172,838	152,403
Fees and Charges (Schedule 4, 5)	565,260	604,711	509,319
Conditional Grants (Schedule 4, 5)	25,930	26,597	37,646
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)	2,000	80,000	10,742
Land Sales - Gain (Loss) (Schedule 4, 5)	-	930	2,893
Investment Income (Schedule 4, 5)	12,000	16,056	15,699
Commissions (Schedule 4, 5)	-	-	-
Donations (Schedule 4, 5)	-	98,501	51,332
Other Revenues (Schedule 4, 5)	68,200	135,036	129,832
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	45,500	46,978	217,799
<b>Total Revenues</b>	<b>1,631,710</b>	<b>1,961,904</b>	<b>1,871,923</b>

<b>EXPENSES</b>			
General Government Services (Schedule 3)	331,075	384,710	286,804
Protective Services (Schedule 3)	198,490	92,822	85,823
Transportation Services (Schedule 3)	457,770	373,648	733,572
Environmental and Public Health Services (Schedule 3)	154,540	132,186	45,531
Planning and Development Services (Schedule 3)	45,120	10,420	5,155
Recreation and Cultural Services (Schedule 3)	214,510	680,740	291,787
Utility Services (Schedule 3)	308,060	454,276	541,845
<b>Total Expenses</b>	<b>1,709,565</b>	<b>2,128,802</b>	<b>1,990,517</b>

<b>Annual Surplus (Deficit) of Revenues over Expenses</b>	<b>(77,855)</b>	<b>(166,898)</b>	<b>(118,594)</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>5,538,435</b>	<b>5,538,435</b>	<b>5,657,029</b>
<b>Accumulated Surplus, End of Year</b>	<b>5,460,580</b>	<b>5,371,537</b>	<b>5,538,435</b>

**Town of Watson**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the year ended December 31, 2023**

Statement 3

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
	<i>(unaudited)</i>		
<b>Annual Deficit</b>	<b>(77,855)</b>	<b>(166,898)</b>	<b>(118,594)</b>
Acquisition of tangible capital assets	<b>(84,000)</b>	<b>(565,073)</b>	(614,457)
Amortization of tangible capital assets	<b>219,110</b>	<b>242,981</b>	218,027
Proceeds on disposal of tangible capital assets	-	<b>80,000</b>	50,000
Loss (gain) on the disposal of tangible capital assets	-	<b>(80,000)</b>	(10,742)
<b>Deficit of capital expenses over expenditures</b>	<b>135,110</b>	<b>(322,092)</b>	<b>(357,172)</b>
(Acquisition) of supplies inventories	-	<b>(14,432)</b>	(27,312)
(Acquisition) of prepaid expense	-	<b>(9,624)</b>	(9,260)
Consumption of supplies inventory	-	<b>27,312</b>	33,175
Use of prepaid expense	-	<b>9,260</b>	686
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>-</b>	<b>12,516</b>	<b>(2,711)</b>
<b>Unrealized remeasurement gains (losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Financial Assets</b>	<b>57,255</b>	<b>(476,474)</b>	<b>(478,477)</b>
<b>Net Financial Assets - Beginning of Year</b>	<b>79,656</b>	<b>79,656</b>	<b>558,133</b>
<b>Net Financial Assets (Debt) - End of Year</b>	<b>136,911</b>	<b>(396,818)</b>	<b>79,656</b>

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



**Town of Watson**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2023**

Statement 4

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Deficit	(166,898)	(118,594)
Amortization	242,981	218,027
Loss (gain) on disposal of tangible capital assets	(80,000)	(10,742)
	(3,917)	88,691
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	9,202	(56,727)
Other Accounts Receivable	16,261	(33,881)
Assets Held for Sale	500	(20,500)
Accounts Payable and Accrued Liabilities	8,210	3,681
Deposits	(1,872)	(2,114)
Deferred Revenue	236,000	(1,357)
Asset Retirement Obligation	420,922	-
Other Liabilities	75,650	(23,144)
Stock and Supplies	12,880	5,863
Prepayments and Deferred Charges	(364)	(8,574)
<b>Cash provided by (used for) operating transactions</b>	<b>773,472</b>	<b>(48,062)</b>
<b>Capital:</b>		
Acquisition of tangible capital assets	(565,073)	(614,457)
Proceeds on sale of tangible capital assets	80,000	50,000
<b>Cash applied to capital transactions</b>	<b>(485,073)</b>	<b>(564,457)</b>
<b>Investing:</b>		
Proceeds from disposal of investments	661,988	440,864
Decrease (increase) in investments	(110,000)	(653,825)
<b>Cash provided by (applied to) investing transactions</b>	<b>551,988</b>	<b>(212,961)</b>
<b>Financing:</b>		
Long-term debt issued	325,825	-
Long-term debt repaid	(212,147)	(124,288)
Bank indebtedness, net	(286,587)	286,587
<b>Cash provided by (applied to) financing transactions</b>	<b>(172,909)</b>	<b>162,299</b>
<b>Change in Cash and Cash Equivalents during the year</b>	<b>667,478</b>	<b>(663,181)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>196,643</b>	<b>859,824</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>864,121</b>	<b>196,643</b>

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

**Town of Watson**  
**Consolidated Statement of Remeasurement Gains and Losses**  
**For the year ended December 31, 2023**

Statement 5

	<b>2023</b>	<b>2022</b>
<b>Accumulated remeasurement gains (losses) at the beginning of the year:</b>	-	-
<b>Unrealized gains (losses) attributable to:</b>		
Derivatives	-	-
Equity Investments measured at fair value	-	-
Foreign exchange (if applicable)	-	-
	-	-
<b>Amounts reclassified to the Statement of Operations:</b>		
Derivatives	-	-
Derivative liabilities	-	-
Equity Investments measured at fair value	-	-
Foreign exchange (if applicable)	-	-
	-	-
<b>Net remeasurement gains (losses) for the year</b>	-	-
<b>Accumulated remeasurement gains(losses) at end of year</b>	-	-

**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**1. Significant accounting policies**

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the Town are as follows:

- a) **Basis of accounting:** The consolidated financial statements are prepared using 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 and services and the creation of a legal obligation to pay.
- b) **Reporting entity:** The consolidated financial statements consolidates the assets, liabilities and flow of resources of the Town. The entity is comprised of all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Entities included in these consolidated financial statements are as follows:

<u>Entity</u>	
Watson Recreation Board	100%
Watson and District Arena Association	100%
Watson and District Heritage Museum	100%

All inter-organizational transactions and balances have been eliminated.

