

**Corporation of the Municipality  
of Red Lake**  
Consolidated Financial Statements  
For the Year Ended December 31, 2014

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## Management's Responsibility for the Financial Statements

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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 for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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.

Town 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 Town Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.



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Mark Vermette, Chief Administrative Officer  
July 20, 2015

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Red Lake, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Red Lake as at December 31, 2014 and the results of its operations, changes in net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants, Licensed Public Accountants


Kenora, Ontario  
July 20, 2015

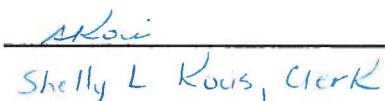
# Corporation of the Municipality of Red Lake

## Consolidated Statement of Financial Position

December 31	2014	2013
<b>Financial Assets</b>		
Cash (Note 1)	\$ 5,650,148	\$ 4,921,785
Short Term Investments (Note 2)	267,744	130,961
Taxes Receivable	1,445,746	962,118
Trade and Other Receivables	3,509,869	2,180,160
	<u>10,873,507</u>	<u>8,195,024</u>
<b>Financial Liabilities</b>		
Bank Indebtedness (Note 3)	-	632,486
Accounts Payable and Accrued Liabilities	4,045,651	696,739
Deferred Revenue (Note 4)	1,283,154	580,194
Landfill Closure and Post Closure Liability (Note 5)	1,003,712	963,290
Long Term Liabilities (Note 6)	18,389,651	20,382,840
	<u>24,722,168</u>	<u>23,255,549</u>
<b>Net Debt</b>	<u>(13,848,661)</u>	<u>(15,060,525)</u>
<b>Non-financial assets</b>		
Prepaid Expenses and Other Assets	94,984	243,480
Tangible Capital Assets (Note 7)	56,364,617	52,895,481
	<u>56,459,601</u>	<u>53,138,961</u>
<b>Accumulated Surplus</b>	<u>\$ 42,610,940</u>	<u>\$ 38,078,436</u>

Approved by:

  
 Phil T. Vinet, Mayor

  
 Shelly L. Kous, Clerk

# Corporation of the Municipality of Red Lake

## Consolidated Statement of Operations

For the Year Ended December 31	Budget	2014	2013
	(Note 8)		
<b>Revenue</b>			
Taxation	\$ 7,410,250	\$7,923,963	\$ 7,741,487
Fees and User Charges	5,136,978	4,953,472	5,077,317
Canada Grants	1,630,668	1,235,052	416,143
Ontario Grants	4,192,059	3,281,295	3,052,541
Other Income (Note 12)	5,458,835	5,098,766	889,532
	<u>23,828,790</u>	<u>22,492,548</u>	<u>17,177,020</u>
<b>Expenses</b>			
General Government	1,792,133	1,853,148	1,840,152
Protection Services	2,460,080	2,617,983	2,483,444
Transportation Services	4,005,239	4,269,974	4,160,830
Environmental Services	3,407,198	3,715,656	3,766,500
Health Services	562,052	631,040	564,917
Social and Family Services	2,491,599	2,417,034	2,373,663
Recreation and Cultural Services	1,738,491	1,875,397	1,878,099
Planning and Development	533,275	579,812	569,152
	<u>16,990,067</u>	<u>17,960,044</u>	<u>17,636,757</u>
<b>Total Expenditures</b>			
	<u>16,990,067</u>	<u>17,960,044</u>	<u>17,636,757</u>
<b>Annual Surplus (Deficit)</b>	6,838,723	4,532,504	(459,737)
<b>Accumulated Surplus, Beginning of Year</b>	38,078,436	38,078,436	38,538,173
<b>Accumulated Surplus, End of Year</b>	<u>\$44,917,159</u>	<u>\$42,610,940</u>	<u>\$ 38,078,436</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	2014	2013
	(Note 8)		
<b>Annual Surplus (Deficit)</b>	\$ 6,838,723	\$ 4,532,504	\$ (459,737)
Acquisition of Tangible Capital Assets	(8,643,851)	(6,045,990)	(1,340,930)
Amortization of Tangible Capital Assets	2,585,462	2,576,854	2,589,269
Loss on Disposal of Tangible Capital Assets	-	-	238,148
Net Change in Prepaid Expenses	-	148,496	6,120
<b>Net Change in Net Debt</b>	780,334	1,211,864	1,032,870
<b>Net Debt, Beginning of Year</b>	(15,060,525)	(15,060,525)	(16,093,395)
<b>Net Debt, End of Year</b>	\$(14,280,191)	\$(13,848,661)	\$ (15,060,525)

