

Corporation of the Municipality  
of Red Lake  
Consolidated Financial Statements  
For the year ended December 31, 2020

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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 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.



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Mark Vermette, Chief Administrative Officer  
October 20, 2021



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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

### 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, 2020, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the 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 Entity as at December 31, 2020, 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario  
October 20, 2021

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

December 31	2020	2019
<b>Financial Assets</b>		
Cash and Bank (Note 1)	\$ 8,275,837	\$ 6,788,716
Investments (Note 2)	1,604,282	1,511,515
Taxes Receivable	891,618	666,699
Trade and Other Receivables	5,816,334	4,132,272
	<b>16,588,071</b>	<b>13,099,202</b>
 <b>Financial Liabilities</b>		
Bank Indebtedness (Note 3)	-	4,743
Accounts Payable and Accrued Liabilities	2,832,931	2,337,379
Deferred Revenue (Note 4)	3,112,246	1,197,370
Landfill Closure and Post Closure Liability (Note 5)	639,992	555,760
Long Term Liabilities (Note 6)	16,553,317	18,155,309
	<b>23,138,486</b>	<b>22,250,561</b>
 <b>Net Debt</b>	<b>(6,550,415)</b>	<b>(9,151,359)</b>
 <b>Non-Financial Assets</b>		
Prepaid Expenses and Other Assets	524,099	71,131
Tangible Capital Assets (Note 7)	60,104,283	60,510,551
	<b>60,628,382</b>	<b>60,581,682</b>
 <b>Accumulated Surplus (Note 10)</b>	<b>\$54,077,967</b>	<b>\$ 51,430,323</b>

Approved by:

  


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Corporation of the Municipality of Red Lake  
Consolidated Statement of Operations

For the Year Ended December 31	Budget	2020	2019
	(Note 8)		
<b>Revenue</b>			
Taxation	\$ 9,163,863	\$ 9,172,486	\$ 8,832,025
Fees and User Charges	5,147,586	4,529,611	5,091,350
Canada Grants	4,893,250	1,719,192	6,177,335
Ontario Grants	2,345,732	3,321,696	3,859,412
Other Income (Note 12)	527,435	3,754,141	650,137
	<u>22,077,866</u>	<u>22,497,126</u>	<u>24,610,259</u>
<b>Expenses</b>			
General Government	1,838,524	2,055,957	1,693,823
Protection Services	1,827,210	1,795,960	1,756,859
Transportation Services	4,439,015	4,185,295	4,271,463
Environmental Services	3,959,929	3,966,168	3,673,964
Health Services	509,921	815,150	788,640
Social and Family Services	2,800,532	2,406,426	2,710,674
Recreation and Cultural Services	2,245,082	4,284,607	2,110,568
Planning and Development	342,308	339,919	308,543
	<u>17,962,521</u>	<u>19,849,482</u>	<u>17,314,534</u>
Total Expenses			
	4,115,345	2,647,644	7,295,725
Annual Surplus			
	51,430,323	51,430,323	44,134,598
Accumulated Surplus, Beginning of Year			
Accumulated Surplus, End of Year	<u>\$55,545,668</u>	<u>\$54,077,967</u>	<u>\$ 51,430,323</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 (Note 8)	2020	2019
Annual Surplus	\$ 4,115,345	\$ 2,647,644	\$ 7,295,725
Acquisition of Tangible Capital Assets	(6,805,629)	(3,123,361)	(8,553,641)
Amortization of Tangible Capital Assets	3,185,237	3,228,420	3,027,803
Loss on Disposal of Tangible Capital Assets	-	127,709	-
Proceeds on Sale of Tangible Capital Assets	-	173,500	-
Net Change in Prepaid Expenses	-	(452,968)	(21,609)
Net Change in Net Debt	494,953	2,600,944	1,748,278
Net Debt, Beginning of Year	(9,151,359)	(9,151,359)	(10,899,637)
Net Debt, End of Year	\$(8,656,406)	\$(6,550,415)	\$ (9,151,359)

