

Corporation of the Municipality
of Red Lake
Consolidated Financial Statements
For the year ended December 31, 2021

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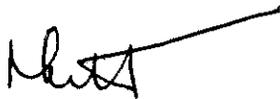
Management's Responsibility for the Financial Statements

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

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

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

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



Mark Vermette, Chief Administrative Officer
May 17, 2022



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Red Lake (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, 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
May 17, 2022

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

December 31	2021	2020
Financial Assets		
Cash and Bank (Note 1)	\$ 8,153,657	\$ 8,275,837
Investments (Note 2)	1,618,302	1,604,282
Taxes Receivable	651,195	891,618
Trade and Other Receivables	5,367,514	5,816,334
	15,790,668	16,588,071
 Financial Liabilities		
Accounts Payable and Accrued Liabilities	1,969,361	2,832,931
Deferred Revenue (Note 4)	1,688,459	3,112,246
Landfill Closure and Post Closure Liability (Note 5)	633,929	639,992
Long Term Liabilities (Note 6)	15,196,406	16,553,317
	19,488,155	23,138,486
 Net Debt	(3,697,487)	(6,550,415)
 Non-Financial Assets		
Prepaid Expenses and Other Assets	592,582	524,099
Tangible Capital Assets (Note 7)	64,003,493	60,104,283
	64,596,075	60,628,382
 Accumulated Surplus (Note 10)	\$60,898,588	\$ 54,077,967

Approved by:




Corporation of the Municipality of Red Lake
Consolidated Statement of Operations

For the Year Ended December 31	Budget	2021	2020
	(Note 8)		
Revenue			
Taxation	\$ 9,383,672	\$ 9,321,670	\$ 9,172,486
Fees and User Charges	4,466,172	4,880,293	4,529,611
Canada Grants	5,718,207	5,165,704	1,132,095
Ontario Grants	1,895,489	3,287,244	3,908,793
Other Income (Note 12)	485,855	842,668	3,754,141
	<u>21,949,395</u>	<u>23,497,579</u>	<u>22,497,126</u>
Expenses			
General Government	1,880,341	1,923,820	2,055,957
Protection Services	1,878,413	1,852,702	1,795,960
Transportation Services	4,467,169	4,674,753	4,185,295
Environmental Services	4,116,987	4,011,765	3,966,168
Health Services	817,083	829,785	815,150
Social and Family Services	1,104,133	1,104,133	2,406,426
Recreation and Cultural Services	2,032,044	1,942,424	4,284,607
Planning and Development	325,021	337,576	339,919
	<u>16,621,191</u>	<u>16,676,958</u>	<u>19,849,482</u>
Total Expenses			
Annual Surplus	5,328,204	6,820,621	2,647,644
Accumulated Surplus, Beginning of Year	54,077,967	54,077,967	51,430,323
Accumulated Surplus, End of Year	<u>\$59,406,171</u>	<u>\$60,898,588</u>	<u>\$ 54,077,967</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)	2021	2020
Annual Surplus	\$ 5,328,204	\$ 6,820,621	\$ 2,647,644
Acquisition of Tangible Capital Assets	(8,024,055)	(7,612,096)	(3,123,361)
Amortization of Tangible Capital Assets	3,283,640	3,304,075	3,228,420
Loss (gain) on Disposal of Tangible Capital Assets	-	(30,541)	127,709
Proceeds on Sale of Tangible Capital Assets	-	439,352	173,500
Net Change in Prepaid Expenses	-	(68,483)	(452,968)
Net Change in Net Debt	587,789	2,852,928	2,600,944
Net Debt, Beginning of Year	(6,550,415)	(6,550,415)	(9,151,359)
Net Debt, End of Year	\$ (5,962,626)	\$ (3,697,487)	\$ (6,550,415)