- c) **Collection of funds for other authorities:** Collection of funds by the Town for the school boards are collected and remitted in accordance with relevant legislation.
- d) **Government transfers:** Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occurred, providing:
  - a) the transfers are authorized;
  - b) any eligibility criteria have been met; and
  - c) reasonable estimates of the amounts can be made.

Unearned government transfer amounts received will be recorded as deferred revenue until eligibility criteria or stipulations are met.

Earned government transfer amounts not received are recorded as an amount receivable.

Government transfer amounts received but not earned are recorded as deferred revenue.

- e) **Other (non-government transfer) contributions:** Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the Town if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.
- f) **Deferred revenue - Fees and charges:** Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.
- g) **Local improvement charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**1. Significant accounting policies - continued**

- h) **Net financial assets:** Net financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- i) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the Town because they can be used to provide Town services in future periods. These assets do not normally provide resources to discharge the liabilities of the Town unless they are sold.
- j) **Appropriated reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.
- k) **Property tax revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- l) **Financial instruments:** Derivative and equity instruments that are quoted in an active market are carried at fair value. All other financial instruments are measured at cost/amortized cost; financial assets measured at amortized cost are recognized initially net of transaction costs with interest income recognized using the effective interest rate method. Impairment losses are recognized in the statement of operations when there is an other than temporary decline in value.

Interest and dividends attributable to financial instruments are reported in the statement of operations. Unrealized gains and losses are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Long-term debt: Long-term debt is initially recognized net of premiums, discounts, and transaction costs and is measured at amortized cost with interest expense recognized using the effective interest rate method.

Measurement of Financial Instruments:

The Town's financial assets and liabilities are measured as follows:

<u>Financial Statement line item</u>	<u>Measurement</u>
Cash and Cash Equivalents	Cost and amortized cost
Investments	Cost and amortized cost
Other Accounts Receivable	Cost and amortized cost
Accounts Payable and Accrued Liabilities	Cost
Deposits	Cost
Other Liabilities	Cost
Long-Term Debt	Amortized cost

- m) **Inventories:** Inventories of materials and supplies expected to be used by the Town are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

1. Significant accounting policies - continued

- n) **Tangible capital assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The Town's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<i>General Assets</i>	
Land	Indefinite
Buildings	40 Yrs
<b>Vehicles &amp; Equipment</b>	
Vehicles	10 Yrs
Machinery and Equipment	5 to 20 Yrs
Leased capital assets	Lease term
<i>Infrastructure Assets</i>	
Infrastructure Assets	15 to 40 Yrs

**Government contributions:** Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

**Capitalization of interest:** The Town does not capitalize interest incurred while a tangible capital asset is under construction.

**Leases:** All leases are recorded on the consolidated financial statements as either a capital or operating lease. Any lease that transfers substantially all of the benefits and risk associated with the leased asset is classified as a capital lease and recorded as tangible capital asset. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

- o) **Employee benefit plans:** Contributions to the Town's defined benefit plan are expensed when contributions are made. Under the defined benefit plan, the Town's obligations are limited to their contributions.
- p) **Measurement uncertainty:** 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality.

Amortization is based on the estimated useful lives of tangible capital assets.

The liability associated with asset retirement obligations are measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date, the discount rate, and inflation.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

1. Significant accounting policies - continued

- q) **Basis of segmentation/Segment report:** The Town follows the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. 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. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

**General Government:** Provides for the administration of the Town.

**Protective Services:** Comprises expenses for police and fire protection.

**Transportation Services:** Responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

**Environmental and Public Health:** The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the Town.

**Planning and Development:** Provides for neighbourhood development and sustainability.

**Recreation and Culture:** Provides for community services through the provision of recreation and leisure services.

**Utility Services:** Provides for delivery of water, collecting and treating of wastewater, and providing collection and disposal of solid waste.

- r) **Budget information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on January 12, 2023. Budget information is not available for the Watson Recreation Board, Watson and District Arena Association, and Watson and District Heritage Museum and has not been included in the budgeted figures presented. The budget amounts have not been audited.
- s) **Assets held for sale:** the Town is committed to selling the asset, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place for selling the asset and the sale is reasonably anticipated to be completed within one year of the financial statement date.
- t) **Asset retirement obligation:** Asset Retirement Obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets include but are not limited to assets in productive use, assets no longer in productive use, leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the municipality to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Town derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations.

**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**1. Significant accounting policies - continued**

u) **New accounting policies adopted during the year:**

**PS 3450 Financial Instruments**, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instrument that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

These measurements are to be applied prospectively with any difference between the fair value and the prior carrying value being recognized as an adjustment to accumulated remeasurement gains and losses at the beginning of the fiscal year. This standard was adopted in conjunction with PS 1201 - Financial Statement Presentation, PS 2601 - Foreign Currency Translation and PS 3041 - Portfolio Investments.

