

Corporation of the Municipality
of Red Lake
Consolidated Financial Statements
For the year ended December 31, 2023

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the Municipality of Red Lake are the responsibility of the Municipality's management and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

Trilbee Stirling-Kattler, Chief Administrative Officer
July 15, 2024

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Red Lake

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Red Lake (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 15, 2024

Corporation of the Municipality of Red Lake
Consolidated Statement of Financial Position

December 31	2023	2022
		Restated (Note 1)
Financial Assets		
Cash and Bank (Note 2)	\$ 8,373,943	\$ 9,103,898
Investments (Note 3)	1,623,999	1,517,390
Taxes Receivable	453,305	591,025
Trade and Other Receivables	3,310,255	3,177,568
	<u>13,761,502</u>	<u>14,389,881</u>
 Financial Liabilities		
Accounts Payable and Accrued Liabilities	1,714,401	1,234,701
Deferred Revenue (Note 5)	991,980	1,987,221
Asset retirement obligation (Note 6)	780,192	795,398
Long Term Liabilities (Note 7)	14,385,409	14,871,567
	<u>17,871,982</u>	<u>18,888,887</u>
 Net Debt	<u>(4,110,480)</u>	<u>(4,499,006)</u>
 Non-Financial Assets		
Prepaid Expenses and Other Assets	366,090	351,439
Tangible Capital Assets (Note 8)	68,721,678	65,419,878
	<u>69,087,768</u>	<u>65,771,317</u>
 Accumulated Surplus (Note 11)	<u>\$64,977,288</u>	<u>\$ 61,272,311</u>
 Accumulated surplus is comprised of:		
Accumulated operating surplus	\$65,875,102	\$ 61,272,311
Accumulated remeasurement gains (losses)	<u>102,186</u>	<u>-</u>
	<u>\$65,977,288</u>	<u>\$ 61,272,311</u>

Approved by:

_____ Mayor

_____ Treasurer

Corporation of the Municipality of Red Lake
Consolidated Statement of Operations

For the Year Ended December 31	Budget	2023	2022
			Restated (Note 1)
Revenue			
Taxation	\$10,098,666	\$10,191,432	\$ 9,918,849
Fees and User Charges	4,850,881	5,152,814	4,893,089
Canada Grants	2,375,618	2,361,681	1,591,714
Ontario Grants	4,198,454	4,239,092	2,380,588
Other Income (Note 12)	527,491	1,633,974	845,934
	<u>22,051,110</u>	<u>23,578,993</u>	<u>19,630,174</u>
Expenses			
General Government	2,293,220	2,510,894	2,394,998
Protection Services	2,146,877	2,049,498	1,985,246
Transportation Services	4,743,895	5,518,218	5,094,849
Environmental Services	4,481,237	4,803,072	4,745,965
Health Services	852,665	1,032,645	937,933
Social and Family Services	1,128,291	1,112,941	1,077,567
Recreation and Cultural Services	2,187,457	2,549,418	2,550,170
Planning and Development	501,410	399,516	364,164
	<u>18,335,052</u>	<u>19,976,202</u>	<u>19,150,892</u>
Total Expenses			
Annual Surplus	3,716,058	3,602,791	479,282
Accumulated surplus (deficit), beginning of year as previously stated		-	60,898,588
Change in accounting policy (Note 1)		-	(105,559)
			<u>60,793,029</u>
Accumulated Surplus, Beginning of Year	61,272,311	61,272,311	60,793,029
Accumulated Surplus, End of Year	<u>\$64,988,369</u>	<u>\$64,875,102</u>	<u>\$ 61,272,311</u>

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

Corporation of the Municipality of Red Lake
Consolidated Statement of Changes in Net Debt

For the Year Ended December 31	Budget	2023	2022
			Restated (Note 1)
Annual Surplus	\$ 3,716,058	\$ 3,602,791	\$ 479,282
Acquisition of Tangible Capital Assets	(8,020,753)	(7,160,633)	(5,025,439)
Amortization of Tangible Capital Assets	3,849,010	3,832,454	3,660,596
Loss (gain) on Disposal of Tangible Capital Assets	-	(28,621)	-
Proceeds on Sale of Tangible Capital Assets	-	55,000	-
Net Change in Prepaid Expenses	-	(14,651)	241,142
	(455,685)	286,340	(644,419)
Net remeasurement gains (losses)		102,186	-
Net Change in Net Debt	(455,685)	388,526	(644,419)
Net Debt, Beginning of Year	(4,499,006)	(4,499,006)	(3,854,587)
Net Debt, End of Year	\$ (4,954,691)	\$ (4,110,480)	\$ (4,499,006)