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	2021	2020
Operating Transactions		
Annual Surplus	\$ 6,820,621	\$ 2,647,644
Adjustments for		
Amortization	3,304,075	3,228,420
Loss on Disposal of Capital Assets	(30,541)	127,709
Changes in Non-cash Operating Balances		
Taxes Receivable	240,423	(224,919)
Trade and Other Receivables	448,820	(1,684,062)
Accounts Payable and Accrued Liabilities	(863,570)	495,552
Prepaid Expenses and Other Assets	(68,483)	(452,968)
Deferred Revenue	(1,423,787)	1,914,876
Landfill Closure and Post Closure Liability	(6,063)	84,232
	<u>8,421,495</u>	<u>6,136,484</u>
Financing Transactions		
Proceeds of Long Term Debt	939,518	687,232
Long Term Debt Repaid	(2,296,429)	(2,289,224)
Bank Indebtedness	-	(4,743)
	<u>(1,356,911)</u>	<u>(1,606,735)</u>
Investing Transactions		
Increase in Investments	(14,020)	(92,767)
Capital Transactions		
Acquisition of Tangible Capital Assets	(7,612,096)	(3,123,361)
Proceeds from Sale of Capital Assets	439,352	173,500
	<u>(7,172,744)</u>	<u>(2,949,861)</u>
Net Change in Cash and Bank	(122,180)	1,487,121
Cash and Bank, Beginning of Year	<u>8,275,837</u>	<u>6,788,716</u>
Cash and Bank, End of Year	<u>\$ 8,153,657</u>	<u>\$ 8,275,837</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
Summary of Significant Accounting Policies

December 31, 2021

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">- Red Lake Public Library Board- Red Lake Regional Heritage Centre Board- Red Lake Airport
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">a) Tax revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.b) Fees and user charges are recognized on a quarterly basis as services are provided.c) Other revenues are recorded when collected or when collection is reasonably assured.
Investments	<p>Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.</p> <p>Portfolio investments are recorded at amortized cost unless there is a loss in value that is other than a temporary decline. Gains and losses on investments are recorded in the statement of operations once realized.</p> <p>Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned.</p>

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

December 31, 2021

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>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> <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														

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

December 31, 2021

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.

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

December 31, 2021

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, 2021

1. Cash and Bank

	2021	2020
Unrestricted Cash	\$ 1,343,885	\$ 940,494
Restricted Cash for Reserves	6,809,772	7,335,343
	\$ 8,153,657	\$ 8,275,837

2. Investments

	2021	2020
<u>Restricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$50,784)	\$ 50,784	\$ 50,724
Red Lake Public Library Board - GICs bearing interest at 0.5% and maturing July and December 2021 (market value \$87,444)	87,444	86,998
ONE Funds - gas tax, airport improvement and airport parking investments (book value \$1,431,017)	1,480,074	1,466,560
	\$ 1,618,302	\$ 1,604,282

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.

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

December 31, 2021

4. Deferred Revenue

	Gas Tax	ACAP	Other	2021	2020
Opening balance	\$ 985,925	\$ 2,003,452	\$ 122,869	\$ 3,112,246	\$ 1,197,370
Add:					
Amounts received in the year	506,653	-	341,088	847,741	2,486,877
Externally restricted interest earned	-	-	2,314	2,314	40,609
Less:					
Project expenses	-	(2,003,452)	(270,390)	(2,273,842)	(612,610)
Closing balance	\$ 1,492,578	\$ -	\$ 195,881	\$ 1,688,459	\$ 3,112,246

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 2021, 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 \$41,900 per annum for a further 21 years. At December 31, 2021, an amount of \$633,929 (2020 - \$639,992) 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 23 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, 2021