**PS 3280 Asset Retirement Obligations**, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

**2. Cash and Cash Equivalents**

	2023	2022
Cash	864,121	196,643
Short-term investments - amortized cost	-	-
<b>Total Cash and Temporary Investments</b>	<b>864,121</b>	<b>196,643</b>

Cash and cash equivalents includes balances with banks and short-term deposits with maturities of three months or less.

**3. Investments**

	2023	2022
<b>Investments carried at amortized cost:</b>		
Short-term notes and deposits	100,973	662,961
Investment in New2You Store	10,000	-
Government/government guaranteed bonds	-	-
<b>Total Investments</b>	<b>110,973</b>	<b>662,961</b>

Short-term notes and deposits have effective interest rates of 5.30% (2022 - 1.50%) and mature in less than one year.

<b>Investment income</b>		
Interest	16,056	15,699
<b>Total Investment Income</b>	<b>16,056</b>	<b>15,699</b>

**4. Taxes Receivable - Municipal**

	2023	2022
Municipal - Current	41,694	63,638
- Arrears	22,712	9,970
	<b>64,406</b>	<b>73,608</b>
- Less Allowance for Uncollectibles	-	-
<b>Total Municipal Taxes Receivable</b>	<b>64,406</b>	<b>73,608</b>

**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**4. Taxes Receivable - Municipal - continued**

School - Current	8,576	12,970
- Arrears	4,841	948
Total Taxes to be Collected on Behalf of School Divisions	13,417	13,918
Total Taxes and Grants In Lieu Receivable or to be Collected on Behalf of Others	77,823	87,526
Deduct Taxes to be Collected on Behalf of Other Organizations	(13,417)	(13,918)
<b>Total Taxes Receivable - Municipal</b>	<b>64,406</b>	<b>73,608</b>

**5. Other Accounts Receivable**

	2023	2022
Federal Government	16,182	52,265
Provincial Government	-	-
Utility	81,869	69,859
Trade	21,539	13,592
Total Other Accounts Receivable	119,590	135,716
Less: Allowance for Uncollectibles	(135)	-
<b>Net Other Accounts Receivable</b>	<b>119,455</b>	<b>135,716</b>

**6. Assets Held for Sale**

	2023	2022
Tax Title Property	52,567	53,060
Allowance for Market Value Adjustment	(44,154)	(44,577)
Deduct: portion due to other tax authority (school)	(8,413)	(8,483)
Net Tax Title Property	-	-
Other Land	63,042	63,542
Allowance for Market Value Adjustment	-	-
Net Other Land	63,042	63,542
<b>Total Assets Held for Sale</b>	<b>63,042</b>	<b>63,542</b>

**7. Bank Indebtedness**

The Town has discontinued an authorized line of credit in the amount of \$600,000 (2022 - \$600,000) with Affinity Credit Union. Interest was at bank prime rate and the line was secured by a term deposit. The Town had utilized \$nil (2022 - \$286,587) of this line of credit at December 31, 2023.

The Watson and District Arena Association has an authorized line of credit in the amount of \$10,000 (2022 - \$10,000) with Affinity Credit Union. Interest is at bank prime rate plus 0.50% (2022 - 0.50%) and is secured by a general security agreement. The Watson and District Arena Association has utilized \$nil (2022 - \$nil) of this line of credit at December 31, 2023.



**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**8. Deferred Revenue**

	2022	Externally Restricted Inflows	Revenue Earned	2023
Sale of Land	1,500	0	(1,500)	-
Donations	-	237,500	-	237,500
<b>Total Deferred Revenue</b>	<b>1,500</b>			<b>237,500</b>

**9. Asset Retirement Obligation**

	2023	2022
Balance, beginning of the year	-	-
Liabilities incurred	303,930	-
Liabilities settled	-	-
Accretion expense	116,992	-
Changes in estimated cash flows	-	-
<b>Total Accrued Landfill Costs</b>	<b>420,922</b>	<b>-</b>

**Asbestos**

The Town owns various buildings which contain asbestos, and is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are abatement costs realized between 2025 - 2053 of \$7,277,000. The estimated total liability of \$420,922 (2022- \$nil) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3% and assuming annual inflation of 3%. The municipality has not designated funds for settling the abatement activities.

**10. Long-Term Debt**

The debt limit of the Town is \$1,269,960. The debt limit for a Town is the total amount of the Town's own source revenues for the preceding year (the Municipalities Act section 161(1)).

Water treatment plant expansion debenture repayable in annual instalments of \$68,403 including interest at 4.20%. The debenture matures in 2026.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2024	60,460	7,943	68,403	58,023
2025	63,000	5,403	68,403	60,460
2026	65,645	2,758	68,403	63,000
Thereafter	-	-	-	65,645
<b>Balance</b>	<b>189,105</b>	<b>16,104</b>	<b>205,209</b>	<b>247,128</b>

Well development debenture repayable in annual instalments of \$28,787 including interest at 2.65%. The debenture matures in 2025.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2024	27,320	1,467	28,787	26,614
2025	28,043	744	28,787	27,320
2026	-	-	-	28,043
Thereafter	-	-	-	-
<b>Balance</b>	<b>55,363</b>	<b>2,211</b>	<b>57,574</b>	<b>81,977</b>

**Town of Watson**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2023**

**10. Long-Term Debt - continued**

Sewer upgrade debenture repayable in annual instalments of \$51,256 including interest at 3.10%. The debenture matures in 2027.

Future principal and interest payments are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Current Total</b>	<b>Prior Year Total</b>
2024	45,364	5,892	51,256	44,000
2025	46,770	4,486	51,256	45,364
2026	48,220	3,036	51,256	46,770
2027	49,715	1,541	51,256	48,220
Thereafter	-	-	-	49,715
<b>Balance</b>	<b>190,069</b>	<b>14,955</b>	<b>205,024</b>	<b>234,069</b>

Grader purchase debenture repayable in monthly instalments of \$6,210 including interest at 5.44%. The debenture matures in 2027.