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	2020	2019
Operating Transactions		
Annual Surplus	\$ 2,647,644	\$ 7,295,725
Adjustments for		
Amortization	3,228,420	3,027,803
Loss on Disposal of Capital Assets	127,709	-
Changes in Non-cash Operating Balances		
Taxes Receivable	(224,919)	1,622,210
Trade and Other Receivables	(1,684,062)	(1,006,173)
Accounts Payable and Accrued Liabilities	495,552	1,699,835
Prepaid Expenses and Other Assets	(452,968)	(21,608)
Deferred Revenue	1,914,876	339,370
Landfill Closure and Post Closure Liability	84,232	(211,233)
	<u>6,136,484</u>	<u>12,745,929</u>
Financing Transactions		
Proceeds of Long Term Debt	687,232	1,500,000
Long Term Debt Repaid	(2,289,224)	(2,480,601)
Bank Indebtedness	(4,743)	(1,752,208)
	<u>(1,606,735)</u>	<u>(2,732,809)</u>
Investing Transactions		
Increase in Investments	(92,767)	(75,745)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,123,361)	(8,553,641)
Proceeds from Sale of Capital Assets	173,500	-
	<u>(2,949,861)</u>	<u>(8,553,641)</u>
Net Change in Cash and Bank	1,487,121	1,383,734
Cash and Bank, Beginning of Year	<u>6,788,716</u>	<u>5,404,982</u>
Cash and Bank, End of Year	<u>\$ 8,275,837</u>	<u>\$ 6,788,716</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

December 31, 2020

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Management Responsibility	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.
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"><li>- Red Lake Public Library Board</li><li>- Red Lake Regional Heritage Centre Board</li><li>- Red Lake Airport</li></ul>
Basis of Accounting	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
Government Transfers	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.
Revenue Recognition	<p>Revenues are recognized as follows:</p> <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>
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>Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned.</p>

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

December 31, 2020

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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	<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 style="padding-left: 20px;">Buildings</td><td style="text-align: right;">20 to 50 years</td></tr><tr><td style="padding-left: 20px;">Machinery and equipment</td><td style="text-align: right;">15 to 25 years</td></tr><tr><td style="padding-left: 20px;">Furniture and equipment</td><td style="text-align: right;">8 to 15 years</td></tr><tr><td style="padding-left: 20px;">Vehicles</td><td style="text-align: right;">8 years</td></tr><tr><td style="padding-left: 20px;">Roads, sidewalks and streetlights</td><td style="text-align: right;">10 to 20 years</td></tr><tr><td style="padding-left: 20px;">Water and sewer infrastructure</td><td style="text-align: right;">20 to 50 years</td></tr><tr><td style="padding-left: 20px;">Land improvements and leaseholds</td><td style="text-align: right;">15 to 30 years</td></tr></table> <p>Works of art and cultural and historic assets are not recorded as assets in these consolidated statements.</p>	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, 2020

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Liability for  
Contaminated Sites

A contaminated site is a site at which substances occur in concentration that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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, 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.

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

December 31, 2020

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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, 2020

1. Cash and Bank

	2020	2019
Unrestricted Cash	\$ 940,494	\$ 475,455
Restricted Cash for Reserves	7,335,343	6,313,261
	\$ 8,275,837	\$ 6,788,716

2. Investments

	2020	2019
<u>Restricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$50,724)	\$ 50,724	\$ 50,482
Red Lake Public Library Board - GICs bearing interest at 0.5% and maturing July and December 2020 (market value \$86,998)	86,998	85,656
ONE Funds - gas tax, airport improvement and airport parking investments (market value \$1,466,560)	1,466,560	1,375,377
	\$ 1,604,282	\$ 1,511,515

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.

	2020	2019
Bank overdraft	\$ -	\$ 4,743
Revolving credit facility	-	-
	\$ -	\$ 4,743

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

December 31, 2020

4. Deferred Revenue

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

	Gas Tax	ACAP*	Other	2020	2019
Opening balance	\$ 726,106	\$ -	\$ 471,264	\$ 1,197,370	\$ 858,000
Add:					
Amounts received in the year	249,182	2,003,452	234,243	2,486,877	769,013
Externally restricted interest earned	34,901	-	5,708	40,609	36,719
Less:					
Project expenses	(24,264)	-	(588,346)	(612,610)	(466,362)
Closing balance	\$ 985,925	\$ 2,003,452	\$ 122,869	\$ 3,112,246	\$ 1,197,370

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

\*ACAP represents the Airport Capital Assistance Program funding received from the Minister of Transport Canada.

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.

In 2020, the Municipal's primary landfill site was in the post closure monitoring stage, with actual costs aligned with previous management estimates. Estimated post closure costs are based on an average of actual costs incurred since closure and are approximately \$41,200 per annum for a further 22 years. At December 31, 2020, an amount of \$639,992 (2019 - \$555,760) has been accrued as a liability based on a discount factor of 3% and an inflation rate of 3.50%.

