

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2011**

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Tel: 807 625 4444
Fax: 807 623 8460
www.bdo.ca

BDO Canada LLP
1095 Barton Street
Thunder Bay ON P7B 5N3 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers The Corporation of the Township of Red Rock

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Red Rock, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 overall presentation of the financial statements.

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

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

The Township has not determined the liabilities which will be associated with the closure and post-closure costs of its solid waste disposal facilities and, consequently, no provision for these liabilities has been made in these financial statements. Canadian public sector accounting standards require that a provision for closure and post-closure costs be provided for in the financial statements. This is a result of a decision taken by management in a prior year. Since we have been unable to obtain satisfactory evidence as to these liabilities, we are unable to estimate the related effect on liabilities, annual surplus and accumulated surplus for the years ended December 31, 2011 and 2010. Our audit opinion on the financial statements for the year end December 31, 2010 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Red Rock as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 21, 2012

**The Corporation of the Township of Red Rock
Consolidated Statement of Financial Position**

December 31	2011	2010
Financial assets		
Cash (Note 1)	\$ 1,854,625	\$ 3,121,413
Short term investments (Note 2)	260,169	251,359
Taxes receivable	449,569	1,169,805
Accounts and grants receivable	846,418	166,035
User charges receivable	21,608	21,135
Due from School Boards	-	59
	<u>3,432,389</u>	<u>4,729,806</u>
Financial liabilities		
Accounts payable and accrued liabilities	201,712	213,854
Vested sick leave (Note 3)	79,827	67,148
Deferred revenue	78,165	131,315
	<u>359,704</u>	<u>412,317</u>
Net financial assets	<u>3,072,685</u>	<u>4,317,489</u>
Non-financial assets		
Tangible capital assets (Note 4)	10,793,948	9,513,830
Prepaid expenses and inventories of supplies	43,772	53,825
	<u>10,837,720</u>	<u>9,567,655</u>
Accumulated surplus (Note 5)	<u>\$ 13,910,405</u>	<u>\$ 13,885,144</u>

_____ Treasurer

_____ Mayor

The Corporation of the Township of Red Rock Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Note 10)		
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 769,186	\$ 770,439	\$ 717,491
Commercial and industrial taxation	408,954	526,611	392,315
Taxation from other governments	58,731	84,484	39,878
Water and sewer billings	222,377	200,597	228,392
Other fees and service charges	123,427	190,334	233,610
Government grants - Federal	819,548	463,919	322,319
Government grants - Provincial	2,093,122	1,689,702	910,154
Permits, licenses and fines	13,450	172,570	113,861
Investment income	15,100	55,273	45,729
	<u>4,523,895</u>	<u>4,153,929</u>	<u>3,003,749</u>
Expenses (Note 6)			
General government	1,058,554	2,303,705	1,087,664
Protection services	370,184	349,684	403,157
Transportation services	481,980	391,460	354,387
Environmental services	433,826	401,607	406,279
Health services	53,332	53,217	55,983
Social and family services	97,088	95,715	118,428
Recreation and cultural services	390,576	438,253	389,099
Planning and development	154,411	95,027	105,991
	<u>3,039,951</u>	<u>4,128,668</u>	<u>2,920,988</u>
Annual surplus	1,483,944	25,261	82,761
Accumulated surplus, beginning of year	<u>13,885,144</u>	<u>13,885,144</u>	<u>13,802,383</u>
Accumulated surplus, end of year	<u>\$ 15,369,088</u>	<u>\$ 13,910,405</u>	<u>\$ 13,885,144</u>

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

**The Corporation of the Township of Red Rock
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Note 10)		
Annual surplus	\$ 1,483,944	\$ 25,261	\$ 82,761
Acquisition of tangible capital assets	-	(1,784,905)	(623,332)
Amortization of tangible capital assets	476,795	504,787	476,795
Gain on sale of tangible capital assets	-	-	(38,450)
Proceeds on sale of tangible capital assets	-	-	72,800
	<u>1,960,739</u>	<u>(1,254,857)</u>	<u>(29,426)</u>
Change in prepaid expenses and inventory of supplies	-	10,053	(15,657)
Net change in net financial assets	1,960,739	(1,244,804)	(45,083)
Net financial assets, beginning of year	<u>4,317,489</u>	<u>4,317,489</u>	<u>4,362,572</u>
Net financial assets, end of year	<u>\$ 6,278,228</u>	<u>\$ 3,072,685</u>	<u>\$ 4,317,489</u>