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

Corporation of the Municipality of Red Lake
Consolidated Statement of Cash Flows

For the Year Ended December 31	2023	2022
		Restated (Note 1)
Operating Transactions		
Annual Surplus	\$ 3,602,791	\$ 479,282
Adjustments for		
Accretion of asset retirement obligation	(15,206)	4,372
Amortization	3,832,454	3,660,596
Loss on Disposal of Capital Assets	(28,621)	-
Changes in Non-cash Operating Balances		
Taxes Receivable	137,720	60,170
Trade and Other Receivables	(132,687)	2,189,945
Accounts Payable and Accrued Liabilities	479,700	(734,660)
Prepaid Expenses and Other Assets	(14,651)	241,142
Deferred Revenue	(995,241)	298,763
	<u>6,866,259</u>	<u>6,199,610</u>
Financing Transactions		
Proceeds of Long Term Debt	1,402,953	1,662,540
Long Term Debt Repaid	(1,889,111)	(1,987,379)
	<u>(486,158)</u>	<u>(324,839)</u>
Investing Transactions		
Net proceeds(purchase) of investments	<u>(4,423)</u>	<u>100,909</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(7,160,633)	(5,025,439)
Proceeds from Sale of Capital Assets	55,000	-
	<u>(7,105,633)</u>	<u>(5,025,439)</u>
Net Change in Cash and Bank	(729,955)	950,241
Cash and Bank, Beginning of Year	<u>9,103,898</u>	<u>8,153,657</u>
Cash and Bank, End of Year	<u>\$ 8,373,943</u>	<u>\$ 9,103,898</u>

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

Corporation of the Municipality of Red Lake
Consolidated Statement of Remeasurement Gains and Losses

For the year ended December 31	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio Investments	102,186	-
Amounts reclassified to the statement of operations:		
Portfolio investments	-	-
Accumulated remeasurement gains (losses), end of year	\$ 102,186	\$ -

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

Corporation of the Municipality of Red Lake

Summary of Significant Accounting Policies

December 31, 2023

Management Responsibility	<p>The consolidated financial statements of the Corporation of the Municipality of Red Lake are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.</p>
Basis of Consolidation	<p>The consolidated statements reflect the assets, liabilities, sources of financing and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>The following boards and municipal enterprises owned or controlled by Council have been consolidated:</p> <ul style="list-style-type: none">- Red Lake Public Library Board- Red Lake Regional Heritage Centre Board- Red Lake Airport
Basis of Accounting	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>
Government Transfers	<p>Government transfers are recognized in the year in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.</p>
Revenue Recognition	<p>Revenues are recognized as follows:</p> <ul style="list-style-type: none">a) Tax revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.b) Fees and user charges are recognized on a quarterly basis as services are provided.c) Other revenues are recorded when collected or when collection is reasonably assured.
Investments	<p>Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.</p> <p>Portfolio investments are recorded at amortized cost unless there is a loss in value that is other than a temporary decline. Gains and losses on investments are recorded in the statement of operations once realized.</p> <p>Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned.</p>

Corporation of the Municipality of Red Lake Summary of Significant Accounting Policies

December 31, 2023

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

School Boards The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

Trust Funds Funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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

Buildings	20 to 50 years
Machinery and equipment	15 to 25 years
Furniture and equipment	8 to 15 years
Vehicles	8 years
Roads, sidewalks and streetlights	10 to 20 years
Water and sewer infrastructure	20 to 50 years
Land improvements and leaseholds	15 to 30 years

Works of art and cultural and historic assets are not recorded as assets in these consolidated statements.

Corporation of the Municipality of Red Lake Summary of Significant Accounting Policies

December 31, 2023

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

In particular, management's estimate for the Landfill Liability, as described in Note 6, is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an engineer's report, modified as necessary for the passage of time and actual use of the landfill site. Other accounts subject to significant estimates include useful lives of tangible capital assets and allowances for doubtful taxes, tax revenue due to reassessments and appeals, accounts receivable and contaminated sites. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Corporation of the Municipality of Red Lake Summary of Significant Accounting Policies

December 31, 2023

Pensions and Employee Benefits

Pension Plan

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

Sick Leave

The collective Bargaining Agreement between the Municipality and the Union provides for sick leave credits for its employees. Employees may carry over unused sick time to a maximum of \$420 per employee.