Future principal and interest payments are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Current Total</b>	<b>Prior Year Total</b>
2024	62,889	11,631	74,520	-
2025	66,406	8,114	74,520	-
2026	70,108	4,412	74,520	-
2027	42,912	784	43,696	-
Thereafter	-	-	-	-
<b>Balance</b>	<b>242,315</b>	<b>24,941</b>	<b>267,256</b>	<b>-</b>

<b>Total Long-Term Debt</b>	<b>676,852</b>	<b>58,211</b>	<b>735,063</b>	<b>563,174</b>
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**11. Contingent Liabilities**

The Town, together with a number of other rural and urban municipalities, is a member of the Regional Authority of Carlton Trail - Waste Management District Ltd. ("REACT"). REACT is governed by the Department of Saskatchewan Environment and Resource Management ("SERM") and is responsible for waste collection, landfill operations and future site restoration costs. Expenditures that relate to on-going environmental and reclamation programs are charged against revenues as incurred. Future site restoration costs are recognized based on assumptions, engineering studies and estimates to the costs of future removal and site restoration. Changes to the underlying assumptions or legislative change in the future could have a material impact on the consolidated financial statements. As these costs are not readily determinable, the Town has not provided for future site restoration costs.

**12. Pension Plan**

The Town is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multiemployer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits. The Town pension expense in 2023 was \$35,300 (2022 - \$35,810). The benefits accrued to the Town's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate.

Total current service contributions by the Town to the MEPP in 2023 were \$17,650 (2022 - \$17,905). Total current service contributions by the employees of the Town to the MEPP in 2023 were \$17,650 (2022 - \$17,905).

At December 31, 2022, the MEPP disclosed an actuarial deficiency/surplus of \$704,877,000.

**Town of Watson**

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2023**

**13. Comparative Figures**

Cash and cash equivalents, investments, bank indebtedness, tax and other unconditional revenues have been restated to conform to the current year's presentation.

**14. Related Parties**

The consolidated financial statements include transactions with Venlaw Manufacturing Ltd., and The Coffee Row Report, companies under the common control of the Council.

During the year, the Town purchased advertising and tax enforcement costs for a combined total of \$1,870 (2022 - \$699) from The Coffee Row Report.

No transactions have occurred with Venlaw Manufacturing Ltd. (2022 - \$nil).

Transactions with these related parties are in the normal course of operations and are settled on normal trade terms.

**15. Commitments**

During 2018, The Town committed a total of \$90,000 to the Quill Plains Health Foundation over a period of five years. The funding is to assist with renovations and the expansion of the Quill Plains Centennial Lodge in Watson. As of December 31, 2023, \$90,000 of the committed amount is appropriated to the Quill Plains Health Care Centre reserve.

**16. Risk Management**

It is managements opinion that the Town is not exposed to significant risks arising from financial instruments.

Town of Watson

Schedule of Taxes and Other Unconditional Revenue

For the year ended December 31, 2023

Schedule 1

	2023 Budget	2023	2022
<b>TAXES</b>	<i>(unaudited)</i>		
General municipal tax levy	729,000	728,708	693,494
Abatements and adjustments	(16,000)	(17,410)	2,549
Discount on current year taxes	(24,230)	(26,048)	(23,933)
<b>Net Municipal Taxes</b>	<b>688,770</b>	<b>685,250</b>	672,110
Penalties on tax arrears	4,020	9,152	4,626
<b>Total Taxes</b>	<b>692,790</b>	<b>694,402</b>	676,736
<b>GRANTS IN LIEU OF TAXES</b>			
Federal	1,130	1,223	1,189
Provincial			
SaskEnergy Gas	20,000	27,657	20,804
Other	1,740	2,829	2,735
Other Government Transfers			
S.P.C. Surcharge	41,000	54,146	42,794
<b>Total Grants in Lieu of Taxes</b>	<b>63,870</b>	<b>85,855</b>	67,522
<b>Total Tax Revenue</b>	<b>756,660</b>	<b>780,257</b>	744,258
<b>UNCONDITIONAL GRANTS</b>			
Revenue Sharing	150,000	172,838	152,403
Care A Van Grant	6,160	-	-
Safe Restart	-	-	-
<b>Total Unconditional Grants</b>	<b>156,160</b>	<b>172,838</b>	152,403
<b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b>	<b>912,820</b>	<b>953,095</b>	896,661

**Town of Watson**  
**Schedule of Operating and Capital Revenue by Function**  
**For the year ended December 31, 2023**

Schedule 2 - 1

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>GENERAL GOVERNMENT SERVICES</b>			
<i>(unaudited)</i>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	-	-	-
- Other (Fees, permits, licenses, tax certificates)	<b>104,560</b>	<b>90,101</b>	21,706
<b>Total Fees and Charges</b>	<b>104,560</b>	<b>90,101</b>	21,706
- Land sales - gain	-	<b>930</b>	2,893
- Investment income and commissions	<b>12,000</b>	<b>16,056</b>	15,699
- Donations	<b>51,000</b>	<b>90,540</b>	25,299
<b>Total Other Segmented Revenue</b>	<b>167,560</b>	<b>197,627</b>	65,597
Conditional Grants			
- Other (Local community funding)	-	-	-
<b>Total Conditional Grants</b>	-	-	-
<b>Total Operating</b>	<b>167,560</b>	<b>197,627</b>	65,597
<b>Total General Government Services</b>	<b>167,560</b>	<b>197,627</b>	65,597