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

The Corporation of the Township of Red Rock Consolidated Statement of Cash Flows

For the year ended December 31	2011	2010
Operating transactions		
Annual surplus	\$ 25,261	\$ 82,761
Items not involving cash		
Amortization	504,787	476,795
Loss (gain) on disposal of tangible capital assets	-	(38,450)
Changes in non-cash operating balances		
Taxes receivable	720,236	(474,214)
Accounts and grants receivable	(680,383)	492,602
Due from school boards	59	1,054
User charges receivable	(473)	(3,482)
Prepaid expenses and inventories of supplies	10,053	(15,657)
Accounts payable and accrued liabilities	(12,142)	60,621
Vested sick leave	12,679	(42,360)
Deferred revenue	(53,150)	1,963
	<u>526,927</u>	<u>541,633</u>
Capital transactions		
Acquisition of tangible capital assets	(1,784,905)	(623,332)
Proceeds on sale of tangible capital assets	-	72,800
	<u>(1,784,905)</u>	<u>(550,532)</u>
Investing transactions		
Proceeds (loss) on disposition of short term investments	(8,810)	343,488
Increase (decrease) in cash and cash equivalents	(1,266,788)	334,589
Cash, beginning of year	<u>3,121,413</u>	<u>2,786,824</u>
Cash, end of year	<u>\$ 1,854,625</u>	<u>\$ 3,121,413</u>

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

The Corporation of the Township of Red Rock Summary of Significant Accounting Policies

December 31, 2011

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

The consolidated financial statements of the Township are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the Township of Red Rock (the "Township") is a municipality in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Township provides municipal services such as protection, public works, planning, recreation and other general government services.

Reporting Entity

The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township. The following entities have been consolidated:

Waterworks Utility
Red Rock Public Library Board

All inter-entity transactions and balances have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Township and the resulting interest income and expenditures.

A government partnership exists where the Township has shared control over the board or entity. The Township's pro-rata share of the assets, liabilities, revenues and expenditures is reflected in the financial statements using the proportionate consolidation method. There are no joint local boards accounted for in this manner in these financial statements.

The Township contributes to the following joint local board, which are not proportionately consolidated in these statements:

Thunder Bay District Health Unit
Thunder Bay Area Emergency Measures Organization
Thunder Bay District Social Services Administration Board

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Short Term Investments

Portfolio investments are recorded at cost unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value.

The Corporation of the Township of Red Rock Summary of Significant Accounting Policies (cont'd)

December 31, 2011

Inventories	Inventories held for consumption are recorded at the lower of cost or replacement value.																		
Accounting for School Board Transactions	The Township collects taxation revenue on behalf of the school boards. The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these consolidated financial statements. Education taxes collected by the Township and over-remitted or not remitted to the respective school boards as at December 31 are reported on the consolidated balance sheet as due to/from school boards.																		
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 assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">3 to 40 years</td> </tr> <tr> <td>Linear assets</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 75 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Other, including collections</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p>	Land improvements	-	20 years	Buildings	-	15 to 60 years	Equipment	-	3 to 40 years	Linear assets	-	15 to 75 years	Vehicles	-	5 to 20 years	Other, including collections	-	10 years
Land improvements	-	20 years																	
Buildings	-	15 to 60 years																	
Equipment	-	3 to 40 years																	
Linear assets	-	15 to 75 years																	
Vehicles	-	5 to 20 years																	
Other, including collections	-	10 years																	
Trust Funds	Any funds held in trust by the Township, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.																		
Retirement Benefits and Other Employee Benefit Plans	The Township 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 Township records pension expense when contributions are due.																		

The Corporation of the Township of Red Rock Summary of Significant Accounting Policies (cont'd)

December 31, 2011

Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for water and sewer usage are recorded as user fees on the basis of consumption. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of goods and services are recognized when title is transferred or the services are rendered. Other revenue is recognized on an accrual basis.</p>
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, and landfill closure and post closure liabilities.

The Corporation of the Township of Red Rock Notes to Consolidated Financial Statements

December 31, 2011

1. Cash

The Township's bank accounts earn interest monthly at an effective interest rate of prime less 1.5%. The prime rate was 3% at December 31, 2011.

2. Short Term Investments

Short term investments have a market value of \$259,596 (2010 - \$248,928) and are comprised of an O.N.E. Bond Fund and an O.N.E. Money Market Fund with effective interest rates of 3.41% to 3.43% (2010 - 3.53% to 3.54%). Interest is accrued on a monthly basis. Fair value is considered to approximate market value.