Vacation

Employees are required to take their vacation time before December 31 each year, with a maximum allowable carry over of one week.

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 beyond the current year and are not intended for sale in the ordinary course of operations.

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023 the Municipality adopted a new Public Sector Accounting Handbook Standard, Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods. The impact of adoption of this standards was as follows:

	2022
Increase in tangible capital assets	\$ 51,542
Decrease in landfill liability	(633,929)
Increase in asset retirement obligations	791,032
Decrease in environmental services expenses	(103,086)
Decrease in opening accumulated surplus	\$ 105,559

2. Cash and Bank

	2023	2022
Unrestricted Cash	\$ 1,801,256	\$ 965,708
Restricted Cash for Reserves	6,572,687	8,138,190
	\$ 8,373,943	\$ 9,103,898

3. Investments

	2023	2022
<u>Restricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$53,851)	\$ 53,851	\$ 51,553
Red Lake Public Library Board - GICs (market value \$89,926)	89,926	87,804
ONE Funds - gas tax, airport improvement and airport parking investments (book value \$1,505,645)	1,480,222	1,378,033
	\$ 1,623,999	\$ 1,517,390

4. Bank Indebtedness

The Corporation of the Municipality of Red Lake has a revolving credit facility with the Canadian Imperial Bank of Commerce for \$2,000,000. Advances under this facility are due on demand and bear interest at prime, payable monthly.

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

5. Deferred Revenue

	CCBF	OCIF	Other	2023	2022
Opening balance	\$ 1,392,232	\$ 469,363	\$ 125,627	\$ 1,987,222	\$ 1,688,459
Add:					
Amounts received in the year	271,835	565,487	51,261	888,583	856,169
Externally restricted interest earned	77,246	12,743	-	89,989	28,418
Less:					
Project expenses	(935,031)	(1,034,850)	(3,933)	(1,973,814)	(585,825)
Closing balance	<u>\$ 806,282</u>	<u>\$ 12,743</u>	<u>\$ 172,955</u>	<u>\$ 991,980</u>	<u>\$ 1,987,221</u>

Canada Community-Building Fund (CCBF) revenue is provided by the Government of Canada. The use of the funding is established by funding agreement. CCBF funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

6. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the closure and post closure costs of the Municipality's solid waste landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 5.01% (2022 - 5.01%). The estimated total undiscounted future expenditures are \$720,057, which are to be incurred over 25 years. The liability is expected to be settled in 15 years.

The carrying amount of the liabilities are as follows:

Asset retirement obligation as at December 31, 2022	\$ 795,398
(Decrease) due to liability settled during the current year	(55,016)
Increase due to accretion expense	<u>39,810</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 780,192</u>

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

7. Long Term Liabilities

	2023	2022
Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi-annually at blended principal and interest instalments of \$160,094 at 3.52%, maturing November 2026	\$ 904,063	\$ 1,184,990
CIBC demand instalment loan, repayable \$6,885.98 monthly plus interest payable at prime, maturing December 2026	356,627	-
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	1,895,923	2,098,617
CIBC demand instalment loan, repayable \$11,651 monthly plus interest payable at prime, maturing November 2032	1,259,609	1,374,836
CIBC demand instalment loan, repayable \$6,812 monthly plus interest at prime, maturing February 2032	674,746	749,281
CIBC demand instalment loan, repayable monthly at \$6,094 plus interest at prime, maturing February 2027	233,445	304,716
CIBC demand instalment loan, repayable \$1,258 monthly at prime rate, maturing October 2027	59,772	72,997
CIBC demand instalment loan, repayable \$2,896.18 monthly plus interest payable at prime, maturing December 2026	261,468	-
CIBC demand instalment loan, repayable \$3,246 monthly plus interest at prime, maturing November 2025	75,342	113,615
CIBC demand instalment loan, repayable \$16,857 monthly plus interest at prime, maturing September 2025	358,907	557,615
CIBC demand instalment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030	2,545,615	2,935,237
CIBC demand instalment loan, repayable in monthly payments of \$15,773, including interest at 6.123%, maturing October 2034	1,412,765	1,521,270
CIBC demand instalment loan, repayable monthly at \$15,166 including interest at 5.931%, maturing October 2029	883,966	1,004,132
CIBC demand instalment loan, repayable \$660 monthly plus interest payable at 5.948%, maturing December 2038	784,859	-
Carried Forward	\$11,707,107	\$ 11,917,306