**PROTECTIVE SERVICES**

**Operating**

Other Segmented Revenue			
Fees and Charges			
- Other (Policing & fire fees, fines)	<b>8,500</b>	<b>23,529</b>	10,127
<b>Total Fees and Charges</b>	<b>8,500</b>	<b>23,529</b>	10,127
- Tangible capital asset sales - gain	-	-	-
- Donations	-	-	-
<b>Total Other Segmented Revenue</b>	<b>8,500</b>	<b>23,529</b>	10,127
Conditional Grants			
- Local government	<b>11,000</b>	<b>11,000</b>	17,000
<b>Total Conditional Grants</b>	<b>11,000</b>	<b>11,000</b>	17,000
<b>Total Operating</b>	<b>19,500</b>	<b>34,529</b>	27,127
<b>Total Protective Services</b>	<b>19,500</b>	<b>34,529</b>	27,127

**Town of Watson**  
**Schedule of Operating and Capital Revenue by Function**  
**For the year ended December 31, 2023**

Schedule 2 - 2

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>TRANSPORTATION SERVICES</b>			
<i>(unaudited)</i>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Custom work	100	100	100
- Sales of supplies	-	-	-
Total Fees and Charges	100	100	100
- Tangible capital asset sales - gain	2,000	80,000	10,742
Total Other Segmented Revenue	2,100	80,100	10,842
Conditional Grants			
- Student Employment	2,410	(3,310)	6,620
- Municipal Economic Enhancement Program	-	-	-
Total Conditional Grants	2,410	(3,310)	6,620
<b>Total Operating</b>	<b>4,510</b>	<b>76,790</b>	<b>17,462</b>
<b>Total Transportation Services</b>	<b>4,510</b>	<b>76,790</b>	<b>17,462</b>

**ENVIRONMENTAL AND PUBLIC HEALTH SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Cemetery Fees	1,000	400	2,705
Total Fees and Charges	1,000	400	2,705
- Tangible capital asset sales - gain	-	-	-
Total Other Segmented Revenue	1,000	400	2,705
Conditional Grants			
- Transit Assistance for People with Disabilities	1,000	413	1,538
Total Conditional Grants	1,000	413	1,538
<b>Total Operating</b>	<b>2,000</b>	<b>813</b>	<b>4,243</b>
<b>Total Environmental and Public Health Services</b>	<b>2,000</b>	<b>813</b>	<b>4,243</b>

**Town of Watson**  
**Schedule of Operating and Capital Revenue by Function**  
**For the year ended December 31, 2023**

Schedule 2 - 3

	<b>2023 Budget</b>	<b>2023</b>	2022
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
<i>(unaudited)</i>			
<b>Operating</b>			
Other Segmented Revenue			
- Valuation adjustment on lots	-	-	21,500
Total Other Segmented Revenue	-	-	21,500
<b>Total Operating</b>	-	-	21,500
<b>Capital</b>			
Conditional Grants			
- Canada Community-Building Fund (CCBF)	-	-	-
- ICIP	-	-	-
- Provincial Disaster Assistance	-	-	-
<b>Total Capital</b>	-	-	-
<b>Total Planning and Development Services</b>	-	-	21,500

**RECREATION AND CULTURAL SERVICES**

<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Other (Civic Centre rental fees)	<b>4,000</b>	<b>9,889</b>	5,815
Total Fees and Charges	<b>4,000</b>	<b>9,889</b>	5,815
- Tangible capital asset sales - gain	-	-	-
- Donations	<b>17,200</b>	<b>7,961</b>	26,033
- Subsidiary entities	-	<b>135,036</b>	108,332
Total Other Segmented Revenue	<b>21,200</b>	<b>152,886</b>	140,180
Conditional Grants			
- Student Employment	-	-	-
- Saskatchewan Parks and Recreation Grant	<b>3,000</b>	<b>10,000</b>	4,000
- Saskatchewan Lotteries Community Grant	<b>8,520</b>	<b>8,494</b>	8,488
Total Conditional Grants	<b>11,520</b>	<b>18,494</b>	12,488
<b>Total Operating</b>	<b>32,720</b>	<b>171,380</b>	152,668
<b>Total Capital</b>	-	-	-
<b>Total Recreation and Cultural Services</b>	<b>32,720</b>	<b>171,380</b>	152,668

**Town of Watson**  
**Schedule of Operating and Capital Revenue by Function**  
**For the year ended December 31, 2023**

Schedule 2 - 4

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<i>(unaudited)</i>			
<b>UTILITY SERVICES</b>			
<b>Operating</b>			
Other Segmented Revenue			
Fees and Charges			
- Water	149,600	156,919	152,800
- Sewer	123,000	135,387	132,037
- Infrastructure fees	174,500	173,260	172,029
- Other (sale of supplies, etc.)	-	15,126	12,000
Total Fees and Charges	447,100	480,692	468,866
- Tangible capital asset sales - gain (loss)	-	-	-
Total Other Segmented Revenue	447,100	480,692	468,866
<b>Total Operating</b>	<b>447,100</b>	<b>480,692</b>	<b>468,866</b>
<b>Capital</b>			
Conditional Grants			
- Canada Community-Building Fund (CCBF)	44,000	46,978	21,537
- Clean Water and Wastewater Fund	1,500	-	196,262
<b>Total Capital</b>	<b>45,500</b>	<b>46,978</b>	<b>217,799</b>
<b>Total Utility Services</b>	<b>492,600</b>	<b>527,670</b>	<b>686,665</b>
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>718,890</b>	<b>1,008,809</b>	<b>975,262</b>

**SUMMARY**

Total Other Segmented Revenue	647,460	935,234	719,817
Total Conditional Grants	25,930	26,597	37,646
Total Capital Grants and Contributions	45,500	46,978	217,799
<b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b>	<b>718,890</b>	<b>1,008,809</b>	<b>975,262</b>