6. Long Term Liabilities

	2021	2020
CIBC Demand instalment loan, repayable monthly at \$6,094 plus interest at prime, maturing February 2027 (Loan # 6028551)	\$ 377,848	\$ 450,980
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$81,281 plus interest at 2.37%, matured December 2021	-	162,562
Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi-annually at blended principal and interest instalments of \$160,094 at 3.52%, maturing November 2026	1,456,283	1,718,273
CIBC Demand instalment loan, repayable \$11,651 monthly plus interest payable at prime, maturing February 2032 (Loan # - 6028950)	1,514,650	1,654,463
CIBC Demand instalment loan, repayable \$6,812 monthly plus interest at prime, maturing February 2032 (Loan # - 6028659)	831,021	912,761
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	2,297,317	2,492,113
CIBC demand instalment loan, repayable in quarterly payments of \$23,862 plus interest at prime, matured May 2021 (Loan # - 6027652)	-	71,585
CIBC Demand instalment loan, repayable \$1,258 monthly at prime rate, maturing October 2027 (Loan # - 6028853)	88,100	103,203
CIBC Demand instalment loan, repayable \$705 monthly plus interest at prime, maturing October 2022 (Loan # - 6028756)	7,050	15,510
National Leasing, repayable in monthly payments of \$3,732 including interest at 5.86%, matured October 2021	-	32,860
Ford Credit Canada, repayable in monthly payments of \$756 including interest at 5.19%, matured September 2021	-	8,412
CIBC demand instalment loan, repayable \$3,246 monthly plus interest at prime, maturing November 2025 (Loan # - 6028454)	152,567	191,519
CIBC demand instalment loan, repayable \$16,857 monthly plus interest at prime, maturing November 2025 (Loan # - 6028357)	759,899	962,183
CIBC demand instalment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030 (Loan # - 6027954)	3,326,602	3,717,967
Carried Forward	\$10,811,337	\$ 12,494,391

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

December 31, 2021

6. Long Term Liabilities - continued

	2021	2020
Brought Forward	\$10,811,337	\$ 12,494,391
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)	1,617,679	1,718,625
CIBC demand instalment loan, repayable monthly at \$15,094 including interest at 3.87%, maturing March 2029 (Loan # - 6030156)	1,143,465	1,277,518
CIBC demand instalment loan, repayable monthly at \$23,155 including interest at 3.38%, maturing July 2022 (Loan # - 1831054)	160,271	427,786
CIBC demand instalment loan, repayable monthly at \$2,275 plus interest at 2.45%, maturing July 2025 (Loan # - 1831259)	88,729	116,030
CIBC demand instalment loan, repayable monthly at \$1,407 plus interest at 2.45%, maturing July 2030 (Loan # - 1831151)	139,332	156,220
CIBC demand instalment loan, repayable monthly at \$2,121 plus interest at 2.45%, maturing July 2035 (Loan # - 1831356)	337,291	362,747
CIBC demand instalment loan, repayable in monthly payments of \$233 plus interest at 2.74%, maturing May 2026 (Loan # - 1831550)	11,275	-
CIBC demand instalment loan, repayable in monthly payments of \$1,929 plus interest at 2.74%, maturing May 2031 (Loan # - 1831658)	178,749	-
CIBC demand instalment loan, repayable in monthly payments of \$5,494 plus interest at 2.74%, maturing May 2036 (Loan # - 1831453)	708,278	-
	<u>\$15,196,406</u>	<u>\$ 16,553,317</u>

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

2022	\$ 1,965,086
2023	1,821,508
2024	1,846,079
2025	1,798,601
2026	1,627,881
Thereafter	6,137,251

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

7. Tangible Capital Assets

2021

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks, Bridges and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,106,749	\$ 48,143,557	\$ 10,411,042	\$ 567,435	\$ 21,180,850	\$ 19,641,111	\$ 12,995,159	\$ 114,045,903
Additions	87,046	182,357	693,268	44,395	4,182,856	193,857	2,228,317	7,612,096
Disposals	(111,530)	(320,573)	(380,216)	-	(924,280)	-	-	(1,736,599)
Cost, End of Year	1,082,265	48,005,341	10,724,094	611,830	24,439,426	19,834,968	15,223,476	119,921,400
Accumulated Amortization, Beginning of Year	-	15,412,294	7,416,846	445,473	14,173,904	11,869,100	4,624,003	53,941,620
Amortization	-	1,004,519	486,502	30,914	704,931	434,492	642,717	3,304,075
Disposals	-	(72,771)	(333,342)	-	(921,675)	-	-	(1,327,788)
Accumulated Amortization, End of Year	-	16,344,042	7,570,006	476,387	13,957,160	12,303,592	5,266,720	55,917,907
Net Carrying Amount, End of Year	\$ 1,082,265	\$ 31,661,299	\$ 3,154,088	\$ 135,443	\$ 10,482,266	\$ 7,531,376	\$ 9,956,756	\$ 64,003,493

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

7. Tangible Capital Assets (continued)

	2020							
	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks 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