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

7. Long Term Liabilities - continued

	2023	2022
Brought Forward	\$11,707,107	\$ 11,917,306
CIBC demand instalment loan, repayable monthly at \$2,275 plus interest at prime, maturing July 2025	36,538	61,428
CIBC demand instalment loan, repayable monthly at \$1,407 plus interest at prime, maturing July 2030	108,071	122,443
CIBC demand instalment loan, repayable monthly at \$2,121 plus interest at prime, maturing July 2035	291,407	311,835
CIBC demand instalment loan, repayable in monthly payments of \$233 plus interest at prime, maturing May 2026	6,452	8,722
CIBC demand instalment loan, repayable in monthly payments of \$1,581 plus interest at prime, maturing May 2031	143,892	159,776
CIBC demand instalment loan, repayable in monthly payments of \$4,094 plus interest at prime, maturing May 2036	620,292	659,149
CIBC demand instalment loan, repayable in monthly payments of \$8,519 plus interest at prime, maturing September 2027	404,605	494,109
CIBC demand instalment loan, repayable in monthly payments of \$2,718 plus interest at prime, maturing September 2032	293,802	320,674
CIBC demand instalment loan, repayable in monthly payments of \$4,585 plus interest at prime, maturing September 2037	773,244	816,125
	\$14,385,410	\$ 14,871,567

Principal payments for the next five fiscal years and thereafter if not demanded are as follows:

2024	\$ 1,968,877
2025	1,988,065
2026	1,871,582
2027	1,549,227
2028	1,502,587
Thereafter	5,505,072
Total	\$ 14,385,410

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

8. Tangible Capital Assets

2023

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks, Bridges and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,401,330	\$ 48,480,973	\$ 13,752,721	\$ 676,532	\$ 25,393,470	\$ 19,895,075	\$ 15,821,560	\$ 125,421,661
Additions	1,808	403,228	1,780,050	173,321	2,015,626	2,556,591	230,009	7,160,633
Disposals	(13,928)	-	(124,506)	-	-	-	-	(138,434)
Cost, End of Year	1,389,210	48,884,201	15,408,265	849,853	27,409,096	22,451,666	16,051,569	132,443,860
Accumulated Amortization, Beginning of Year	-	17,422,630	8,131,069	446,228	15,147,736	12,692,936	6,161,184	60,001,783
Amortization	-	1,017,326	695,847	49,018	890,062	420,524	759,677	3,832,454
Disposals	-	-	(112,055)	-	-	-	-	(112,055)
Accumulated Amortization, End of Year	-	18,439,956	8,714,861	495,246	16,037,798	13,113,460	6,920,861	63,722,182
Net Carrying Amount, End of Year	\$ 1,389,210	\$ 30,444,245	\$ 6,693,404	\$ 354,607	\$ 11,371,298	\$ 9,338,206	\$ 9,130,708	\$ 68,721,678

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

8. Tangible Capital Assets (continued)

2022

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,082,265	\$ 48,129,422	\$ 10,857,417	\$ 611,830	\$ 24,555,548	\$ 19,895,075	\$ 15,373,765	\$ 120,505,322
Additions	319,065	351,551	2,895,304	134,245	877,479	-	447,795	5,025,439
Disposals	-	-	-	(69,543)	(39,557)	-	-	(109,100)
Cost, End of Year	1,401,330	48,480,973	13,752,721	676,532	25,393,470	19,895,075	15,821,560	125,421,661
Accumulated Amortization, Beginning of Year	-	16,413,500	7,544,580	476,387	14,322,191	12,272,412	5,421,217	56,450,287
Amortization	-	1,009,130	586,489	39,384	865,102	420,524	739,967	3,660,596
Disposals	-	-	-	(69,543)	(39,557)	-	-	(109,100)
Accumulated Amortization, End of Year	-	17,422,630	8,131,069	446,228	15,147,736	12,692,936	6,161,184	60,001,783
Net Carrying Amount, End of Year	\$ 1,401,330	\$ 31,058,343	\$ 5,621,652	\$ 230,304	\$ 10,245,734	\$ 7,202,139	\$ 9,660,376	\$ 65,419,878

