

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2013**

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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, 2013 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, 2013 and 2012. Our audit opinion on the financial statements for the year ended December 31, 2012 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, 2013 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 14, 2014

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

December 31	2013	2012
Financial assets		
Cash (Note 2)	\$ 1,209,696	\$ 874,282
Short term investments (Note 3)	209,557	268,452
Taxes receivable	583,077	508,928
Accounts and grants receivable	63,577	327,121
User charges receivable	26,492	22,051
	<u>2,092,399</u>	<u>2,000,834</u>
Liabilities		
Accounts payable and accrued liabilities	184,568	218,404
Vested sick leave (Note 4)	99,771	89,593
Deferred revenue	169,928	112,221
Long-term debt (Note 5)	491,255	-
	<u>945,522</u>	<u>420,218</u>
Net financial assets	<u>1,146,877</u>	<u>1,580,616</u>
Non-financial assets		
Tangible capital assets (Note 6)	12,558,489	12,463,629
Prepaid expenses and inventories of supplies	49,410	44,531
	<u>12,607,899</u>	<u>12,508,160</u>
Accumulated surplus (Note 7)	<u>\$ 13,754,776</u>	<u>\$ 14,088,776</u>

_____ Treasurer _____ Mayor

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

For the year ended December 31	2013 Budget	2013 Actual	2012 Actual
	(Note 13)		
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 1,001,278	\$ 1,006,872	\$ 832,436
Commercial and industrial taxation	401,774	397,227	546,208
Taxation from other governments	67,383	67,383	63,357
Water and sewer billings	264,417	263,778	199,090
Other fees and service charges	272,669	156,707	148,484
Government grants - Federal	312,015	260,293	221,709
- Provincial	693,698	700,746	1,274,368
Permits, licenses and fines	14,100	276,218	229,333
Investment income	9,135	26,841	37,658
	<u>3,036,469</u>	<u>3,156,065</u>	<u>3,552,643</u>
Expenses (Note 8)			
General government	570,323	1,081,673	1,134,669
Protection to persons and property	405,823	345,366	365,674
Transportation services	624,991	555,457	570,715
Environmental services	613,618	561,943	549,623
Health services	56,924	49,452	53,970
Social and family services	91,047	69,603	93,817
Recreation and cultural services	698,581	765,258	503,607
Planning and development	97,832	61,313	102,197
	<u>3,159,139</u>	<u>3,490,065</u>	<u>3,374,272</u>
Annual surplus (deficit)	(122,670)	(334,000)	178,371
Accumulated surplus, beginning of year	<u>14,088,776</u>	<u>14,088,776</u>	<u>13,910,405</u>
Accumulated surplus, end of year	<u>\$ 13,966,106</u>	<u>\$ 13,754,776</u>	<u>\$ 14,088,776</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	2013 Budget	2013 Actual	2012 Actual
	(Note 13)		
Annual surplus (deficit)	\$ (122,670)	\$ (334,000)	\$ 178,371
Acquisition of tangible capital assets	(445,400)	(655,624)	(2,179,513)
Amortization of tangible capital assets	509,832	559,979	509,832
Proceeds on sale of tangible capital assets	-	785	-
	<u>(58,238)</u>	<u>(428,860)</u>	<u>(1,491,310)</u>
Change in prepaid expenses and inventory of supplies	-	(4,879)	(759)
Net change in net financial assets	(58,238)	(433,739)	(1,492,069)
Net financial assets, beginning of year	<u>1,580,616</u>	<u>1,580,616</u>	<u>3,072,685</u>
Net financial assets, end of year	<u>\$ 1,522,378</u>	<u>\$ 1,146,877</u>	<u>\$ 1,580,616</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	2013	2012
Operating transactions		
Annual surplus (deficit)	\$ (334,000)	\$ 178,371
Item not involving cash		
Amortization	559,979	509,832
Changes in non-cash operating balances		
Taxes receivable	(74,149)	(59,359)
Accounts and grants receivable	263,544	519,297
User charges receivable	(4,441)	(443)
Prepaid expenses and inventories of supplies	(4,879)	(759)
Accounts payable and accrued liabilities	(33,836)	16,692
Vested sick leave	10,178	9,766
Deferred revenue	57,707	34,056
	<u>440,103</u>	<u>1,207,453</u>
Capital transactions		
Acquisition of tangible capital assets	(655,624)	(2,179,513)
Proceeds on sale of tangible capital assets	785	-
	<u>(654,839)</u>	<u>(2,179,513)</u>
Investing transactions		
Redemption (purchase) of short term investments	<u>58,895</u>	<u>(8,283)</u>
Financing transactions		
Advances of long-term debt	500,000	-
Repayment of long-term debt	<u>(8,745)</u>	<u>-</u>
	<u>491,255</u>	<u>-</u>
Increase (decrease) in cash for the year	335,414	(980,343)
Cash, beginning of year	<u>874,282</u>	<u>1,854,625</u>
Cash, end of year	<u>\$ 1,209,696</u>	<u>\$ 874,282</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