**Town of Watson**

**Total Expenses by Function**

**For the year ended December 31, 2023**

Schedule 3 - 1

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>GENERAL GOVERNMENT SERVICES</b>			
	<i>(unaudited)</i>		
Council remuneration and travel	23,900	19,330	21,200
Wages and benefits	144,300	166,896	156,138
Professional/Contractual services	55,780	62,340	43,417
Utilities	6,300	6,684	6,195
Maintenance, materials and supplies	27,095	32,390	23,495
Grants and contributions - operating	2,000	5,815	335
Amortization	-	4,841	3,879
Donations	69,700	78,899	26,708
Accretion of asset retirement obligation	-	3,102	-
Interest and bank charges	2,000	2,959	5,437
Allowance for uncollectibles	-	1,454	-
<b>Total Government Services</b>	<b>331,075</b>	<b>384,710</b>	<b>286,804</b>

**PROTECTIVE SERVICES**

**Police protection**

Professional/Contractual services	44,000	46,785	43,354
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**Fire protection**

Professional/Contractual services	21,990	15,862	14,856
Utilities	4,950	5,629	5,020
Maintenance, material and supplies	127,550	7,141	8,290
Amortization	-	14,303	14,303
Accretion of asset retirement obligation	-	3,102	-

**Total Protective Services**

	<b>198,490</b>	<b>92,822</b>	<b>85,823</b>
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**TRANSPORTATION SERVICES**

Wages and benefits	182,590	134,575	190,356
Professional/Contractual Services	138,430	28,874	301,909
Utilities	32,500	36,927	34,970
Maintenance, materials, and supplies	55,250	49,046	116,698
Gravel	49,000	21,620	39,164
Amortization	-	66,552	50,475
Interest	-	9,961	-
Accretion of asset retirement obligation	-	26,093	-

**Total Transportation Services**

	<b>457,770</b>	<b>373,648</b>	<b>733,572</b>
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Town of Watson

Total Expenses by Function

For the year ended December 31, 2023

Schedule 3 - 2

	2023 Budget	2023	2022
<b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>			
	<i>(unaudited)</i>		
Professional/Contractual services	21,350	22,480	19,843
Maintenance, materials and supplies	131,690	92,784	13,948
Grants and contributions - capital			
○ Waste disposal	-	-	-
○ Public Health	1,500	6,107	925
Amortization	-	10,815	10,815
<b>Total Environmental and Public Health Services</b>	<b>154,540</b>	<b>132,186</b>	<b>45,531</b>
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
Professional/Contractual Services	45,120	10,420	120
Maintenance, materials and supplies	-	-	5,035
<b>Total Planning and Development Services</b>	<b>45,120</b>	<b>10,420</b>	<b>5,155</b>
<b>RECREATION AND CULTURAL SERVICES</b>			
Wages and benefits	118,200	128,566	86,952
Professional/Contractual services	40,060	39,190	27,822
Utilities	20,390	23,532	24,769
Maintenance, materials and supplies	8,000	5,368	45,242
Grants and contributions - operating	27,860	20,895	17,895
Amortization	-	14,523	8,183
Accretion of asset retirement obligation	-	336,373	-
Subsidiary entities	-	112,293	80,924
<b>Total Recreation and Cultural Services</b>	<b>214,510</b>	<b>680,740</b>	<b>291,787</b>

**Town of Watson**

**Total Expenses by Function**

**For the year ended December 31, 2023**

Schedule 3 - 3

	<b>2023 Budget</b>	<b>2023</b>	<b>2022</b>
<b>UTILITY SERVICES</b>	<i>(unaudited)</i>		
Wages and benefits	<b>92,020</b>	<b>97,274</b>	93,946
Professional/Contractual services	<b>34,050</b>	<b>29,191</b>	163,514
Utilities	<b>38,000</b>	<b>37,951</b>	36,334
Maintenance, materials and supplies	<b>123,590</b>	<b>85,329</b>	94,462
Amortization	-	<b>131,947</b>	130,372
Interest	<b>19,900</b>	<b>20,332</b>	23,449
Accretion of asset retirement obligation	-	<b>52,252</b>	-
Allowance for uncollectibles	<b>500</b>	-	(232)
<b>Total Utility Services</b>	<b>308,060</b>	<b>454,276</b>	541,845
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>1,709,565</b>	<b>2,128,802</b>	1,990,517

**Town of Watson**  
**Consolidated Schedule of Segment Disclosure by Function**  
**For the year ended December 31, 2023**

Schedule 4

	<b>General Government</b>	<b>Protective Services</b>	<b>Transportation Services</b>	<b>Environmental &amp; Public Health</b>	<b>Planning and Development</b>	<b>Recreation and Culture</b>	<b>Utility Services</b>	<b>Total</b>
<b>Revenues (Schedule 2)</b>								
Fees and Charges	90,101	23,529	100	400	-	9,889	480,692	604,711
Tangible Capital Asset Sales - Gain	-	-	80,000	-	-	-	-	80,000
Land Sales - Gain	930	-	-	-	-	-	-	930
Investment Income	16,056	-	-	-	-	-	-	16,056
Commissions	-	-	-	-	-	-	-	-
Donations	90,540	-	-	-	-	7,961	-	98,501
Other Revenues	-	-	-	-	-	135,036	-	135,036
Grants - Conditional	-	11,000	(3,310)	413	-	18,494	-	26,597
- Capital	-	-	-	-	-	-	46,978	46,978
<b>Total Revenues</b>	<b>197,627</b>	<b>34,529</b>	<b>76,790</b>	<b>813</b>	<b>-</b>	<b>171,380</b>	<b>527,670</b>	<b>1,008,809</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	186,226	-	134,575	-	-	128,566	97,274	546,641
Professional/ Contractual Services	62,340	62,647	28,874	22,480	10,420	39,190	29,191	255,142
Utilities	6,684	5,629	36,927	-	-	23,532	37,951	110,723
Maintenance Materials and Supplies	32,390	7,141	70,666	92,784	-	5,368	85,329	293,678
Grants and Contributions	5,815	-	-	6,107	-	20,895	-	32,817
Amortization	4,841	14,303	66,552	10,815	-	14,523	131,947	242,981
Donations	78,899	-	-	-	-	-	-	78,899
Interest	2,959	-	9,961	-	-	-	20,332	33,252
Accretion of Asset Retirement Obligation	3,102	3,102	26,093	-	-	336,373	52,252	420,922
Allowance for Uncollectibles	1,454	-	-	-	-	-	-	1,454
Other	-	-	-	-	-	112,293	-	112,293
<b>Total Expenses</b>	<b>384,710</b>	<b>92,822</b>	<b>373,648</b>	<b>132,186</b>	<b>10,420</b>	<b>680,740</b>	<b>454,276</b>	<b>2,128,802</b>
<b>Surplus (Deficit) by Function</b>	<b>(187,083)</b>	<b>(58,293)</b>	<b>(296,858)</b>	<b>(131,373)</b>	<b>(10,420)</b>	<b>(509,360)</b>	<b>73,394</b>	<b>(1,119,993)</b>