The net book value of tangible capital assets not being amortized because they are under construction is \$1,047,665 (2022 - \$1,226,731). The municipality holds various works of art and historical treasures pertaining to the Red Lake Regional Heritage Centre. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

9. Government Transfers

	Budget	2023	2022
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 849,700	\$ 849,700	\$ 835,500
Conditional - Protection	79,292	81,832	66,002
- Transportation	184,300	361,699	184,300
- Ministry of Municipal Affairs and Housing	226,600	433,623	130,069
- Other	100,000	315,161	255,612
	1,439,892	2,042,015	1,471,483
Government of Canada - other	11,500	99,590	216,525
Total Operating Transfers	1,451,392	2,141,605	1,688,008
Tangible Capital Asset			
Province of Ontario			
- Northern Ontario Heritage Fund Corporation	-	-	367,017
- Northern Ontario Resource Development Support	129,859	129,851	259,700
- Investing in Canada Infrastructure Program - Roads project	1,008,037	1,008,037	-
- Ontario Community Infrastructure Fund	1,034,850	1,034,850	99,788
- Ontario Trillium Fund	82,104	-	182,600
- Other	503,712	24,339	-
	2,758,562	2,197,077	909,105
Government of Canada			
- Canada Community-Building Fund	950,853	935,031	391,879
- Investing in Canada Infrastructure Program - Green Stream	1,209,765	1,209,765	-
- Community Resilience	100,000	100,000	-
- Federal Economic Development Agency for Northern Ontario	103,500	-	150,944
- Airports Capital Assistance Program	-	17,295	832,366
	2,364,118	2,262,091	1,375,189
Total Tangible Capital Asset Transfers	5,122,680	4,459,168	2,284,294
Total Transfers	\$ 6,574,072	\$ 6,600,773	\$ 3,972,302

Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2023

10. Accumulated Surplus

The Municipality's Accumulated Surplus on the Consolidated Statement of Financial Position consists of the following:

	Municipality of Red Lake	Red Lake Public Library Board	Red Lake Regional Heritage Centre	2023	2022
Current	\$ 2,462,962	\$ 179,876	\$ 48,152	\$ 2,690,990	\$ 3,254,789
Reserves and Reserve Funds	7,631,626	97,396	118,822	7,847,844	7,469,211
Investment in Capital Assets	54,336,268	-	-	54,336,268	50,548,311
	<u>\$64,430,856</u>	<u>\$ 277,272</u>	<u>\$ 166,974</u>	<u>\$64,875,102</u>	<u>\$ 61,272,311</u>

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 77,060	\$ 73,225
Water System	803,652	763,649
Sewer System	308,476	293,121
	<u>1,189,188</u>	<u>1,129,995</u>

Reserves set aside for specific purpose by Council:

Parks	46,547	44,230
Medical Centre and Pharmacy	396,753	439,394
Water	146,113	530,453
Sewer	137,441	130,600
Recreation Facility	1,766	1,678
Fire	188,455	407,498
Sick Leave	25,197	23,943
Norseman Royalties	9,293	8,831
Cemetery Maintenance	1,734	1,648
Waste Disposal	226,125	214,869
Airport	2,422,916	2,310,111
General Government	1,548,945	1,265,870
Public Works	609,140	151,219
Library	171	163
MTO Roads and Bridges	29,931	28,441
Community in Bloom	6,575	18,038
Museum	50,559	48,202
Planning	12,176	11,570
Elections	17,293	16,432
Accessibility	163,328	155,450
Library	97,396	95,281
Heritage Centre	118,822	118,822
Municipal Accommodation Tax	241,450	163,934
Stabilization	160,530	152,539
	<u>6,658,656</u>	<u>6,339,216</u>

Reserves and Reserve Funds, End of Year	<u>\$ 7,847,844</u>	<u>\$ 7,469,211</u>
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Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2023

11. Pension Agreements

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan. The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participates in the plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to OMERS during the year was \$228,156 (2022 - \$217,933). The contributions were made for current service and these have been recognized in net income.