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	2014	2013
<b>Operating Transactions</b>		
Annual Surplus (Deficit)	\$ 4,532,504	\$ (459,737)
Adjustments for		
Amortization	2,576,854	2,589,269
Loss on Disposal of Capital Assets	-	238,148
Changes in Non-cash Operating Balances		
Taxes Receivable	(483,628)	(368,095)
Trade and Other Receivables	(1,329,709)	1,980,431
Accounts Payable and Accrued Liabilities	3,348,912	(1,227,700)
Prepaid Expenses and Other Assets	148,496	6,120
Deferred Revenue	702,960	(129,689)
Landfill Closure and Post Closure Liability	40,422	184,444
	<u>9,536,811</u>	<u>2,813,191</u>
<b>Financing Activities</b>		
Long Term Debt Issued	56,641	-
Long Term Debt Repaid	(2,049,830)	(2,195,253)
Bank Indebtedness	(632,486)	632,486
	<u>(2,625,675)</u>	<u>(1,562,767)</u>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(6,045,990)	(1,340,930)
<b>Net Change in Cash and Cash Equivalents</b>	<u>865,146</u>	<u>(90,506)</u>
Cash and Cash Equivalents, Beginning of Year	<u>5,052,746</u>	<u>5,143,252</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 5,917,892</u>	<u>\$ 5,052,746</u>
<b>Represented by:</b>		
Cash	\$ 5,650,148	\$ 4,921,785
Temporary Investments	<u>267,744</u>	<u>130,961</u>
<b>Balance, End of Year</b>	<u>\$ 5,917,892</u>	<u>\$ 5,052,746</u>

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

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

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December 31, 2014

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<b>Management Responsibility</b>	<p>The consolidated financial statements of the Corporation of The Municipality of Red Lake are the representations of management. They have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>The focus of PSAB financial statements is on the financial position of the Municipality and the change thereto. The consolidated statement of financial position reports all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the operations of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
<b>Basis of Consolidation</b>	<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"><li>- Red Lake Public Library Board</li><li>- Red Lake Regional Heritage Centre Board</li><li>- Red Lake Airport</li></ul>
<b>Basis of Accounting</b>	<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>
<b>Government Transfers</b>	<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>



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

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December 31, 2014

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<b>Revenue Recognition</b>	Revenues are recognized as follows: <ul style="list-style-type: none"><li>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.</li><li>b) Fees and user charges are recognized on a quarterly basis as services are provided.</li><li>c) Other revenues are recorded when collected or when collection is reasonably assured.</li></ul>														
<b>Investments</b>	Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned. Investments are recorded at the lower of cost and market value.														
<b>Deferred Revenue</b>	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.														
<b>School Boards</b>	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.														
<b>Trust Funds</b>	Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.														
<b>Tangible Capital Assets</b>	<p>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:</p> <table><tr><td>Buildings</td><td>20 to 50 years</td></tr><tr><td>Machinery and equipment</td><td>15 to 25 years</td></tr><tr><td>Furniture and equipment</td><td>8 to 15 years</td></tr><tr><td>Vehicles</td><td>8 years</td></tr><tr><td>Roads, sidewalks and streetlights</td><td>10 to 20 years</td></tr><tr><td>Water and sewer infrastructure</td><td>20 to 50 years</td></tr><tr><td>Land improvements and leaseholds</td><td>15 to 30 years</td></tr></table>	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
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														

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

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December 31, 2014

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### 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 5, 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 and accounts receivable. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

### 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. Unused sick leave credits do not accumulate from year to year.

#### Vacation

Employees are required to take their vacation time before December 31 each year. No banking of unused vacation time is allowed.

### Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, bank indebtedness, accounts payable and accrued liabilities, and long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial statements.

The fair values of these financial instruments approximate their carrying values.