The Municipality also has an open site with a capacity of 20,000 cubic meters, which accepts low leachate producing material adjacent to the closed landfill site. Management expects this area of the expansion to have an expected useful life of approximately 24 more years. A further 20,000 cubic meter expansion site is anticipated to be developed within the next eight to ten years.

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

December 31, 2020

6. Long Term Liabilities

	2020	2019
CIBC Demand installment loan, repayable monthly at \$6,094 plus interest at prime, maturing February 2027 (Loan # 6028551)	\$ 450,980	\$ 524,112
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$81,281 plus interest at 2.37%, maturing December 2021	162,562	325,125
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	1,718,273	1,971,279
CIBC Demand installment loan, repayable \$11,651 monthly plus interest payable at prime, maturing February 2032 (Loan # - 6028950)	1,654,463	1,794,277
CIBC Demand installment loan, repayable \$6,812 monthly plus interest at prime, maturing February 2032 (Loan # - 6028659)	912,761	994,500
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	2,492,113	2,683,045
CIBC Demand installment loan, principal draw amounts repayable in \$14,032 quarterly payments plus interest payable monthly at prime rate, matured May 2020 (Loan # - 6028055)	-	28,063
CIBC Demand installment loan, repayable \$1,258 monthly at prime rate, maturing October 2027 (Loan # - 6028853)	103,203	118,306
CIBC Demand installment loan, repayable \$705 monthly plus interest at prime, maturing October 2022 (Loan # - 6028756)	15,510	23,970
National Leasing, repayable in monthly payments of \$3,732 including interest at 5.86%, maturing in October 2021	32,860	74,697
Ford Credit Canada, repayable in monthly payments of \$756 including interest at 5.19%, maturing September 2022	8,412	17,611
CIBC demand installment loan, repayable \$3,246 monthly plus interest at prime, maturing November 2025 (Loan # - 6028454)	191,519	230,471
CIBC demand installment loan, repayable \$16,857 monthly plus interest at prime, maturing November 2025 (Loan # - 6028357)	962,183	1,164,065
Carried Forward	\$ 8,704,839	\$ 9,949,521

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

December 31, 2020

6. Long Term Liabilities - continued

	2020	2019
Brought Forward	\$ 8,704,839	\$ 9,949,521
CIBC demand installment loan, repayable in quarterly payments of \$23,862 plus interest at prime, maturing May 2021 (Loan # - 6027652)	71,585	167,031
CIBC demand installment loan, repayable in quarterly payments of \$75,151 plus interest at prime, matured May 2020 (Loan # - 6027857)	-	29,076
CIBC demand installment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030 (Loan # - 6027954)	3,717,967	4,109,332
CIBC demand instalment loan, repayable in monthly payments of \$79,714 increasing by 4.8% annually, plus interest at 4.24%, maturing May 2033 (Loan # - 6030157)	1,718,625	1,807,438
CIBC demand instalment loan, repayable monthly at \$15,094 including interest at 3.87%, maturing March 2029 (Loan # - 6030156)	1,277,518	1,406,489
CIBC demand instalment loan, repayable monthly at \$23,155 including interest at 3.38%, maturing July 2024 (Loan # - 1831054)	427,786	686,422
CIBC demand instalment loan, repayable monthly at \$2,275 plus interest at 2.45%, maturing July 2025 (Loan # - 1831259)	116,030	-
CIBC demand instalment loan, repayable monthly at \$1,407 plus interest at 2.45%, maturing July 2030 (Loan # - 1831151)	156,220	-
CIBC demand instalment loan, repayable monthly at \$2,121 plus interest at 2.45%, maturing July 2035 (Loan # - 1831356)	362,747	-
	<u>\$16,553,317</u>	<u>\$ 18,155,309</u>

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

2021	\$ 2,223,127
2022	1,887,992
2023	1,746,719
2024	1,773,681
2025	1,723,464
Thereafter	7,198,334