As at December 31, 2023, the OMERS plan was 97% funded (December 31, 2022 - 95%). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

12. Other Income

	Budget	2023	2022
Penalties and Interest	\$ 215,200	\$ 218,627	\$ 215,349
Investment Income	46,500	342,080	54,865
Licences and Permits	247,800	247,647	75,148
Provincial Offences	-	-	15,948
Donations	-	14,480	42,762
Insurance Proceeds	-	538,224	239,297
Other Revenues	17,991	272,916	202,565
	<u>\$ 527,491</u>	<u>\$ 1,633,974</u>	<u>\$ 845,934</u>

13. Trust Funds

The trust funds administered by the Municipality amounting to \$267,790 (2022 - \$259,362) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, the trust fund balances are as follows:

	2023	2022
Woodland Cemetery Perpetual Care	\$ 105,839	\$ 102,993
Red Lake Cemetery Perpetual Care	147,741	142,867
Memorial Trust Fund	3,468	3,295
Health Care Trust	8,213	7,804
Election Trust	2,529	2,403
	<u>\$ 267,790</u>	<u>\$ 259,362</u>

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2023

14. Contractual Obligations and Commitments

Water and Waste Water (Sewage)

The Municipality has entered into an agreement with a third party for water and waste water services. The cost under this agreement is expected to be approximately \$1.8 million for 2024.

Waste Collection and Disposal Services

The Municipality is under an agreement with a third party for waste collection and disposal services. The agreement expires September 2030. The 2024 estimated cost is \$46,006.

Waste Disposal Site Services

The Municipality is under an agreement with another municipality for waste disposal services, whereby the Municipality will temporarily utilize the waste disposal site of the other municipality. The agreement expires August 2028. The 2024 costs are based on a set rate of \$43.65 per cubic meter of eligible waste.

Airport Services

The Municipality has an agreement with a company to provide management services for the operation of the Red Lake Airport. The agreement expires December 2027 and provides for a management fee of \$50,000 plus a share of surplus funds based on a formula.

Policing

The Municipality is committed to municipal policing services with the Provincial Government. The estimated cost for 2024 is approximately \$1.4 million.

Cochenor Infrastructure Upgrades

The Municipality has entered into an agreement with Makkinga Contracting related to upgrading infrastructure within the Cochenor area of the Municipality. The estimated cost of the project is approximately \$4.3 million and expected to be completed within the 2024 fiscal year.

15. Contingencies

The Municipality is contingently liable for its pro-rata share of the deficit of the District of Kenora Home for the Aged. The Home's management expects to recover this deficit from projected future operating surpluses. A billing from the Home for the deficit is not anticipated.

16. Operations and School Boards

Taxation, other revenues and requisitions for the school boards amounting to \$1.6 million (2022 - \$1.6 million) are not reflected in these financial statements.

17. Liability for Contaminated Sites

The Corporation has four municipally owned sites with known contamination. The contamination results from previous industry use. No liability has been recorded because it is not expected that economic benefits will be given up by the Municipality.

Corporation of the Municipality of Red Lake Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information

The Corporation of the Municipality of Red Lake is a diversified municipal government institution that provides a wide range of services to its citizens including police, fire, ambulance, solid waste, sewer and water and recreation. For management reporting purposes, the Municipality's operations and activities are organized and reported by Funds.

The Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General Government encompasses all the Municipality's administration including Council, the Administrator's office, finance and administration and human resources.

Protection Services

Protection is comprised of police and fire services. The mandate of the municipal policing is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection and/or extinguishments of fires.

Public Works and Transportation

The Public Works and Transportation Department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

Environmental

The Municipality reports water, wastewater and solid waste disposal services in the Environmental Fund. These services include providing drinking water to the citizens of Red Lake, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities for solid waste. Garbage collection operations are also reported in this Fund.

Health Services

Health services includes contributions to the Northwestern Health Unit and the Kenora District Services Board for ambulance services.

Corporation of the Municipality of Red Lake Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information - continued

Social and Family Services

The Social and Family Services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

Recreation and Cultural Services

Recreation and cultural services is responsible for the community centres and the provision of recreation and leisure services such as fitness and aquatic programs. The operations of the Red Lake Library Board and the Red Lake Regional Heritage Centre Board are also in this segment.

Planning and Development

Planning and Development includes planning, economic development and tourism. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws, the processing of building permit applications, as well as providing cemetery services to citizens.

