

**Corporation of the Municipality  
of Red Lake**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2012**

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## Management's Responsibility for the Financial Statements

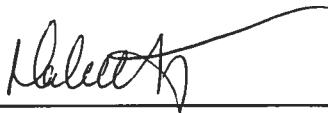
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The accompanying financial statements of the Corporation of the Municipality of Red Lake are the responsibility of the Municipality's management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments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

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

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

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



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Red Lake, Ontario  
August 1, 2013



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BDO Canada LLP  
300 - 301 First Avenue S  
Kenora ON P9N 4E9 Canada

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Red Lake, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Red Lake as at December 31, 2012 and the results of its operations, changes in net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants


Kenora, Ontario  
August 1, 2013

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

December 31	2012	2011
<b>Financial Assets</b>		
Cash (Note 1)	\$ 4,914,251	\$ 4,086,147
Short Term Investments (Note 2)	229,001	217,959
Taxes Receivable	594,023	886,272
Trade and Other Receivables	4,160,591	3,380,009
	<b>9,897,866</b>	<b>8,570,387</b>
<b>Financial Liabilities</b>		
Bank Indebtedness (Note 3)	-	2,611,792
Accounts Payable and Accrued Liabilities	1,924,439	933,042
Deferred Revenue	709,883	435,412
Landfill Closure and Post Closure Liability (Note 4)	778,846	740,418
Long Term Liabilities (Note 5)	22,578,093	19,625,082
	<b>25,991,261</b>	<b>24,345,746</b>
<b>Net Debt</b>	<b>(16,093,395)</b>	<b>(15,775,359)</b>
<b>Non-financial assets</b>		
Prepaid Expenses and Other Assets	249,600	245,896
Tangible Capital Assets (Note 6)	54,381,968	55,442,922
	<b>54,631,568</b>	<b>55,688,818</b>
<b>Accumulated Surplus</b>	<b>\$ 38,538,173</b>	<b>\$ 39,913,459</b>

Approved by:

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**Corporation of the Municipality of Red Lake  
Consolidated Statement of Operations**

<b>For the Year Ended December 31</b>	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Note 7)		
<b>Revenue</b>			
Taxation	\$ 6,671,361	\$ 6,311,986	\$ 6,309,534
Fees and User Charges	4,595,044	4,992,090	4,639,952
Canada Grants	3,298,688	3,111,848	1,374,683
Ontario Grants	8,214,475	8,195,473	4,335,292
Other Income (Note 10)	692,780	667,369	1,008,655
	<b>23,472,348</b>	<b>23,278,766</b>	17,668,116
<b>Expenditures</b>			
General Government	1,618,689	1,645,820	1,587,100
Protection Services	2,692,703	2,826,254	2,419,086
Transportation Services	3,775,407	3,875,072	3,731,878
Environmental Services	3,584,285	3,607,546	3,643,668
Health Services	508,822	536,848	471,238
Social and Family Services	2,345,240	2,242,328	2,252,584
Recreation and Cultural Services	1,775,575	1,883,608	1,939,765
Planning and Development	8,135,753	8,036,576	455,753
<b>Total Expenditures</b>	<b>24,436,474</b>	<b>24,654,052</b>	16,501,072
<b>Annual Surplus (Deficit)</b>	<b>(964,126)</b>	<b>(1,375,286)</b>	1,167,044
<b>Accumulated Surplus, Beginning of Year</b>	<b>39,913,459</b>	<b>39,913,459</b>	38,746,415
<b>Accumulated Surplus, End of Year</b>	<b>\$ 38,949,333</b>	<b>\$ 38,538,173</b>	\$ 39,913,459

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**

<b>For the Year Ended December 31</b>	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Note 7)		
<b>Annual Surplus (deficit)</b>	<b>\$ (964,126)</b>	<b>\$ (1,375,286)</b>	<b>\$ 1,167,044</b>
Acquisition of Tangible Capital Assets	(2,339,665)	(1,751,450)	(6,977,220)
Amortization of Tangible Capital Assets	2,489,603	2,601,505	2,489,602
Loss on disposal of Tangible Capital Assets	-	113,902	-
Proceeds on sale of Tangible Capital Assets	-	96,999	-
Net Change in Prepaid Expenses	-	(3,706)	(84,541)
<b>Net Change in Net Debt</b>	<b>(814,188)</b>	<b>(318,036)</b>	<b>(3,405,115)</b>
<b>Net Debt, Beginning of Year</b>	<b>(15,775,359)</b>	<b>(15,775,359)</b>	<b>(12,370,244)</b>
<b>Net Debt, End of Year</b>	<b>\$ (16,589,547)</b>	<b>\$ (16,093,395)</b>	<b>\$ (15,775,359)</b>