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

December 31, 2014

1. Cash

	2014	2013
Unrestricted Cash	\$ 1,628,531	\$ 772,618
Restricted Cash	4,021,617	4,149,167
	<u>\$ 5,650,148</u>	<u>\$ 4,921,785</u>

2. Short Term Investments

	2014	2013
<u>Unrestricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$48,769)	\$ 48,769	\$ 48,451
Red Lake Public Library Board - GICs bearing interest at 0.8% and maturing July and December 2015 (market value \$83,170)	83,170	82,510
<u>Restricted</u>		
ONE Funds - gas tax investment (market value \$137,730)	135,805	-
	<u>\$ 267,744</u>	<u>\$ 130,961</u>

3. 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.

	2014	2013
Bank overdraft	\$ -	\$ 632,486

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

December 31, 2014

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**4. Deferred Revenue**

Included in deferred revenue are amounts relating to gas tax agreement funds:

	2014	2013
Opening Balance of Unspent Gas Tax Funds	\$ 547,498	\$ 656,656
Add:		
Amounts Received in the Year	270,444	277,670
Surplus Funds Returned to Municipalities	7,418	-
Externally Restricted Interest Earned	6,485	4,183
Less:		
Project Expense	(308,640)	(391,011)
Closing Balance of Unspent Gas Tax Funds	523,205	547,498
Other Deferred Revenue	759,949	32,696
Total Deferred Revenue	<u>\$ 1,283,154</u>	<u>\$ 580,194</u>

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the municipality and the Province of Ontario. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

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**5. Landfill Closure and Post Closure Liability**

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Municipality operates one primary landfill site. Based on a closure and post closure liability review dated 2013, the estimated cost to close the site is \$678,000 and the estimated post closure costs are \$27,844 per annum for 25 years. The liability is based on reaching capacity in year 2016 and was estimated using a discount factor of 3.84% and an inflation rate of 3.50%. At December 31, 2014, an amount of \$1,003,712 (2013 - \$963,290) has been accrued as a liability.

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

December 31, 2014

6. Long Term Liabilities

	2014	2013
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$27,867 plus interest at 2.31%, maturing December 2016	\$ 111,466	\$ 167,199
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$81,281 plus interest at 2.37%, maturing December 2021	1,137,936	1,300,499
Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi-annually at blended principal and interest installments of \$160,094 at 3.52%, maturing November 2026	3,111,966	3,317,179
CIBC Demand installment loan, principal draw amounts repayable in \$110,966 quarterly payments plus interest payable monthly at prime rate, matured August 2014 (Loan # - 6026451)	-	332,898
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	3,582,800	3,752,256
Pacific and Western Bank demand installment loan, repayable \$23,455 monthly including interest at 3.79%, maturing July 2022	1,848,015	2,055,166
CIBC Demand installment loan, principal draw amounts repayable in \$14,032 quarterly payments plus interest payable monthly at prime rate, maturing May 2020 (Loan # - 6028055)	308,694	364,820
CIBC Demand installment loan, with quarterly payments of \$31,446 payments plus interest repayable monthly at prime rate, maturing May 2014 (Loan # - 6028152)	-	62,892
Carried Forward	\$10,100,877	\$ 11,352,909

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

December 31, 2014

6. Long Term Liabilities - continued

	2014	2013
Brought Forward	\$10,100,877	\$ 11,352,909
CIBC demand installment loan, repayable in quarterly payments of \$23,862 plus interest at prime, maturing May 2021 (Loan # - 6027652)	644,264	739,710
CIBC demand installment loan, repayable in quarterly payments of \$75,751 plus interest at prime, maturing May 2025 (Loan # - 6027857)	1,532,096	1,832,700
CIBC demand installment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030 (Loan # - 6027954)	6,066,157	6,457,521
Volvo Financial Services lease, repayable monthly at \$1,033 plus taxes including interest at 4.5%, maturing January 2019	46,257	-
	<u>\$18,389,651</u>	<u>\$ 20,382,840</u>

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

2015	\$ 1,672,915
2016	1,692,528
2017	1,657,476
2018	1,679,599
2019	1,692,467
Thereafter	9,994,666