3. Vested Sick Leave Liability

Under the sick leave benefits plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated days, to the extent that they have vested and may be taken in cash by an employee on retirement, amounted to \$79,827 (2010 - \$67,148) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2012	\$	28,224
Subsequent to 2013		51,603
		79,827
	\$	79,827

**The Corporation of the Township of Red Rock
Notes to Consolidated Financial Statements**

December 31, 2011

4. Tangible Capital Assets

	Land Improvements	Land	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under Construction	2011 Total
Cost, beginning of year	\$ 1,357,516	\$ 658,197	\$ 4,128,281	\$ 3,040,997	\$ 7,594,584	\$ 1,254,153	\$ 386,738	\$ -	\$ 18,420,466
Additions	-	-	100,281	63,041	226,664	20,405	9,119	1,365,395	1,784,905
Cost, end of year	1,357,516	658,197	4,228,562	3,104,038	7,821,248	1,274,558	395,857	1,365,395	20,205,371
Accumulated amortization, beginning of year	-	449,627	2,269,772	1,427,983	3,642,966	779,077	337,211	-	8,906,636
Amortization	-	32,531	90,653	148,735	163,479	60,523	8,866	-	504,787
Accumulated amortization, end of year	-	482,158	2,360,425	1,576,718	3,806,445	839,600	346,077	-	9,411,423
Net carrying amount, end of year	\$ 1,357,516	\$ 176,039	\$ 1,868,137	\$ 1,527,320	\$ 4,014,803	\$ 434,958	\$ 49,780	\$ 1,365,395	\$ 10,793,948

**The Corporation of the Township of Red Rock
Notes to Consolidated Financial Statements**

December 31, 2011

4. Tangible Capital Assets (cont'd)

	Land Improvements	Land	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under construction	2010 Total
Cost, beginning of year	\$ 1,375,616	\$ 612,085	\$ 3,687,875	\$ 2,314,955	\$ 7,546,821	\$ 1,254,153	\$ 376,688	\$ 775,556	\$ 17,943,749
Additions	-	46,112	568,921	726,042	47,763	-	10,050	(775,556)	623,332
Disposals	(18,100)	-	(128,515)	-	-	-	-	-	(146,615)
Cost, end of year	1,357,516	658,197	4,128,281	3,040,997	7,594,584	1,254,153	386,738	-	18,420,466
Accumulated amortization, beginning of year	-	418,714	2,302,141	1,297,647	3,479,333	717,557	326,714	-	8,542,106
Amortization	-	30,913	79,896	130,336	163,633	61,520	10,497	-	476,795
Disposals	-	-	(112,265)	-	-	-	-	-	(112,265)
Accumulated amortization, end of year	-	449,627	2,269,772	1,427,983	3,642,966	779,077	337,211	-	8,906,636
Net carrying amount, end of year	\$ 1,357,516	\$ 208,570	\$ 1,858,509	\$ 1,613,014	\$ 3,951,618	\$ 475,076	\$ 49,527	\$ -	\$ 9,513,830

The Corporation of the Township of Red Rock Notes to Consolidated Financial Statements

December 31, 2011

5. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2011</u>	<u>2010</u>
Investment in tangible capital assets	\$ 10,793,948	\$ 9,513,830
Current funds to be applied to operations of local boards for the following year	20,443	8,892
Reserves set aside for specific purpose by Council:		
Working capital	895,869	1,968,186
Sewer and water	63,853	63,852
Reserve funds:		
Forest fire costs	63,131	60,963
Project Revenue	5,587	5,504
Employee retirement costs	(2,554)	8,972
Administrative capital expenditure	65,982	64,998
Recreational capital expenditure	94,020	115,147
Library capital expenditure	10,109	9,959
Public works capital expenditure	379,154	402,270
Protection to persons and property	227,813	224,414
Tax refunds	304,394	386,982
Water capital expenditure	777,079	801,430
Sewer capital expenditure	105,997	145,741
Unconditional grants	105,580	104,004
	<u>\$ 13,910,405</u>	<u>\$ 13,885,144</u>

The Corporation of the Township of Red Rock Notes to Consolidated Financial Statements

