

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2012**

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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, 2012 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, 2012 and 2011. Our audit opinion on the financial statements for the year ended December 31, 2011 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, 2012 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
July 15, 2013

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

December 31	2012	2011
Financial assets		
Cash (Note 1)	\$ 874,282	\$ 1,854,625
Short term investments (Note 2)	268,452	260,169
Taxes receivable	508,928	449,569
Accounts and grants receivable	327,121	846,418
User charges receivable	22,051	21,608
	<u>2,000,834</u>	<u>3,432,389</u>
Liabilities		
Accounts payable and accrued liabilities	218,404	201,712
Vested sick leave (Note 3)	89,593	79,827
Deferred revenue	112,221	78,165
	<u>420,218</u>	<u>359,704</u>
Net financial assets	<u>1,580,616</u>	<u>3,072,685</u>
Non-financial assets		
Tangible capital assets (Note 4)	12,463,629	10,793,948
Prepaid expenses and inventories of supplies	44,531	43,772
	<u>12,508,160</u>	<u>10,837,720</u>
Accumulated surplus (Note 5)	<u>\$ 14,088,776</u>	<u>\$ 13,910,405</u>

_____ Treasurer

_____ Mayor

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

For the year ended December 31	2012 Budget	2012 Actual	2011 Actual
	(Note 10)		
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 830,306	\$ 832,436	\$ 770,439
Commercial and industrial taxation	579,422	546,208	526,611
Taxation from other governments	67,893	63,357	84,484
Water and sewer billings	223,060	199,090	200,597
Other fees and service charges	136,753	148,484	190,334
Government grants - Federal	503,399	221,709	463,919
- Provincial	1,291,222	1,274,368	1,689,702
Permits, licenses and fines	13,550	229,333	172,570
Investment income	15,150	37,658	55,273
	3,660,755	3,552,643	4,153,929
Expenses (Note 6)			
General government	582,148	1,134,069	1,803,690
Protection services	435,618	366,274	374,216
Transportation services	664,042	570,715	536,266
Environmental services	604,176	549,623	570,950
Health services	55,332	53,970	53,217
Social and family services	96,792	93,817	95,715
Recreation and cultural services	569,136	503,607	599,587
Planning and development	130,522	102,197	95,027
	3,137,766	3,374,272	4,128,668
Annual surplus	522,989	178,371	25,261
Accumulated surplus, beginning of year	13,910,405	13,910,405	13,885,144
Accumulated surplus, end of year	\$ 14,433,394	\$ 14,088,776	\$ 13,910,405

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

<u>For the year ended December 31</u>	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	(Note 10)		
Annual surplus	\$ 522,989	\$ 178,371	\$ 25,261
Acquisition of tangible capital assets	(1,432,364)	(2,179,513)	(1,784,905)
Amortization of tangible capital assets	504,787	509,832	504,787
	<u>(404,588)</u>	<u>(1,491,310)</u>	<u>(1,254,857)</u>
Change in prepaid expenses and inventory of supplies	-	(759)	10,053
Net change in net financial assets	(404,588)	(1,492,069)	(1,244,804)
Net financial assets, beginning of year	3,072,685	3,072,685	4,317,489
Net financial assets, end of year	<u>\$ 2,668,097</u>	<u>\$ 1,580,616</u>	<u>\$ 3,072,685</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	2012	2011
Operating transactions		
Annual surplus	\$ 178,371	\$ 25,261
Item not involving cash		
Amortization	509,832	504,787
Changes in non-cash operating balances		
Taxes receivable	(59,359)	720,236
Accounts and grants receivable	519,297	(680,383)
Due from school boards	-	59
User charges receivable	(443)	(473)
Prepaid expenses and inventories of supplies	(759)	10,053
Accounts payable and accrued liabilities	16,692	(12,142)
Vested sick leave	9,766	12,679
Deferred revenue	34,056	(53,150)
	<u>1,207,453</u>	<u>526,927</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(2,179,513)</u>	<u>(1,784,905)</u>
Investing transactions		
Purchase of short term investments	<u>(8,283)</u>	<u>(8,810)</u>
Decrease in cash for the year	(980,343)	(1,266,788)
Cash, beginning of year	<u>1,854,625</u>	<u>3,121,413</u>
Cash, end of year	<u>\$ 874,282</u>	<u>\$ 1,854,625</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, 2012