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

7. Tangible Capital Assets

2014

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Construction in Progress	Total
Cost, Beginning of Year	\$ 770,976	\$ 36,754,171	\$ 7,608,752	\$ 623,429	\$ 16,571,531	\$ 18,790,664	\$ 5,983,868	\$ 385,870	\$ 87,489,261
Additions	220,906	5,124,157	185,025	87,171	-	305	428,426	-	6,045,990
Transfers		385,870	-	-	-	-	-	(385,870)	-
Disposals		-	-	(20,775)	-	-	-	-	(20,775)
Cost, End of Year	991,882	42,264,198	7,793,777	689,825	16,571,531	18,790,969	6,412,294	-	\$ 93,514,476
Accumulated Amortization, Beginning of Year	-	8,998,010	4,557,722	432,089	9,782,740	9,100,650	1,722,569	-	34,593,780
Amortization	-	816,694	403,339	55,137	583,165	380,093	338,426	-	2,576,854
Disposals	-	-	-	(20,775)	-	-	-	-	(20,775)
Accumulated Amortization, End of Year	-	9,814,704	4,961,061	466,451	10,365,905	9,480,743	2,060,995	-	37,149,859
Net Carrying Amount, End of Year	\$ 991,882	\$ 32,449,494	\$ 2,832,716	\$ 223,374	\$ 6,205,626	\$ 9,310,226	\$ 4,351,299	\$ -	\$ 56,364,617

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

7. Tangible Capital Assets (continued)

2013

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Construction in Progress	Total
Cost, Beginning of Year	\$ 600,268	\$ 36,668,673	\$ 7,443,952	\$ 581,861	\$ 16,503,235	\$ 18,782,709	\$ 5,945,513	\$ -	\$ 86,526,211
Additions	170,708	463,378	164,800	41,568	68,296	7,955	38,355	385,870	1,340,930
Disposals		(377,880)	-	-	-	-	-	-	(377,880)
Cost, End of Year	770,976	36,754,171	7,608,752	623,429	16,571,531	18,790,664	5,983,868	385,870	87,489,261
Accumulated Amortization, Beginning of Year	-	8,370,022	4,119,189	384,998	9,153,583	8,720,640	1,395,811	-	32,144,243
Amortization		767,720	438,533	47,091	629,157	380,010	326,758	-	2,589,269
Disposals		(139,732)	-	-	-	-	-	-	(139,732)
Accumulated Amortization, End of Year	-	8,998,010	4,557,722	432,089	9,782,740	9,100,650	1,722,569	-	34,593,780
Net Carrying Amount, End of Year	\$ 770,976	\$ 27,756,161	\$ 3,051,030	\$ 191,340	\$ 6,788,791	\$ 9,690,014	\$ 4,261,299	\$ 385,870	\$ 52,895,481

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2013 - \$385,870). 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.



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

December 31, 2014

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8. Budget Amounts

The Financial Plan (Budget) By-Law 1889-14 approved by Council was not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of financial activities and changes in net debt represent the By-Laws adopted by Council with adjustments as follows:

Budget Surplus per Bylaw	\$ -
Add:	
Capital Expenditures	8,643,851
Budgeted Payments of Long Term Debt	2,047,609
Budget Transfers to Reserves	16,300
Less:	
Budgeted Transfers from Reserve	(415,971)
Budgeted Proceeds from Long-Term Debt	(867,604)
Amortization	<u>(2,585,462)</u>
Budget per Statement of Operations	<u>\$ 6,838,723</u>

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

December 31, 2014

**9. Government Transfers**

	Budget	2014	2013
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,717,200	\$ 1,717,200	\$ 1,908,000
Conditional - Protection	85,081	82,187	74,088
- Transportation	162,900	112,520	88,211
- Child care	805,975	803,362	785,902
- Other	130,995	329,089	196,340
	2,902,151	3,044,358	3,052,541
Government of Canada - other	400,000	403,478	-
<b>Total Operating Transfers</b>	<b>3,302,151</b>	<b>3,447,836</b>	<b>3,052,541</b>
<b>Tangible Capital Asset</b>			
Province of Ontario			
Conditional - Medical Clinic	1,289,908	236,937	-
Government of Canada			
Conditional - Gas Tax	591,660	308,640	391,011
- Airport	600,000	383,674	25,132
- Other	39,008	139,260	-
	1,230,668	831,574	416,143
<b>Total Tangible Capital Asset Transfers</b>	<b>2,520,576</b>	<b>1,068,511</b>	<b>416,143</b>
<b>Total Transfers</b>	<b>\$ 5,822,727</b>	<b>\$ 4,516,347</b>	<b>\$ 3,468,684</b>