December 31, 2011

6. Expenses By Object

	Budget 2011	2011	2010
Salaries, wages and employee benefits	\$ 1,041,599	\$ 1,015,464	\$ 1,059,432
Materials and supplies	857,683	720,124	678,348
Contracted services	421,266	450,723	538,026
Rents and financial expenses	82,870	62,822	23,784
Provision for doubtful taxes receivable	-	1,250,597	-
Outside transfers	64,088	69,871	89,583
Donations	12,500	-	-
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	20,332	20,332	21,234
Thunder Bay Area Emergency Measures Organization	1,825	1,063	1,825
Thunder Bay District Social Services Administration Board	33,000	32,885	31,961
Amortization	504,788	504,787	476,795
	\$ 3,039,951	\$ 4,128,668	\$ 2,920,988

7. Employee Benefits Plan Liability

The Township contributes to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by employees based on length of service and rates of pay. The amount contributed to OMERS for 2011 was approximately \$88,631 (2010 - \$78,917) for current year service and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

8. Policing

The Township has entered into an agreement for policing service from the Ontario Provincial Police effective September 1, 2010 and continuing until August 31, 2015. The annual cost for providing this service will be based upon the Province of Ontario's budgeted expenses for the Township.

The Corporation of the Township of Red Rock Notes to Consolidated Financial Statements

December 31, 2011

9. Public Sector Salary Disclosure Act

For 2011, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

10. Budget

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2011 budget amounts for the Township approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statements.

11. Segmented Information

The Corporation of the Township of Red Rock is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

a) General Government

This area relates to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

b) Protection Services

Protection is comprised of police services, fire protection and ambulance services. The police services work is to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

c) Transportation Services

Transportation is responsible for providing the Municipality's road maintenance services.

d) Environmental Services

Environmental services provides waste disposal services to citizens, as well as maintaining the Municipality's sewer and drinking water systems. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards.

The Corporation of the Township of Red Rock Notes to Consolidated Financial Statements

December 31, 2011

11. Segmented Information (cont'd)

e) Health Services

Health services are comprised of public health services, which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and the community.

f) Social and Family Services

Social service provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need.

g) Recreational and Cultural Services

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational and cultural programs, such as, swimming and skating lessons and English as a second language are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

h) Planning and Development

This department provides a number of services including municipal planning, maintenance and enforcement of building and construction codes, and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Corporation of the Township of Red Rock
Notes to Consolidated Financial Statements

December 31, 2011

11. Segmented Information (cont'd)

Expenses	Protection to Persons		Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2011 Total
	General Government	Property and Transportation Services					
Salaries, wages and employee benefits	\$ 302,227	\$ 48,055	\$ -	\$ -	\$ 153,849	\$ 40,018	\$ 1,015,464
Materials and supplies	110,627	32,533	-	-	265,439	51,081	720,124
Contracted services	99,873	260,572	32,886	-	5,500	3,928	450,723
Rents and financial	28,552	7,461	-	-	13,465	-	62,822
Provision for doubtful taxes	1,250,597	-	-	-	-	-	1,250,597
receivable Outside	7,042	1,063	20,331	95,715	-	-	124,151
transfers	504,787	-	-	-	-	-	504,787
Amortization							
	\$ 2,303,705	\$ 349,684	\$ 53,217	\$ 95,715	\$ 438,253	\$ 95,027	\$ 4,128,668

The Corporation of the Township of Red Rock
Notes to Consolidated Financial Statements

December 31, 2011

11. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2010 Total
Expenses									
Salaries, wages and employee benefits	\$ 401,529	\$ 47,119	\$ 255,106	\$ 194,165	\$ -	\$ -	\$ 133,344	\$ 28,169	\$ 1,059,432
Materials and supplies	61,412	27,360	118,354	159,435	909	-	236,948	73,930	678,348
Contracted services	112,627	319,363	21,223	43,246	31,962	-	5,713	3,892	538,026
Rents and financial	32,184	7,490	(40,296)	9,433	1,879	-	13,094	-	23,784
Outside transfers	3,117	1,825	-	-	21,233	118,428	-	-	144,603
Amortization	476,795	-	-	-	-	-	-	-	476,795
	<u>\$1,087,664</u>	<u>\$ 403,157</u>	<u>\$ 354,387</u>	<u>\$ 406,279</u>	<u>\$ 55,983</u>	<u>\$ 118,428</u>	<u>\$ 389,099</u>	<u>\$ 105,991</u>	<u>\$ 2,920,988</u>



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BDO Canada LLP
1095 Barton Street
Thunder Bay ON P7B 5N3 Canada

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Independent Auditor's Comments on Supplementary Financial Information