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 boards, 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
Superior North Emergency Medical Services
Township of Red Rock Police Services 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, 2012

Inventories	Inventories held for consumption are recorded at the lower of cost and net realizable 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: center;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: center;">-</td> <td style="text-align: right;">3 to 40 years</td> </tr> <tr> <td>Linear assets</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15 to 75 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: center;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Other, including collections</td> <td style="text-align: center;">-</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, 2012

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, 2012

1. Cash

The Township's bank accounts earn interest at an effective interest rate of 0.015%.

The Township's credit facilities include a \$300,000 overdraft protection which carries interest at prime plus 0.75%. As at December 31, 2012, the Township utilized \$nil (2011 - \$nil) of this facility. The prime rate was 4% at December 31, 2012.

2. Short Term Investments

Short term investments have a market value of \$263,630 (2011 - \$259,596) and are comprised of two O.N.E. Bond Funds with effective interest rates of 3.11% to 3.12% (2011 - 3.41% to 3.43%). 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 \$89,593 (2012 - \$79,827) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2013	\$	28,512
Subsequent to 2013		61,081
		89,593
		89,593

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

December 31, 2012

4. Tangible Capital Assets

	Land Improvements	Land	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under Construction	2012 Total
Cost, beginning of year	\$ 658,197	\$ -	\$ 4,228,562	\$ 3,104,038	\$ 7,821,248	\$ 1,274,558	\$ 395,857	\$ 1,365,395	\$ 20,205,371
Additions	164,400	-	-	49,785	27,165	24,371	18,135	1,895,657	2,179,513
Disposals and write downs	-	-	-	-	-	(40,970)	(9,164)	-	(50,134)
Cost, end of year	1,357,516	822,597	4,228,562	3,153,823	7,848,413	1,257,959	404,828	3,261,052	22,334,750
Accumulated amortization, beginning of year	-	482,158	2,360,425	1,576,718	3,806,445	839,600	346,077	-	9,411,423
Amortization	-	39,244	89,711	148,225	157,795	61,791	13,066	-	509,832
Disposals and write downs	-	-	-	-	-	(40,970)	(9,164)	-	(50,134)
Accumulated amortization, end of year	-	521,402	2,450,136	1,724,943	3,964,240	860,421	349,979	-	9,871,121
Net carrying amount, end of year	\$ 1,357,516	\$ 301,195	\$ 1,778,426	\$ 1,428,880	\$ 3,884,173	\$ 397,538	\$ 54,849	\$ 3,261,052	\$ 12,463,629

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

December 31, 2012

4. Tangible Capital Assets (cont'd)

	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, 2012

5. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2012</u>	<u>2011</u>
Investment in tangible capital assets	\$ 12,463,629	\$ 10,793,948
Current funds to be applied to operations of local boards for the following year	20,304	20,443
Reserves set aside for specific purpose by Council:		
Working capital	(400,759)	895,869
Sewer and water	63,853	63,853
Reserve funds:		
Forest fire costs	65,169	63,131
Project Remove	5,671	5,587
Employee retirement costs	(11,153)	(2,554)
Administrative capital expenditure	58,266	65,982
Recreational capital expenditure	55,213	94,020
Library capital expenditure	10,262	10,109
Public works capital expenditure	349,607	379,154
Protection to persons and property	211,174	227,813
Tax refunds	304,460	304,394
Water capital expenditure	785,482	777,079
Sewer capital expenditure	107,598	105,997
Unconditional grants	-	105,580
	<u>\$ 14,088,776</u>	<u>\$ 13,910,405</u>