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

December 31, 2014

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	2014	2013
Current	\$ 427,335	\$ 92,068	\$ 18,182	\$ 537,585	\$ 2,203,842
Reserves and					
Reserve Funds	3,884,518	95,049	118,822	4,098,389	3,361,953
Investment in Capital					
Assets	37,974,966	-	-	37,974,966	32,512,641
	<u>\$42,286,819</u>	<u>\$ 187,117</u>	<u>\$ 137,004</u>	<u>\$42,610,940</u>	<u>\$ 38,078,436</u>

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 65,836	\$ 63,894
Water System	688,520	679,782
Sewer System	264,146	261,064
Police Services	93,075	91,989
	<u>1,111,577</u>	<u>1,096,729</u>

Reserves set aside for specific purpose by Council:

Parks	25,285	22,854
Medical Centre	47,756	47,198
Water	576,511	569,783
Sewer	171,879	169,873
Recreation Facility	1,588	1,576
Fire	58,525	57,725
Sick Leave	21,527	21,276
Norseman Royalties	7,940	7,847
Cemetery Maintenance	1,482	1,464
Waste Disposal	264,249	261,165
Airport	1,228,138	515,166
Public Works	135,961	133,981
General Government	38,832	38,379
Library	95,196	93,512
MTO Roads and Bridges	25,571	25,273
Community in Bloom	42,496	38,258
Museum	169,880	199,062
Planning	7,471	7,384
Accessibility	66,525	53,448
	<u>2,986,812</u>	<u>2,265,224</u>

Reserves and Reserve Funds, End of Year	<u>\$4,098,389</u>	<u>\$ 3,361,953</u>
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**Corporation of the Municipality of Red Lake**  
**Notes to Consolidated Financial Statements**

December 31, 2014

**11. Pension Agreements**

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of the valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2014 were \$331,480 (2013 - \$300,236).

**12. Other Income**

	Budget	2014	2013
Penalties and Interest	\$ 178,000	\$ 219,591	\$ 183,754
Investment Income	42,300	46,173	42,199
Licences and Permits	88,535	91,485	94,333
Provincial Offences	65,000	54,453	38,939
Donations	5,000,000	4,639,600	377,887
Other Revenues	85,000	47,464	152,420
	<b>\$ 5,458,835</b>	<b>\$ 5,098,766</b>	<b>\$ 889,532</b>

**13. Trust Funds**

The trust funds administered by the municipality amounting to \$195,497 (2013 - \$184,796) 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:

	2014	2013
Woodland Cemetery Perpetual Care	\$ 83,524	\$ 81,374
Red Lake Cemetery Perpetual Care	99,833	91,424
Memorial Trust Fund	2,963	2,928
Health Care Trust	7,016	6,935
Election Trust	2,161	2,135
	<b>\$ 195,497</b>	<b>\$ 184,796</b>

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

December 31, 2014

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**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 \$1,505,193 for 2015. The agreement expires 2017.

Waste Disposal

The Municipality is under an agreement with a third party for waste disposal services. The 2015 estimated cost is \$154,935.

Airport Services

The Municipality has an agreement with a company to provide management services for the operation of the Red Lake Airport. The agreement provides for a management fee of \$50,000 plus a share of surplus funds based on a formula. The agreement expires 2016.

Policing

The Municipality is committed to municipal policing services with the Provincial Government for a five year period ending 2016. The estimated cost for 2015 is approximately \$2,046,434.

Natural Gas Line Project

The Municipality has committed to support the Natural Gas Pipeline project over a four year period commencing in 2013. The annual commitment is \$187,500.

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**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.

Claims have been filed against the municipality for incidents which arose in the ordinary course of business. As at December 31, 2014, there is an outstanding claim for \$775,000 plus interest and costs. In the opinion of management and legal counsel, the outcome of the claim is not yet determinable. Should any loss result from the resolution of the claims, such losses will be expensed to operations in the year of resolution.

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**16. Operations and School Boards**

Taxation, other revenues and requisitions for the school boards amounting to \$1,962,980 (2013 - \$1,790,605) are not reflected in these financial statements.