Taxes and Other Unconditional Revenue (Schedule 1)

953,095

**Net Deficit**

**(166,898)**

Town of Watson  
Consolidated Schedule of Segment Disclosure by Function  
For the year ended December 31, 2022

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
<b>Revenues (Schedule 2)</b>								
Fees and Charges	21,706	10,127	100	2,705	-	5,815	468,866	509,319
Tangible Capital Asset Sales - Gain	-	-	10,742	-	-	-	-	10,742
Land Sales - Gain	2,893	-	-	-	-	-	-	2,893
Investment Income	15,699	-	-	-	-	-	-	15,699
Commissions	-	-	-	-	-	-	-	-
Donations	25,299	-	-	-	-	26,033	-	51,332
Other Revenues	-	-	-	-	21,500	108,332	-	129,832
Grants - Conditional	-	17,000	6,620	1,538	-	12,488	-	37,646
- Capital	-	-	-	-	-	-	217,799	217,799
<b>Total Revenues</b>	<b>65,597</b>	<b>27,127</b>	<b>17,462</b>	<b>4,243</b>	<b>21,500</b>	<b>152,668</b>	<b>686,665</b>	<b>975,262</b>
<b>Expenses (Schedule 3)</b>								
Wages & Benefits	177,338	-	190,356	-	-	86,952	93,946	548,592
Professional/ Contractual Services	43,417	58,210	301,909	19,843	120	27,822	163,514	614,835
Utilities	6,195	5,020	34,970	-	-	24,769	36,334	107,288
Maintenance Materials and Supplies	23,495	8,290	155,862	13,948	5,035	45,242	94,462	346,334
Grants and Contributions	335	-	-	925	-	17,895	-	19,155
Amortization	3,879	14,303	50,475	10,815	-	8,183	130,372	218,027
Donations	26,708	-	-	-	-	-	-	26,708
Interest	5,437	-	-	-	-	-	23,449	28,886
Accretion of Asset Retirement Obligation	-	-	-	-	-	-	-	-
Allowance (Recovery) for Uncollectibles	-	-	-	-	-	-	(232)	(232)
Other	-	-	-	-	-	80,924	-	80,924
<b>Total Expenses</b>	<b>286,804</b>	<b>85,823</b>	<b>733,572</b>	<b>45,531</b>	<b>5,155</b>	<b>291,787</b>	<b>541,845</b>	<b>1,990,517</b>
<b>Surplus (Deficit) by Function</b>	<b>(221,207)</b>	<b>(58,696)</b>	<b>(716,110)</b>	<b>(41,288)</b>	<b>16,345</b>	<b>(139,119)</b>	<b>144,820</b>	<b>(1,015,255)</b>

Taxes and Other Unconditional Revenue (Schedule 1)

896,661

**Net Deficit**

**(118,594)**

Town of Watson  
Consolidated Schedule of Tangible Capital Assets by Object  
For the year ended December 31, 2023

Schedule 6

		2023						2022		
		General Assets				Infrastructure Assets	General/Infrastructure Assets Under Construction	Total	Total	
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets			
Assets	<b>Asset cost</b>									
	Opening Asset costs	71,684	37,806	2,599,875	216,855	1,034,143	6,227,139	-	10,187,502	9,688,807
	Additions during the year	-	-	37,842	-	402,817	124,414	-	565,073	614,457
	Disposals and write-downs during the year	-	-	-	-	(110,848)	-	-	(110,848)	(115,762)
	Transfers (from) assets under construction	-	-	-	-	-	-	-	-	-
	<b>Closing Asset Costs</b>	<b>71,684</b>	<b>37,806</b>	<b>2,637,717</b>	<b>216,855</b>	<b>1,326,112</b>	<b>6,351,553</b>	<b>-</b>	<b>10,641,727</b>	<b>10,187,502</b>
Amortization	<b>Accumulated Amortization Cost</b>									
	Opening Accumulated Amortization Costs	-	9,599	1,343,963	47,888	503,065	2,860,780	-	4,765,295	4,623,772
	Add: Amortization taken	-	945	42,072	17,503	57,487	124,974	-	242,981	218,027
	Less: Accumulated amortization on disposals	-	-	-	-	(110,848)	-	-	(110,848)	(76,504)
		<b>Closing Accumulated Amortization Costs</b>	<b>-</b>	<b>10,544</b>	<b>1,386,035</b>	<b>65,391</b>	<b>449,704</b>	<b>2,985,754</b>	<b>-</b>	<b>4,897,428</b>
	<b>Net Book Value</b>	<b>71,684</b>	<b>27,262</b>	<b>1,251,682</b>	<b>151,464</b>	<b>876,408</b>	<b>3,365,799</b>	<b>-</b>	<b>5,744,299</b>	<b>5,422,207</b>