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**

**2012**

**2011**

**Cash Flows From Operating Activities**

Annual Surplus (Deficit) for the Year	\$ (1,375,286)	\$ 1,167,044
Adjustment for		
Amortization	2,601,505	2,489,602
Loss on disposal of capital assets	113,902	-
Changes in Working Capital Balances		
Taxes Receivable	292,249	239,716
Trade and Other Receivables	(780,582)	2,209,040
Accounts Payable and Accrued Liabilities	991,395	(1,182,829)
Prepaid Expenses and Other Assets	(3,704)	(84,543)
Deferred Revenue	274,471	140,164
Landfill Closure and Post Closure Liability	38,428	36,532

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<b>2,152,378</b>	<b>5,014,726</b>
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**Cash Flows from Financing Activities**

Long Term Debt Issued	6,339,765	6,051,677
Long Term Debt Repaid	(3,386,754)	(1,937,301)
Bank Indebtedness	(2,611,792)	(310,317)

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<b>341,219</b>	<b>3,804,059</b>
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**Cash Flows from Capital Transactions**

Acquisition of Tangible Capital Assets	(1,751,450)	(6,977,220)
Proceeds from sale of Capital Assets	96,999	-

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<b>(1,654,451)</b>	<b>(6,977,220)</b>
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**Net Change in Cash and Cash Equivalents**

<b>839,146</b>	<b>1,841,565</b>
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**Cash and Cash Equivalents, Beginning of Year**

<b>4,304,106</b>	<b>2,462,541</b>
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**Cash and Cash Equivalents, End of Year**

<b>\$ 5,143,252</b>	<b>\$ 4,304,106</b>
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**Represented by:**

Cash	\$ 4,914,251	\$ 4,086,147
Temporary Investments	229,001	217,959

**Balance, End of Year**

<b>\$ 5,143,252</b>	<b>\$ 4,304,106</b>
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The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

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# Corporation of the Municipality of Red Lake

## Summary of Significant Accounting Policies

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December 31, 2012

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### **Management Responsibility**

The consolidated financial statements of the Corporation of The Municipality of Red Lake are the representations of management. They have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

The focus of PSAB financial statements is on the financial position of the Municipality and the change thereto. The consolidated statement of financial position reports all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the operations of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

### **Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, sources of financing and expenditures 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 expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Red Lake Public Library Board
- Red Lake Regional Heritage Centre and Archives Board

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

Kenora District Services Board  
District of Kenora Home for the Aged  
Northwestern Health Unit

### **Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.



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# Corporation of the Municipality of Red Lake

## Summary of Significant Accounting Policies

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December 31, 2012

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### Revenue Recognition

Revenues are recognized as follows:

- a) Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.
- 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

Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned. Investments are recorded at the lower of cost and market value.

### 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, expenditures, 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 activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

### Tangible Capital Assets

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

Buildings	20 to 50 years
Machinery and equipment	15 to 25 years
Vehicles	8 years
Roads, sidewalks and streetlights	10 to 20 years
Water and sewer infrastructure	20 to 50 years
Furniture and equipment	8 to 15 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, 2012

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### **Use of Estimates and Measurement Uncertainty**

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

In particular, management's estimate for the Landfill Liability, as described in Note 4, 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. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

### **Pensions and Employee Benefits**

#### Pension Plan

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

#### Sick Leave

The collective Bargaining Agreement between the Municipality and the Union provides for sick leave credits for its employees. Unused sick leave credits do not accumulate from year to year.

#### Vacation

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

### **Financial Instruments**

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

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

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

**December 31, 2012**

**1. Cash**

	2012	2011
Unrestricted Cash	\$ 1,184,912	\$ 1,641,694
Restricted Cash	3,729,339	2,444,453
	\$ 4,914,251	\$ 4,086,147

**2. Short Term Investments**

The short term investments include guaranteed investment certificates and treasury bills bearing interest rates of .4% to .5%, maturing 2013.

**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.

The revolving bridge facility has a limit of \$4,000,000. Interest is payable monthly at prime. The advances are due on demand.