**To the Members of Council, Inhabitants and Ratepayers
The Corporation of the Township of Red Rock**

We have audited the consolidated financial statements of The Corporation of the Township of Red Rock, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated August 21, 2012 which contained a qualified opinion on those financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. The supplementary financial information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 21, 2012

The Corporation of the Township of Red Rock Schedule of Current Fund Operations

For the year ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Note 10)		
Revenue			
Residential and farm taxation	\$ 769,186	\$ 770,439	\$ 717,491
Commercial and industrial taxation	408,954	526,611	392,315
Taxation from other governments	58,731	84,484	39,878
Water and sewer billings	222,377	200,597	228,392
Other fees and service charges	123,427	190,334	233,610
Government of Canada grants	819,548	463,919	322,319
Province of Ontario grants	2,093,122	1,689,702	910,154
Permits and late penalty charges	13,450	172,570	113,861
Investment income	15,100	55,273	45,729
	4,523,895	4,153,929	3,003,749
Expenses			
General government	553,766	2,303,705	1,087,664
Protection to persons and property	370,184	349,684	403,157
Transportation services	344,980	391,460	354,387
Environmental services	426,364	401,607	406,279
Health services	53,332	53,217	55,983
Social and family services	97,088	95,715	118,428
Recreational and cultural services	390,576	438,253	389,099
Planning and development	154,411	95,027	105,991
	2,390,701	4,128,668	2,920,988
Net revenue, for the year	2,133,194	25,261	82,761
Financing and transfers			
Transfers to reserves and reserve funds	(65,215)	(509,130)	(383,275)
Transfers from reserves and reserve funds	677,108	1,775,538	414,392
	611,893	1,266,408	31,117
Change in fund balance, for the year	2,745,087	1,291,669	113,878
Current fund, beginning of the year	9,522,722	9,522,722	9,408,844
Current fund, end of the year	\$ 12,267,809	\$ 10,814,391	\$ 9,522,722

**The Corporation of the Township of Red Rock
Consolidated Schedule of Reserves and Reserve Funds**

For the year ended December 31	2011	2010
Reserves		
Balance, beginning of year	\$ 2,032,038	\$ 1,838,671
Transfers to/from other funds		
Contributions to current operations	(1,250,000)	-
Contributions from current operations	177,684	193,367
	(1,072,316)	193,367
Balance, end of year	\$ 959,722	\$ 2,032,038
Reserve Funds		
Balance, beginning of year	\$ 2,330,384	\$ 2,554,868
Transfers from other funds		
Contributions from current operations	305,319	115,870
Interest earned	38,806	31,678
Change in vested sick leave liability	(12,679)	42,360
	331,446	189,908
Transfers to other funds		
Contributions to current operations	525,538	414,392
Balance, end of year	\$ 2,136,292	\$ 2,330,384

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

The Corporation of the Township of Red Rock Schedule of Water Operations

For the year ended December 31	2011	2010
Revenue		
Residential/Commercial	\$ 116,324	\$ 127,395
Industrial	-	3,718
Grants	30,161	30,161
Other	5,612	18,872
	<u>152,097</u>	<u>180,146</u>
Expenses		
Administration	21,443	21,502
Generating plant	36,916	36,079
Hydrants	5,107	7,250
Laterals	7,892	14,465
Mains	6,936	1,872
Meter reading	37	78
Plant	127,722	129,701
Pumping stations	1,181	1,200
Tower	3,799	8,635
	<u>211,033</u>	<u>220,782</u>
Deficiency of revenue over expenses for the year before amortization	(58,936)	(40,636)
Amortization		
Pumping station	15,551	15,697
Plant	94,005	94,098
Mains	6,578	6,433
Hydrants	910	890
Tower	15,877	15,877
Generating plant	960	960
	<u>133,881</u>	<u>133,955</u>
Deficiency of revenue over expenses for the year	\$ (192,817)	\$ (174,591)

The Corporation of the Township of Red Rock Schedule of Sewer Operations

For the year ended December 31	2011	2010
Revenue		
Residential/Commercial	\$ 83,627	\$ 94,020
Industrial	-	2,720
Other	645	7,751
	84,272	104,491
Expenses		
Laterals	2,285	6,451
Mains	1,352	126
Plant	75,842	89,114
Pumping station	711	927
	80,190	96,618
Excess of revenue over expenses for the year before amortization	4,082	7,873
Amortization		
Mains	22,305	22,003
Plants	9,677	9,676
	31,982	31,679
Deficiency of revenue over expenses for the year	\$ (27,900)	\$ (23,806)