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

7. Tangible Capital Assets

2020

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks, Bridges and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,217,290	\$ 47,922,437	\$ 9,772,421	\$ 522,589	\$ 19,859,039	\$ 19,366,539	\$ 12,797,848	\$ 111,458,163
Additions	-	519,723	765,098	44,846	1,321,811	274,572	197,311	3,123,361
Disposals	(110,541)	(298,603)	(126,477)	-	-	-	-	(535,621)
Cost, End of Year	1,106,749	48,143,557	10,411,042	567,435	21,180,850	19,641,111	12,995,159	114,045,903
Accumulated Amortization, Beginning of Year	-	14,515,837	7,052,613	414,187	13,489,673	11,465,195	4,010,107	50,947,612
Amortization	-	1,010,220	484,882	31,286	684,231	403,905	613,896	3,228,420
Disposals	-	(113,763)	(120,649)	-	-	-	-	(234,412)
Accumulated Amortization, End of Year	-	15,412,294	7,416,846	445,473	14,173,904	11,869,100	4,624,003	53,941,620
Net Carrying Amount, End of Year	\$ 1,106,749	\$ 32,731,263	\$ 2,994,196	\$ 121,962	\$ 7,006,946	\$ 7,772,011	\$ 8,371,156	\$ 60,104,283

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

7. Tangible Capital Assets (continued)

	2019							
	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,020,835	\$ 45,496,373	\$ 9,545,770	\$ 502,942	\$ 19,537,167	\$ 19,345,688	\$ 7,455,646	\$ 102,904,421
Additions	196,455	2,467,264	226,651	19,647	321,872	20,851	5,342,202	8,594,942
Disposals	-	(41,200)	-	-	-	-	-	(41,200)
Cost, End of Year	1,217,290	47,922,437	9,772,421	522,589	19,859,039	19,366,539	12,797,848	111,458,163
Accumulated Amortization, Beginning of Year	-	13,538,335	6,616,475	380,683	12,794,343	11,042,509	3,547,364	47,919,709
Amortization	-	977,502	436,138	33,504	695,330	422,686	462,743	3,027,903
Accumulated Amortization, End of Year	-	14,515,837	7,052,613	414,187	13,489,673	11,465,195	4,010,107	50,947,612
Net Carrying Amount, End of Year	\$ 1,217,290	\$ 33,406,600	\$ 2,719,808	\$ 108,402	\$ 6,369,366	\$ 7,901,344	\$ 8,787,741	\$ 60,510,551

The net book value of tangible capital assets not being amortized because they are under construction is \$Nil (2019 - \$882,751). 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, 2020

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8. Budget Amounts

The Financial Plan (Budget) By-Law 62-2020 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 (Deficit) per Bylaw	\$	-
Add:		
Capital Expenditures		6,805,629
Budgeted Payments of Long Term Debt		2,255,220
Budget Transfers to Reserves		160,113
Less:		
Budgeted Transfers from Reserve		(306,827)
Budgeted Proceeds from Long-Term Debt		(1,613,553)
Amortization		<u>(3,185,237)</u>
Budget per Statement of Operations	\$	<u>4,115,345</u>

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

December 31, 2020

9. Government Transfers

	Budget	2020	2019
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 912,800	\$ 912,800	\$ 1,014,200
Conditional - Protection	58,840	7,522	26,267
- Transportation	184,300	263,154	208,378
- Child care	1,110,329	1,171,034	974,479
- Other	79,465	466,044	749,275
	2,345,734	2,820,554	2,972,599
Government of Canada - other	-	25,136	-
Total Operating Transfers	2,345,734	2,845,690	2,972,599
Tangible Capital Asset			
Province of Ontario			
Conditional - Clean Waste Water Fund	-	-	17,312
- NOHFC	-	-	719,500
- ICIP roads project	-	501,141	-
- Trillium Fund	-	-	150,000
	-	501,141	886,812
Government of Canada			
Conditional - Gas tax	63,447	24,264	466,362
- ICIP roads project	2,280,492	921,913	-
- Pavillion	-	-	248,818
- Airport	2,165,195	160,782	5,277,406
- Other	384,114	587,097	184,750
	4,893,248	1,694,056	6,177,336
Total Tangible Capital Asset Transfers	4,893,248	2,195,197	7,064,148
Total Transfers	\$ 7,238,982	\$ 5,040,887	\$ 10,036,747

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

December 31, 2020

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	2020	2019
Current	\$ 3,517,265	\$ 174,434	\$ 78,530	\$ 3,770,229	\$ 2,733,541
Reserves and Reserve Funds	6,544,152	93,798	118,822	6,756,772	6,341,540
Investment in Capital Assets	43,550,966	-	-	43,550,966	42,355,242
	<u>\$53,612,383</u>	<u>\$ 268,232</u>	<u>\$ 197,352</u>	<u>\$54,077,967</u>	<u>\$ 51,430,323</u>