The net book value of tangible capital assets not being amortized because they are under construction is \$Nil (2020 - \$Nil). The municipality holds various works of art and historical treasures pertaining to the Red Lake Regional Heritage Centre. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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

December 31, 2021

8. Budget Amounts

The Financial Plan (Budget) By-Law 22-2021 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	8,024,055
Budgeted Payments of Long Term Debt	2,274,162
Budget Transfers to Reserves	103,002
Less:	
Budgeted Transfers from Reserve	(448,857)
Budgeted Proceeds from Long-Term Debt	(1,340,518)
Amortization	<u>(3,283,640)</u>
Budget per Statement of Operations	<u>\$ 5,328,204</u>

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

December 31, 2021

9. Government Transfers

	Budget	2021	2020
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 838,200	\$ 838,200	\$ 912,800
Conditional - Protection	28,702	10,916	7,522
- Transportation	184,300	184,300	263,154
- Ministry of Municipal Affairs and Housing	147,056	651,576	-
- Child care	-	-	1,171,034
- Other	31,280	184,655	466,044
	1,229,538	1,869,647	2,820,554
Government of Canada - other	33,100	103,851	25,136
Total Operating Transfers	1,262,638	1,973,498	2,845,690
Tangible Capital Asset			
Province of Ontario			
- ICIP roads project	-	1,116,633	501,141
- Ontario Community infrastructure fund	665,951	300,964	587,098
	665,951	1,417,597	1,088,239
Government of Canada			
Conditional - Gas tax	-	-	24,264
- ICIP roads project	3,662,316	2,010,315	921,913
- FEDNOR airport project	-	755,536	-
- ACAP airport project	2,003,452	2,296,002	160,782
- Other	19,339	-	-
	5,685,107	5,061,853	1,106,959
Total Tangible Capital Asset Transfers	6,351,058	6,479,450	2,195,198
Total Transfers	\$ 7,613,696	\$ 8,452,948	\$ 5,040,888

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

December 31, 2021

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	2021	2020
Current	\$ 3,666,862	\$ 212,912	\$ 64,530	\$ 3,944,304	\$ 3,770,229
Reserves and Reserve Funds	7,934,181	94,194	118,822	8,147,197	6,756,772
Investment in Capital Assets	48,807,087	-	-	48,807,087	43,550,966
	<u>\$60,408,130</u>	<u>\$ 307,106</u>	<u>\$ 183,352</u>	<u>\$60,898,588</u>	<u>\$ 54,077,967</u>

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 71,736	\$ 71,236
Water System	748,128	742,911
Sewer System	287,164	285,161
	<u>1,107,028</u>	<u>1,099,308</u>

Reserves set aside for specific purpose by Council:

Parks	43,332	43,029
Medical Centre and Pharmacy	511,109	471,392
Water	519,672	516,048
Sewer	127,945	127,053
Recreation Facility	1,644	1,633
Fire	335,126	183,790
Sick Leave	23,456	23,292
Norseman Royalties	8,651	8,591
Cemetery Maintenance	1,614	1,603
Waste Disposal	210,502	209,034
Airport	2,393,387	2,194,274
General Government	2,006,439	1,245,451
Public Works	148,145	147,112
Library	160	159
MTO Roads and Bridges	27,863	27,669
Community in Bloom	36,659	36,403
Museum	50,786	50,432
Planning	11,335	11,256
Elections	16,098	15,986
Accessibility	142,033	130,637
Library	94,194	93,798
Heritage Centre	118,822	118,822
Municipal Accommodation Tax	61,197	-
Stabilization	150,000	-
	<u>7,040,169</u>	<u>5,657,464</u>

Reserves and Reserve Funds, End of Year	<u>\$8,147,197</u>	<u>\$ 6,756,772</u>
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Corporation of the Municipality of Red Lake
Notes to Consolidated Financial Statements

December 31, 2021

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 \$218,465 (2020 - \$277,289). The contributions were made for current service and these have been recognized in net income.