6. Expenses By Object

	<u>Budget 2012</u>	<u>2012</u>	<u>2011</u>
Salaries, wages and employee benefits	\$ 1,088,639	\$ 1,062,094	\$ 1,015,464
Materials and supplies	885,547	592,025	718,687
Contracted services	451,306	402,840	450,723
Rents and financial expenses	78,962	65,311	64,259
Provision for doubtful taxes receivable	-	623,775	1,250,597
Outside transfers	61,792	62,597	69,871
Donations	10,000	-	-
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	20,332	20,332	20,332
Thunder Bay Area Emergency Measures Organization	1,400	1,828	1,063
Thunder Bay District Social Services Administration Board	35,000	33,638	32,885
Amortization	504,788	509,832	504,787
	<u>\$ 3,137,766</u>	<u>\$ 3,374,272</u>	<u>\$ 4,128,668</u>

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

December 31, 2012

7. Employee Benefits Plan Liability

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its full time staff. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan). The most recent actuarial valuation of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$69.1 billion (\$64.5 billion in 2011) in respect of benefits accrued for service with actuarial assets at that date of \$59.2 billion (\$57.3 billion in 2011) indicating an actuarial deficit of \$9.9 billion (\$7.3 billion in 2011). Because OMERS is a multi-employer Plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS with respect of the employee and employer portions for 2013 was \$105,609 (\$88,631 in 2011), which is included as an expenditure 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.

9. Public Sector Salary Disclosure Act

For 2012, 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 2012 budget amounts for the Township approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statements.

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2012

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.

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.

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

December 31, 2012

11. Segmented Information (cont'd)

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, 2012

11. Segmented Information (cont'd)

Expenses	Protection to Persons		Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2012 Total
	General Government	Property and Transportation Services					
Salaries, wages and employee benefits	\$ 326,380	\$ 46,746	\$ -	\$ -	\$ 151,576	\$ 50,588	\$ 1,062,093
Materials and supplies	64,534	36,002	-	-	167,694	48,661	592,025
Contracted services	69,405	255,927	33,638	-	5,500	2,948	402,840
Rents and financial provision for doubtful taxes	31,930	7,469	-	-	9,624	-	65,311
receivable	623,775	-	-	-	-	-	623,775
Outside transfers	2,418	1,828	20,332	93,817	-	-	118,395
Amortization	15,627	18,302	-	-	169,213	-	509,833
	\$ 1,134,069	\$ 366,274	\$ 53,970	\$ 93,817	\$ 503,607	\$ 102,197	\$ 3,374,272

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

December 31, 2012

11. Segmented Information (cont'd)

Expenses	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2011 Total
Salaries, wages and employee benefits	\$ 302,227	\$ 48,055	\$ 281,765	\$ 189,550	\$ -	\$ -	\$ 153,849	\$ 40,018	\$ 1,015,464
Materials and supplies	102,899	34,996	102,894	161,378	-	-	265,439	51,081	718,687
Contracted services	99,803	260,572	7,275	40,759	32,886	-	5,500	3,928	450,723
Rents and financial provision for doubtful taxes	28,552	7,461	1,381	13,400	-	-	13,465	-	64,259
receivable Outside transfers	1,250,597	-	-	-	-	-	-	-	1,250,597
Amortization	7,042	1,063	-	-	20,331	95,715	-	-	124,151
	12,570	22,069	142,951	165,863	-	-	161,334	-	504,787
	\$ 1,803,690	\$ 374,216	\$ 536,266	\$ 570,950	\$ 53,217	\$ 95,715	\$ 599,587	\$ 95,027	\$ 4,128,668

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, 2012 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 July 15, 2013, 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
July 15, 2013