	2012	2011
Bank overdraft	\$ -	\$ 611,792
Revolving Bridge Facility	-	2,000,000
	\$ -	\$ 2,611,792

**4. Landfill Closure and Post Closure Liability**

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

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

The Municipality operates one primary landfill site. Based on a closure and post closure liability review dated 2008, the estimated cost to close the site is \$820,000. The liability is based on reaching capacity in year 2015 and was estimated using a discount factor of 5.15% and an inflation rate of 4.45%. At December 31, 2012, an amount of \$778,846 (2011 - \$740,418) has been accrued as a liability.

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

**December 31, 2012**

**4. Landfill Closure and Post Closure Liability - continued**

With the implementation of both onsite landfill waste compaction and the recycling program in 2011, it is predicted that the life expectancy of the site may be increased to 2016, depending on the waste diversion/compaction success rates.

**5. Long Term Liabilities**

	<u>2012</u>	<u>2011</u>
OSIFA - Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi annually at \$27,867 plus interest at 2.31%, maturing December 2016	\$ 222,932	\$ 278,665
OSIFA - Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi annually at \$81,281 plus interest at 2.37%, maturing December 2021	1,463,061	1,625,623
OSIFA - Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi annually at blended principal and interest installments of \$160,094 at 3.52%, maturing November 2026	3,515,354	3,706,735
CIBC Demand installment loan, principal draw amounts repayable in \$110,966 quarterly payments plus interest payable monthly at prime rate, maturing August 2014 (Loan # - 6026451)	776,762	1,220,625
CIBC Demand installment loans (Loans # - 6026354, 6026052, 6026257, 6026559, 6026958, 6026656, 6026753, 6027059, 6026850, 6027156, 6027253, 6027350, 6027458 and 6027555)	-	8,031,780
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	3,918,391	-
Pacific and Western Bank demand installment loan, repayable \$23,455 monthly including interest at 3.79%, maturing July 2022	2,254,625	-
CIBC Demand installment loan, principal draw amounts repayable in \$14,032 quarterly payments plus interest payable monthly at prime rate, maturing May 2020 (Loan # - 6028055)	420,947	-
CIBC Demand installment loan, with quarterly payments of \$31,446 payments plus interest repayable monthly at prime rate, maturing May 2014 (Loan # - 6028152)	188,674	-
Carried Forward	<b>\$ 12,760,746</b>	<b>\$ 14,863,428</b>

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

**December 31, 2012**

**5. Long Term Liabilities - continued**

	<b>2012</b>	<b>2011</b>
Brought Forward	<b>\$ 12,760,746</b>	\$ 14,863,428
CIBC Demand installment loan, repayable in quarterly payments of \$23,862 plus interest at prime, maturing May 2021 (Loan # - 6027652)	<b>835,157</b>	930,603
CIBC Demand installment loan, repayable in quarterly payments of \$36,069 plus interest at prime, maturing May 2025 (Loan # - 6027857)	<b>2,133,304</b>	3,831,051
CIBC Demand installment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030 (Loan # - 6027954)	<b>6,848,886</b>	-
	<b>\$ 22,578,093</b>	<b>\$ 19,625,082</b>

Principal payments for the next five fiscal years are as follows:

2013	\$	2,195,282
2014		2,039,444
2015		1,662,338
2016		1,681,466
2017		1,645,905

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

**December 31, 2012**

**6. Tangible Capital Assets**

Capital Assets consist of the following:

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 600,268	\$ -	\$ 556,222	\$ -
Buildings	36,668,673	8,369,775	36,484,753	7,713,558
Machinery and Equipment	4,776,209	2,133,673	4,522,693	1,890,244
Vehicles	581,861	384,998	581,861	340,506
Roads, Sidewalks and Streetlights	16,503,235	9,153,583	16,083,353	8,499,772
Water and Sewer Infrastructure	18,782,709	8,720,640	18,696,696	8,341,620
Furniture and Equipment	2,667,743	1,985,764	2,516,508	1,794,025
Land Improvements and Leaseholds	5,945,513	1,395,810	5,657,768	1,077,207
	<b>86,526,211</b>	<b>32,144,243</b>	85,099,854	29,656,932
Net Book Value		<b>\$ 54,381,968</b>		\$ 55,442,922

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.