1. Total contributed/donated assets received in 2023: \$ -
2. List of assets recognized at nominal value in 2023 are:
  - Infrastructure Assets \$ -
  - Vehicles \$ -
  - Machinery and Equipment \$ -
3. Amount of interest capitalized in 2023 \$ -

Town of Watson  
 Consolidated Schedule of Tangible Capital Assets by Function  
 For the year ended December 31, 2023

Schedule 7

		2023							2022	
		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
<b>Assets</b>	<b>Asset cost</b>									
	Opening Asset costs	226,201	412,787	2,372,263	139,518	10,408	956,624	6,069,701	10,187,502	9,688,807
	Additions during the year	-	-	469,703	-	-	37,842	57,528	565,073	614,457
	Disposals and write-downs during the year	-	-	(110,848)	-	-	-	-	(110,848)	(115,762)
	<b>Closing Asset Costs</b>	<b>226,201</b>	<b>412,787</b>	<b>2,731,118</b>	<b>139,518</b>	<b>10,408</b>	<b>994,466</b>	<b>6,127,229</b>	<b>10,641,727</b>	<b>10,187,502</b>
<b>Amortization</b>	<b>Accumulated Amortization Cost</b>									
	Opening Accumulated Amortization Costs	207,746	211,023	1,870,958	(1)	-	540,867	1,934,702	4,765,295	4,623,772
	Add: Amortization taken	4,841	14,303	77,367	-	-	14,523	131,947	242,981	218,027
	Less: Accumulated amortization on disposals	-	-	(110,848)	-	-	-	-	(110,848)	(76,504)
	<b>Closing Accumulated Amortization Costs</b>	<b>212,587</b>	<b>225,326</b>	<b>1,837,477</b>	<b>(1)</b>	<b>-</b>	<b>555,390</b>	<b>2,066,649</b>	<b>4,897,428</b>	<b>4,765,295</b>
	<b>Net Book Value</b>	<b>13,614</b>	<b>187,461</b>	<b>893,641</b>	<b>139,519</b>	<b>10,408</b>	<b>439,076</b>	<b>4,060,580</b>	<b>5,744,299</b>	<b>5,422,207</b>

**Town of Watson**  
**Consolidated Schedule of Accumulated Surplus**  
**For the year ended December 31, 2023**

Schedule 8

	2022	Changes	2023
<b>UNAPPROPRIATED SURPLUS</b>	239,892	(725,412)	<b>(485,520)</b>

**APPROPRIATED RESERVES**

Future Expenditures	36,534	96,986	<b>133,520</b>
Sand Seal	3,000	6,000	<b>9,000</b>
Recreation Facilities	30,352	36,352	<b>66,704</b>
Quill Plains Health Care Centre	201,000	75,000	<b>276,000</b>
Protective Services	69,352	70,000	<b>139,352</b>
Water	6,000	12,000	<b>18,000</b>
Planning and Development Services	21,000	8,000	<b>29,000</b>
Watson Recreation Board	15,012	17,877	<b>32,889</b>
Watson and District Arena Association	29,211	17,878	<b>47,089</b>
Watson and District Heritage Museum	28,049	10,006	<b>38,055</b>
<b>Total Appropriated</b>	<b>439,510</b>	<b>350,099</b>	<b>789,609</b>

**NET INVESTMENT IN TANGIBLE CAPITAL ASSETS**

Tangible capital assets (Schedule 6)	5,422,207	322,092	<b>5,744,299</b>
Less: Related debt	(563,174)	(113,677)	<b>(676,851)</b>
<b>Net Investment in Tangible Capital Assets</b>	<b>4,859,033</b>	<b>208,415</b>	<b>5,067,448</b>

<b>Accumulated Surplus excluding remeasurement gains</b>	<b>5,538,435</b>	<b>(166,898)</b>	<b>5,371,537</b>
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**Town of Watson**  
**Schedule of Mill Rates and Assessments**  
**For the year ended December 31, 2023**

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
<b>Taxable Assessment</b>	217,360	31,126,400	-	-	5,269,575	-	36,613,335
<b>Regional Park Assessment</b>							-
<b>Total Assessment</b>							36,613,335
<b>Mill Rate Factor(s)</b>	1.0000	1.0000	-	-	3.00		
<b>Total Base/Minimum Tax</b> (generated for each property class)	1,660	432,640	-	-	36,900		471,200
<b>Total Municipal Tax Levy</b> (include base and/or minimum tax and special levies)	2,921	613,173	-	-	112,614		728,708

MILL RATES:	MILLS
<b>Average Municipal*</b>	19.9028
<b>Average School*</b>	4.8554
<b>Potash Mill Rate</b>	-
<b>Uniform Municipal Mill Rate</b>	5.8000

\* Average Mill Rates (multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority).

**Town of Watson**  
**Schedule of Council Remuneration**  
**For the year ended December 31, 2023**

Schedule 10

<b>Position</b>	<b>Name</b>	<b>Remuneration</b>	<b>Reimbursed Costs</b>	<b>Total</b>
Mayor	Norma Weber	5,760	226	5,986
Councillor	Mike Brost	2,740	253	2,993
Councillor	Glenn Pastl	2,240	-	2,240
Councillor	Jeff Turchyn	2,240	-	2,240
Councillor	Aron Friesen	2,080	-	2,080
Councillor	Lindsey Sobchyshyn	1,920	111	2,031
Councillor	Rebecca Paszt	1,760	-	1,760
<b>Total</b>		<b>18,740</b>	<b>590</b>	<b>19,330</b>