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

For the year ended December 31	2012 Budget	2012 Actual	2011 Actual
	(Note 10)		
Revenue			
Residential and farm taxation	\$ 830,306	\$ 832,436	\$ 770,439
Commercial and industrial taxation	579,422	546,208	526,611
Taxation from other governments	67,893	63,357	84,484
Water and sewer billings	223,060	199,090	200,597
Other fees and service charges	136,753	148,484	190,334
Government of Canada grants	503,399	221,709	463,919
Province of Ontario grants	1,291,222	1,274,368	1,689,702
Permits and late penalty charges	13,550	229,333	172,570
Investment income	15,150	37,658	55,273
	3,660,755	3,552,643	4,153,929
Expenses			
General government	1,074,365	1,635,033	2,303,705
Protection to persons and property	413,549	345,173	349,684
Transportation services	521,091	427,277	391,460
Environmental services	438,313	382,351	401,607
Health services	55,332	53,970	53,217
Social and family services	96,792	93,817	95,715
Recreational and cultural services	407,802	334,455	438,253
Planning and development	130,522	102,196	95,027
	3,137,766	3,374,272	4,128,668
Net revenue, for the year	522,989	178,371	25,261
Financing and transfers			
Transfers to reserves and reserve funds	(65,396)	(883,330)	(509,130)
Transfers from reserves and reserve funds	521,845	2,374,501	1,775,538
	456,449	1,491,171	1,266,408
Change in fund balance, for the year	979,438	1,669,542	1,291,669
Current fund, beginning of the year	10,814,391	10,814,391	9,522,722
Current fund, end of the year	\$ 11,793,829	\$ 12,483,933	\$ 10,814,391

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 Schedule of Reserves and Reserve Funds**

For the year ended December 31	2012	2011
Reserves		
Balance, beginning of year	\$ 959,722	\$ 2,032,038
Transfers to/from other funds		
Contributions to current operations	(2,098,912)	(1,250,000)
Contributions from current operations	802,284	177,684
	(1,296,628)	(1,072,316)
Balance, end of year	\$ (336,906)	\$ 959,722
Reserve Funds		
Balance, beginning of year	\$ 2,136,292	\$ 2,330,384
Transfers from other funds		
Contributions from current operations	65,215	305,319
Interest earned	25,597	38,806
Change in vested sick leave liability	(9,766)	(12,679)
	81,046	331,446
Transfers to other funds		
Contributions to current operations	(275,589)	(525,538)
Balance, end of year	\$ 1,941,749	\$ 2,136,292

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	2012	2011
Revenue		
Residential/Commercial	\$ 115,507	\$ 116,324
Grants	30,161	30,161
Other	23,791	5,612
	169,459	152,097
Expenses		
Administration	21,703	21,443
Generating plant	37,636	36,916
Hydrants	4,935	5,107
Laterals	8,711	7,892
Mains	4,440	6,936
Meter reading	-	37
Plant	138,410	127,722
Pumping stations	1,114	1,181
Tower	5,038	3,799
	221,987	211,033
Deficiency of revenue over expenses for the year before amortization	(52,528)	(58,936)
Amortization		
Pumping station	15,406	15,551
Plant	95,817	94,005
Mains	7,012	6,578
Hydrants	938	910
Tower	15,877	15,877
Generating plant	960	960
	136,010	133,881
Deficiency of revenue over expenses for the year	\$ (188,538)	\$ (192,817)

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 Sewer Operations**

For the year ended December 31	2012	2011
Revenue		
Residential/Commercial	\$ 83,354	\$ 83,627
Other	16,739	645
	<u>100,093</u>	<u>84,272</u>
Expenses		
Laterals	8,739	2,285
Mains	396	1,352
Plant	85,612	75,842
Pumping station	685	711
	<u>95,432</u>	<u>80,190</u>
Excess of revenue over expenses for the year before amortization	<u>4,661</u>	<u>4,082</u>
Amortization		
Mains	23,219	22,305
Plants	9,677	9,677
	<u>32,896</u>	<u>31,982</u>
Deficiency of revenue over expenses for the year	\$ (28,235)	\$ (27,900)

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