December 31, 2014

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**17. 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.

December 31, 2014

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**17. Segmented Information - continued**

**Health Services**

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

**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**

The 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
<b>For the Year Ended December 31, 2014</b>									
Revenue									
Taxation	\$ 968,540	\$ 1,368,279	\$ 2,231,685	\$ 479,189	\$ 329,811	\$ 1,263,253	\$ 980,169	\$ 303,037	\$ 7,923,963
Fees and User Charges	198,412	2,400	1,137,553	2,861,316	12,651	507,720	224,850	8,570	4,953,472
Canada Grants	-	-	783,674	-	-	-	3,478	447,900	1,235,052
Ontario Grants	* 1,732,371	100,448	112,520	141,445	236,937	803,362	154,212	-	3,281,295
Other Income	357,370	57,335	-	12,498	4,624,220	-	47,343	-	5,098,766
	3,256,693	1,528,462	4,265,432	3,494,448	5,203,619	2,574,335	1,410,052	759,507	22,492,548
Expenditures									
Wages and Benefits	1,195,395	333,789	1,033,252	217,245	10,388	1,211,932	1,004,684	207,750	5,214,435
Long Term Debt Interest	5,242	17,006	284,118	167,124	571	3,242	13,718	113,692	604,713
Materials	230,368	138,279	669,424	114,540	6,856	43,456	459,192	35,660	1,697,775
Contracted Services	267,505	2,011,996	952,735	2,194,563	2,516	85,914	46,655	187,511	5,749,395
Rents and Financial Expenses	152,343	22,245	153,236	135,472	14,598	55,962	113,811	-	647,667
External Transfers	-	-	-	-	520,469	948,736	-	-	1,469,205
Amortization	2,295	94,668	1,177,209	886,712	75,642	67,792	237,337	35,199	2,576,854
	1,853,148	2,617,983	4,269,974	3,715,656	631,040	2,417,034	1,875,397	579,812	17,960,044
Excess Net Revenue (Expense)	\$ 1,403,545	\$ (1,089,521)	\$ (4,542)	\$ (221,208)	\$ 4,572,579	\$ 157,301	\$ (465,345)	\$ 179,695	\$ 4,532,504
<b>For the Year Ended December 31, 2013</b>									
Revenue									
Taxation	\$ 944,475	\$ 1,274,651	\$ 2,135,585	\$ 622,448	\$ 289,948	\$ 1,218,305	\$ 963,952	\$ 292,123	\$ 7,741,487
Fees and User Charges	104,229	-	1,121,961	3,051,130	-	563,367	236,630	-	5,077,317
Canada Grants	-	-	416,143	-	-	-	-	-	416,143
Ontario Grants	* 1,933,607	250,284	-	-	-	785,902	82,748	-	3,052,541
Other Income	372,239	17,044	38,867	43,271	-	377,155	40,956	-	889,532
	3,354,550	1,541,979	3,712,556	3,716,849	289,948	2,944,729	1,324,286	292,123	17,177,020
Expenditures									
Wages and Benefits	1,077,520	341,109	1,056,964	176,680	9,928	1,199,737	1,015,716	199,977	5,077,631
Long Term Debt Interest	5,801	20,680	290,411	181,881	923	5,054	15,695	113,069	633,514
Materials	215,585	117,252	467,794	203,852	5,038	50,434	311,816	11,255	1,383,026
Contracted Services	286,310	1,855,306	776,928	2,289,959	1,454	100,829	130,603	18,734	5,460,123
Rents and Financial Expenses	254,936	50,536	338,792	29,101	13,693	45,091	160,914	190,918	1,083,981
External Transfers	-	-	-	-	505,034	904,179	-	-	1,409,213
Amortization	-	98,561	1,229,941	885,027	28,847	68,339	243,355	35,199	2,589,269
	1,840,152	2,483,444	4,160,830	3,766,500	564,917	2,373,663	1,878,099	569,152	17,636,757
Excess Net Revenue (Expense)	\$ 1,514,398	\$ (941,465)	\$ (448,274)	\$ (49,651)	\$ (274,969)	\$ 571,066	\$ (553,813)	\$ (277,029)	\$ (459,737)

\* Includes revenue from the Ontario Municipal Partnership Fund.