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 71,236	\$ 207,193
Water System	742,911	734,475
Sewer System	285,161	281,923
	<u>1,099,308</u>	<u>1,223,591</u>

Reserves set aside for specific purpose by Council:

Parks	43,029	42,540
Medical Centre and Pharmacy	471,392	382,829
Water	516,048	509,799
Sewer	127,053	125,424
Recreation Facility	1,633	1,614
Fire	183,790	142,258
Sick Leave	23,292	23,028
Norseman Royalties	8,591	8,493
Cemetery Maintenance	1,603	1,585
Waste Disposal	209,034	206,660
Airport	2,194,274	2,145,109
General Government	1,245,451	912,522
Public Works	147,112	145,443
Library	159	157
MTO Roads and Bridges	27,669	27,354
Community in Bloom	36,403	35,911
Museum	50,432	49,859
Planning	11,256	11,098
Elections	15,986	15,804
Accessibility	130,637	118,815
Library	93,798	92,825
Heritage Centre	118,822	118,822
	<u>5,657,464</u>	<u>5,117,949</u>

Reserves and Reserve Funds, End of Year	<u>\$6,756,772</u>	<u>\$ 6,341,540</u>
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Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2020

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 \$277,289 (2019 - \$244,852). The contributions were made for current service and these have been recognized in net income.

As at December 31, 2020, the OMERS plan was 97% funded (December 31, 2019 - 96%). 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	2020	2019
Penalties and Interest	\$ 366,035	\$ 312,086	\$ 88,771
Investment Income	82,600	180,897	211,544
Licences and Permits	78,800	108,715	145,284
Provincial Offences	-	20,308	21,883
Donations	-	578,999	-
Insurance Proceeds	-	2,495,978	-
Other Revenues	-	57,158	182,655
	<u>\$ 527,435</u>	<u>\$ 3,754,141</u>	<u>\$ 650,137</u>

13. Trust Funds

The trust funds administered by the municipality amounting to \$239,848 (2019 - \$231,339) 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:

	2020	2019
Woodland Cemetery Perpetual Care	\$ 96,711	\$ 95,334
Red Lake Cemetery Perpetual Care	130,001	123,018
Memorial Trust Fund	3,206	3,170
Health Care Trust	7,592	7,506
Election Trust	2,338	2,311
	<u>\$ 239,848</u>	<u>\$ 231,339</u>

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

December 31, 2020

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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 \$1.5 million for 2021.

Waste Collection and Disposal Services

The Municipality is under an agreement with a third party for waste collection and disposal services. The agreement expires October 2023. The 2021 estimated cost is \$289,277.

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 2021 costs are based on a set rate of \$39.95 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 2021 is approximately \$1.2 million.

Rehabilitation of Runway Airport

During the year, the Municipality committed to the rehabilitation of the runway at the Airport Terminal. The estimated cost of the project is \$7.2 million plus applicable taxes. All of the project will be funded through the Federal Airport Capital Assistance Program. At year-end, an estimated \$2.0 million remains to be spent to complete the project.

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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.

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16. Operations and School Boards

Taxation, other revenues and requisitions for the school boards amounting to \$1.7 million (2019 - \$1.5 million) are not reflected in these financial statements.

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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.

December 31, 2020

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18. Impact of COVID-19

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This event has transpired after the reporting period of these consolidated financial statements and have been treated as a non-adjusting subsequent event in these statements.

The situation continues to be dynamic and the ultimate duration and magnitude of this event, as well as its financial impact on the Municipality's 2021 operations, is not fully known at this time. This event is currently having a negative impact on cash flows due to a combination of revenue short falls from delay of receipt of cash from taxation levies and user fees and increased organizational expenditures from the outbreak.

A number of actions have been taken or will be available to the Municipality to mitigate the financial implications of this event. The Municipality is confident that its operation will continue and its liquidity will be sufficient to withstand this event.

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19. 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.