As at December 31, 2021, the OMERS plan was 97% funded (December 31, 2020 - 97%). 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	2021	2020
Penalties and Interest	\$ 345,000	\$ 300,769	\$ 312,086
Investment Income	57,805	74,880	180,897
Licences and Permits	83,050	131,787	108,715
Provincial Offences	-	21,726	20,308
Donations	-	46,408	578,999
Insurance Proceeds	-	75,896	2,495,978
Other Revenues	-	191,202	57,158
	<u>\$ 485,855</u>	<u>\$ 842,668</u>	<u>\$ 3,754,141</u>

13. Trust Funds

The trust funds administered by the municipality amounting to \$243,261 (2020 - \$239,848) 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:

	2021	2020
Woodland Cemetery Perpetual Care	\$ 98,155	\$ 96,711
Red Lake Cemetery Perpetual Care	131,879	130,001
Memorial Trust Fund	3,228	3,206
Health Care Trust	7,645	7,592
Election Trust	2,354	2,338
	<u>\$ 243,261</u>	<u>\$ 239,848</u>

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

December 31, 2021

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 \$1.7 million for 2022.

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 2022 estimated cost is \$167,417.

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 2022 costs are based on a set rate of \$41.15 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 2022 is approximately \$1.3 million.

15. Contingencies

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

16. Operations and School Boards

Taxation, other revenues and requisitions for the school boards amounting to \$1.5 million (2020 - \$1.7 million) are not reflected in these financial statements.

17. Liability for Contaminated Sites

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

December 31, 2021

18. Impact of COVID-19

During the year, the COVID-19 outbreak continued to have a significant impact on the Global economy. 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 2022 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.

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, 2021

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
For the Year Ended December 31, 2021									
Revenue									
Taxation	\$ 1,313,120	\$ 1,264,581	\$ 3,190,800	\$ 812,125	\$ 566,378	\$ 753,637	\$ 1,190,613	\$ 230,416	\$ 9,321,670
Fees and User Charges	70,181	48,095	1,235,202	3,377,455	19,768	-	82,727	46,865	4,880,293
Canada Grants	-	-	5,061,853	-	-	-	103,851	-	5,165,704
Ontario Grants	* 1,450,225	29,640	1,601,897	80,411	-	-	125,071	-	3,287,244
Other Income	350,014	164,799	-	96,746	-	-	179,824	51,285	842,668
	3,183,540	1,507,115	11,089,752	4,366,737	586,146	753,637	1,682,086	328,566	23,497,579
Expenditures									
Wages and Benefits	1,062,813	325,330	1,032,308	264,811	-	-	939,804	105,191	3,730,257
Long Term Debt Interest	4,058	4,969	221,974	111,893	1,402	-	35,609	68,972	448,877
Materials	263,452	127,362	485,658	444,690	65,549	-	573,469	49,668	2,009,848
Contracted Services	487,938	1,294,322	1,239,721	2,205,343	21,495	-	34,251	17,788	5,300,858
Rents and Financial Expenses	69,470	-	40,763	1,345	-	-	2,406	-	113,984
External Transfers	-	-	-	-	604,535	1,104,133	-	60,391	1,769,059
Amortization	36,089	100,719	1,654,329	983,683	136,804	-	356,885	35,566	3,304,075
	1,923,820	1,852,702	4,674,753	4,011,765	829,785	1,104,133	1,942,424	337,576	16,676,958
Excess Net Revenue (Expense)	\$ 1,259,720	\$ (345,587)	\$ 6,414,999	\$ 354,972	\$ (243,639)	\$ (350,496)	\$ (260,338)	\$ (9,010)	\$ 6,820,621
For the Year Ended December 31, 2020									
Revenue									
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	-	1,082,695	-	-	-	25,136	-	1,132,095
Ontario Grants	* 1,208,296	60,022	1,351,393	28,766	-	1,171,034	89,282	-	3,908,793
Other Income	527,610	470,308	76,039	88,645	-	-	2,591,539	-	3,754,141
	2,972,989	1,512,161	5,671,570	3,603,472	466,316	2,766,088	5,315,000	189,530	22,497,126
Expenditures									
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
	2,055,957	1,795,960	4,185,295	3,966,168	815,150	2,406,426	4,284,607	339,919	19,849,482
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

* Includes revenue from the Ontario Municipal Partnership Fund.