**7. Budget Amounts**

The Financial Plan (Budget) By-Law 1608-12 approved by Council was not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of financial activities and changes in net debt represent the By-Laws adopted by Council with adjustments as follows:

Budget Surplus per Bylaw	\$ -
Add:	
Capital Expenditures	2,339,665
Budgeted payments of Long-Term Debt	1,912,526
Less:	
Budgeted Transfers from Accumulated Surplus	(237,316)
Budgeted Proceeds from Long-Term Debt	(2,489,398)
Amortization	(2,489,603)
Budget per Statement of Financial Activities	<b>\$ (964,126)</b>

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

**December 31, 2012**

**8. 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	2012	2011
Current	\$ 2,659,540	\$ 72,943	\$ 49,375	\$ 2,781,858	\$ 318,739
Reserves and Reserve Funds	3,736,638	91,560	124,243	3,952,441	3,776,881
Investment in capital assets	31,803,874	-	-	31,803,874	35,817,839
	<b>\$ 38,200,052</b>	<b>\$ 164,503</b>	<b>\$ 173,618</b>	<b>\$ 38,538,173</b>	<b>\$ 39,913,459</b>

**Reserves Funds set aside for specific purpose by Council:**

Working Funds	\$ 335,276	\$ 331,823
Water System	835,714	827,104
Sewer System	258,446	255,779
Police Services	91,066	90,122
	<b>1,520,502</b>	<b>1,504,828</b>

**Reserves set aside for specific purpose by Council:**

Parks	44,396	43,969
Medical Centre	46,725	46,276
Water	564,069	558,654
Sewer	168,187	166,573
Recreation Facility	9,317	9,268
Fire	84,132	83,324
Sick Leave	21,062	20,860
Norseman Royalties	7,768	7,694
Cemetery Maintenance	1,450	1,436
Waste Disposal	258,547	256,064
Airport	510,565	375,923
Public Works	223,689	221,542
General Government	37,994	37,629
Library	91,703	89,903
MTO Roads and Bridges	25,019	24,779
Community in Bloom	34,965	28,043
Museum	254,500	253,246
Planning	7,310	7,240
Accessibility	40,541	39,630
	<b>2,431,939</b>	<b>2,272,053</b>

**Reserves and Reserve Funds, End of Year**

**\$ 3,952,441      \$ 3,776,881**

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

**December 31, 2012**

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### 9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), on behalf of all members of its staff. This plan is a defined contribution plan. The amount contributed to OMERS in 2012 was \$247,897 (2011 - \$218,654). For employees who have a normal retirement age of 65, contributions are 7.4% of employees' salary up to \$48,300 and 10.7% thereafter.

Because OMERS is a multi-employer pension plan, the Corporation of the Municipality of Red Lake does not recognize any share of the pension plan deficit of \$8,603,000 (2011 - \$9,627,000) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

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### 10. Other Income

	2012	2011
Penalties and Interest	\$ 189,774	\$ 169,718
Investment Income	40,911	22,671
Licences and Permits	121,311	95,322
Provincial Offences	53,246	85,686
Other revenues	262,127	635,258
	\$ 667,369	\$ 1,008,655

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### 11. Trust Funds

The trust funds administered by the municipality amounting to \$176,054 (2011 - \$163,662) 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:

	2012	2011
Woodland Cemetery Perpetual Care	\$ 78,197	\$ 73,340
Red Lake Cemetery Perpetual Care	85,981	78,558
Memorial Trust Fund	2,898	2,871
Health Care Trust	6,865	6,799
Election Trust	2,113	2,094
	\$ 176,054	\$ 163,662



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

**December 31, 2012**

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### **12. 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 \$1,522,483 for 2013. The agreement expires 2017.

#### Waste Disposal

The Municipality is under an agreement with a third party for waste disposal services. The 2013 estimated cost is \$148,918.

#### Airport Services

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

#### Policing

The Municipality is committed to municipal policing services with the Provincial Government for a five year period ending 2016. The estimated cost for 2013 is approximately \$2,364,840.

#### Natural Gas Line Project

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

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### **13. Contingencies**

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

Claims have been filed against the organization for incidents which arose in the ordinary course of business. In the opinion of management and legal council, the outcome of the claim will not be significant. Should any loss result from the resolution of the claims, such losses will be expensed to operations in the year of resolution.

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### **14. Operations and School Boards**

Taxation, other revenues and requisitions for the school boards amounting to \$1,563,279 (2011 - \$1,535,976) are not reflected in these financial statements.

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# Corporation of the Municipality of Red Lake

## Notes to Consolidated Financial Statements

December 31, 2012

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### 15. Public Sector Salary Disclosure

The following is provided in connection with salary disclosure requirements as defined in the Public Sector Salary Disclosure Act, 1996,

	<u>Salary</u>	<u>Benefits</u>
Brian Anderson, Chief Administrative Officer	\$115,452	\$ 521

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### 16. 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 Municipality 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 or extinguishment 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.