December 31, 2020

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19. 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
<b>For the Year Ended December 31, 2020</b>									
<b>Revenue</b>									
Taxation	\$ 1,123,970	\$ 981,831	\$ 2,288,054	\$ 489,255	\$ 445,633	\$ 1,315,566	\$ 2,342,347	\$ 185,830	\$ 9,172,486
Fees and User Charges	88,849	-	873,389	2,996,806	20,683	279,488	266,696	3,700	4,529,611
Canada Grants	24,264	-	1,669,792	-	-	-	25,136	-	1,719,192
Ontario Grants	* 1,208,296	60,022	764,296	28,766	-	1,171,034	89,282	-	3,321,696
Other Income	527,610	470,308	76,039	88,645	-	-	2,591,539	-	3,754,141
	<b>2,972,989</b>	<b>1,512,161</b>	<b>5,671,570</b>	<b>3,603,472</b>	<b>466,316</b>	<b>2,766,088</b>	<b>5,315,000</b>	<b>189,530</b>	<b>22,497,126</b>
<b>Expenditures</b>									
Wages and Benefits	1,047,516	270,532	978,463	309,625	-	1,207,830	565,038	181,897	4,560,901
Long Term Debt Interest	4,092	8,657	250,926	131,997	859	268	44,374	83,101	524,274
Materials	476,700	145,112	663,428	632,702	1,776	140,596	542,595	33,437	2,636,346
Contracted Services	442,339	1,277,024	676,525	1,910,973	81,748	-	2,754,207	3,048	7,145,864
Rents and Financial Expenses	74,086	7,522	-	-	-	-	-	-	81,608
External Transfers	-	-	-	-	616,228	1,056,064	-	-	1,672,292
Amortization	11,224	87,113	1,615,953	980,871	114,539	1,668	378,393	38,436	3,228,197
	<b>2,055,957</b>	<b>1,795,960</b>	<b>4,185,295</b>	<b>3,966,168</b>	<b>815,150</b>	<b>2,406,426</b>	<b>4,284,607</b>	<b>339,919</b>	<b>19,849,482</b>
Excess Net Revenue (Expense)	\$ 917,032	\$ (283,799)	\$ 1,486,275	\$ (362,696)	\$ (348,834)	\$ 359,662	\$ 1,030,393	\$ (150,389)	\$ 2,647,644
<b>For the Year Ended December 31, 2019</b>									
<b>Revenue</b>									
Taxation	\$ 1,063,818	\$ 1,097,382	\$ 2,668,071	\$ 376,488	\$ 492,606	\$ 1,693,160	\$ 1,247,776	\$ 192,724	\$ 8,832,025
Fees and User Charges	85,792	-	1,109,055	3,077,213	17,227	526,128	270,035	5,900	5,091,350
Canada Grants	-	-	5,277,406	-	-	-	715,179	184,750	6,177,335
Ontario Grants	* 1,639,421	26,267	208,378	57,405	-	974,479	583,962	369,500	3,859,412
Other Income	356,516	21,883	80,807	96,147	-	-	94,784	-	650,137
	<b>3,145,547</b>	<b>1,145,532</b>	<b>9,343,717</b>	<b>3,607,253</b>	<b>509,833</b>	<b>3,193,767</b>	<b>2,911,736</b>	<b>752,874</b>	<b>24,610,259</b>
<b>Expenditures</b>									
Wages and Benefits	1,060,323	263,760	890,564	372,972	336	1,419,374	1,052,251	101,396	5,160,976
Long Term Debt Interest	6,499	8,994	319,663	182,333	1,445	889	67,163	116,989	703,975
Materials	191,735	125,859	496,117	382,923	42,800	76,996	564,547	28,621	1,909,598
Contracted Services	298,075	1,254,549	317,362	1,757,126	13,299	81,171	100,697	10,698	3,832,977
Rents and Financial Expenses	126,241	10,244	264	-	-	-	4,205	11,647	152,601
External Transfers	-	-	833,490	-	592,796	1,100,319	-	-	2,526,605
Amortization	10,950	93,453	1,414,003	978,610	137,964	31,925	321,705	39,192	3,027,802
	<b>1,693,823</b>	<b>1,756,859</b>	<b>4,271,463</b>	<b>3,673,964</b>	<b>788,640</b>	<b>2,710,674</b>	<b>2,110,568</b>	<b>308,543</b>	<b>17,314,534</b>
Excess Net Revenue (Expense)	\$ 1,451,724	\$ (611,327)	\$ 5,072,254	\$ (66,711)	\$ (278,807)	\$ 483,093	\$ 801,168	\$ 444,331	\$ 7,295,725

\* Includes revenue from the Ontario Municipal Partnership Fund.