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

Taxation revenues have been apportioned based on percentage of expenses with the exception of water and sewer services where no taxation revenue has been allocated. Revenue from the Ontario Municipal Partnership Fund is reported in General Government and has not been allocated.

Corporation of the Municipality of Red Lake Schedule of Segmented Information

	General Government	Protection Services	Public Works Transportation	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
For the Year Ended December 31, 2023									
Revenue									
Taxation	\$ 1,576,505	\$ 1,286,811	\$ 3,464,704	\$ 845,298	\$ 648,363	\$ 698,778	\$ 1,420,130	\$ 250,843	\$ 10,191,432
Fees and User Charges	73,505	30,314	1,368,803	3,458,501	38,081	-	151,254	32,356	5,152,814
Canada Grants	-	-	288,747	1,873,344	-	-	199,590	-	2,361,681
Ontario Grants	1,307,662	81,831	491,550	2,230,264	-	-	127,785	-	4,239,092
Other Income	912,603	47,161	542,680	-	-	-	119,635	11,895	1,633,974
	3,870,275	1,446,117	6,156,484	8,407,407	686,444	698,778	2,018,394	295,094	23,578,993
Expenditures									
Wages and Benefits	1,287,564	346,146	1,045,635	406,524	-	-	1,094,596	112,691	4,293,156
Long Term Debt Interest	12,985	18,891	355,691	191,962	2,789	-	72,905	102,952	758,175
Materials	632,825	176,386	816,683	514,299	99,376	13,491	689,759	74,841	3,017,660
Contracted Services	448,775	1,358,553	1,309,272	2,305,475	133,907	-	239,576	5,690	5,801,248
Rents and Financial Expenses	64,182	-	5,502	345,578	253	-	28,444	-	443,959
External Transfers	-	-	-	-	659,752	1,099,450	-	70,348	1,829,550
Amortization	64,563	149,522	1,985,435	1,039,234	136,568	-	424,138	32,994	3,832,454
	2,510,894	2,049,498	5,518,218	4,803,072	1,032,645	1,112,941	2,549,418	399,516	19,976,202
Excess Net Revenue (Expense)	\$ 1,359,381	\$ (603,381)	\$ 638,266	\$ 3,604,335	\$ (346,201)	\$ (414,163)	\$ (531,024)	\$ (104,422)	\$ 3,602,791
For the Year Ended December 31, 2022									
Revenue									
Taxation	\$ 1,493,396	\$ 1,237,897	\$ 3,176,885	\$ 1,161,996	\$ 584,847	\$ 671,915	\$ 1,364,842	\$ 227,071	\$ 9,918,849
Fees and User Charges	99,131	8,626	1,097,733	3,345,443	25,882	-	309,606	6,668	4,893,089
Canada Grants	-	-	1,506,539	-	-	-	85,175	-	1,591,714
Ontario Grants	835,500	73,876	543,789	299,293	-	-	628,130	-	2,380,588
Other Income	349,676	16,174	-	-	-	-	480,084	-	845,934
	2,777,703	1,336,573	6,324,946	4,806,732	610,729	671,915	2,867,837	233,739	19,630,174
Expenditures									
Wages and Benefits	1,250,667	315,714	917,928	418,861	-	-	988,453	109,054	4,000,677
Long Term Debt Interest	6,128	6,664	256,229	124,047	1,770	-	49,405	81,462	525,705
Materials	414,594	136,356	720,911	589,425	74,776	-	712,337	61,539	2,709,938
Contracted Services	592,689	1,396,218	1,292,873	2,285,197	76,215	-	363,173	2,430	6,008,795
Rents and Financial Expenses	91,499	-	5,330	313,284	-	-	31,614	-	441,727
External Transfers	-	-	-	-	649,189	1,077,567	-	76,698	1,803,454
Amortization	39,421	130,294	1,901,578	1,015,151	135,983	-	405,188	32,981	3,660,596
	2,394,998	1,985,246	5,094,849	4,745,965	937,933	1,077,567	2,550,170	364,164	19,150,892
Excess Net Revenue (Expense)	\$ 382,705	\$ (648,673)	\$ 1,230,097	\$ 60,767	\$ (327,204)	\$ (405,652)	\$ 317,667	\$ (130,425)	\$ 479,282