#### **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.

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

**December 31, 2012**

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**16. Segmented Information - continued**

**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 and Archives Board are also in this segment.

**Planning and Development**

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

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

Taxation revenues have been apportioned based on percentage of expenditures with the exception of water and sewer services which 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	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
<b>For the year ended December 31, 2012</b>									
Revenue									
Taxation	\$ 730,838	\$ 1,255,019	\$ 1,720,754	\$ 340,967	\$ 238,392	\$ 995,722	\$ 836,430	\$ 193,864	\$ 6,311,986
Fees and User Charges	167,951	-	1,042,116	2,899,551	12,826	522,649	346,997	-	4,992,090
Canada Grants	9,000	-	382,631	-	-	-	20,217	2,700,000	3,111,948
Ontario Grants	2,022,602	95,625	225,140	157,745	-	794,361	-	4,900,000	8,195,473
Other Income	50,341	139,695	118,530	23,486	16,421	68,588	236,954	13,354	667,369
	2,980,732	1,490,339	3,489,171	3,421,749	267,639	2,381,320	1,440,598	7,807,218	23,278,766
Expenditures									
Wages and Benefits	971,779	337,487	1,008,163	199,930	10,614	1,110,336	934,833	192,081	4,765,223
Long Term Debt Interest	5,025	15,866	274,526	194,837	1,105	6,738	14,921	128,021	641,039
Materials	225,761	190,045	503,593	159,711	4,148	54,854	459,494	9,939	1,607,545
Contracted Services	281,141	2,135,059	719,400	1,973,785	7,876	100,356	119,828	7,670,979	13,008,424
Rents and Financial Expenses	162,089	47,394	126,256	71,428	14,306	46,444	105,051	459	573,427
External Transfers	-	-	-	-	474,644	853,504	-	-	1,328,148
Amortization	25	100,403	1,243,133	1,007,855	24,155	70,097	249,481	35,097	2,730,246
	1,645,820	2,826,254	3,875,071	3,607,546	536,848	2,242,329	1,883,608	8,036,576	24,654,052
Excess Net Revenue (Expense)	\$ 1,334,912	\$ (1,335,915)	\$ (385,900)	\$ (185,797)	\$ (269,209)	\$ 138,991	\$ (443,010)	\$ (229,358)	\$ (1,375,286)
<b>For the Year Ended December 31, 2011</b>									
Revenue									
Taxation	\$ 713,171	\$ 1,168,459	\$ 1,712,946	\$ 407,934	\$ 240,921	\$ 1,033,946	\$ 865,738	\$ 166,419	\$ 6,309,534
Fees and user charges	129,047	85,686	1,072,962	2,454,513	15,749	460,886	413,829	7,280	4,639,952
Canada Grants	37,999	-	292,845	34,000	-	-	(55)	1,009,894	1,374,683
Ontario Grants	1,812,000	101,312	1,276,956	287,780	-	857,243	-	-	4,335,291
Other Income	886,090	32,060	-	24,633	1,325	7,865	26,129	30,554	1,008,656
	3,578,307	1,387,517	4,355,709	3,208,860	257,995	2,359,940	1,305,641	1,214,147	17,668,116
Expenditures									
Wages and Benefits	651,923	369,361	1,016,082	210,255	10,102	1,140,849	954,317	183,366	4,536,255
Long Term Debt Interest	4,845	13,741	197,855	159,553	1,335	8,629	17,059	111,682	514,699
Materials	553,341	142,785	504,234	204,491	6,373	52,047	484,549	13,948	1,961,768
Contracted Services	199,442	1,858,432	747,917	2,129,947	5,190	111,646	72,564	10,741	5,135,879
Rents and Financial Expenses	141,376	61,504	131,267	75,200	25,367	58,824	104,884	8,144	606,566
External Transfers	-	-	-	-	451,137	805,167	-	-	1,256,304
Amortization	2,809	99,817	1,134,522	864,221	25,373	75,424	252,751	34,684	2,489,601
	1,553,736	2,545,640	3,731,877	3,643,667	524,877	2,252,586	1,886,124	362,565	16,501,072
Excess Net Revenue (Expense)	\$ 2,024,571	\$ (1,158,123)	\$ 623,832	\$ (434,807)	\$ (266,882)	\$ 107,354	\$ (580,483)	\$ 851,582	\$ 1,167,044

\* Includes revenue from the Ontario Municipal Partnership Fund.