Notes to Consolidated Financial Statements

December 31, 2013

1. Significant Accounting Policies

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 Chartered Professional Accountants Canada. 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 to persons and property, public works, planning, recreation and other general government services.
Reporting Entity	<p>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:</p> <p style="margin-left: 40px;">Waterworks Utility Red Rock Public Library Board</p> <p>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.</p> <p>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.</p> <p>The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:</p> <p style="margin-left: 40px;">Thunder Bay District Health Unit Thunder Bay Area Emergency Measures Organization Thunder Bay District Social Services Administration Board</p>
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

Notes to Consolidated Financial Statements

December 31, 2013

1. Significant Accounting Policies (cont'd)

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><tr><td>Land improvements</td><td>-</td><td>20 years</td></tr><tr><td>Buildings</td><td>-</td><td>15 to 60 years</td></tr><tr><td>Equipment</td><td>-</td><td>3 to 40 years</td></tr><tr><td>Linear assets</td><td>-</td><td>15 to 75 years</td></tr><tr><td>Vehicles</td><td>-</td><td>5 to 20 years</td></tr><tr><td>Other, including collections</td><td>-</td><td>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

Notes to Consolidated Financial Statements

December 31, 2013

1. Significant Accounting Policies (cont'd)

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>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>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>
Taxation Revenue	Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
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, 2013

2. Cash

The Township's bank accounts earn interest at an effective interest rate of 1.5%.

The Township's credit facilities include a \$300,000 overdraft protection which carries interest at prime plus 0.75%. As at December 31, 2013, the Township utilized \$nil (2012 - \$nil) of this facility. The prime rate was 4.0% at December 31, 2013.

3. Short Term Investments

Short term investments have a market value of \$201,077 (2012 - \$263,630) and is comprised of a O.N.E. Bond Fund with an effective interest rate of 2.98% (2012 - 3.11% to 3.12%). Interest is accrued on a monthly basis. Fair value is considered to approximate market value.

4. 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 \$99,771 (2012 - \$89,593) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2014	\$ 29,080
Subsequent to 2014	70,691
	<hr/>
	\$ 99,771
	<hr/>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2013

5. Long Term Debt

	<u>2013</u>	<u>2012</u>
Ontario Infrastructure Debenture		
Loan, unsecured, repayable \$17,470 semi-annually, including interest at 3.49%, maturing 2033	\$ 491,255	\$ -

Principal payments due in the next five years and thereafter are as follows:

Year	Amount
2014	\$ 17,951
2015	18,583
2016	19,237
2017	19,915
2018	20,616
Thereafter	<u>394,953</u>
	<u>\$ 491,255</u>

Total payments for the year for Ontario infrastructure debenture debt were as follows:

	<u>2013</u>
Principal payments	\$ 8,745
Interest payments	<u>8,725</u>
	<u>\$ 17,470</u>

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

December 31, 2013

6. Tangible Capital Assets

	Land	Land Improvements	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under Construction	2013 Total
Cost, beginning 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
Additions	-	-	2,940,849	801,432	66,438	9,300	65,142	(3,227,537)	655,624
Disposals and write downs	-	-	-	(792)	-	-	-	-	(792)
Cost, end of year	1,357,516	822,597	7,169,411	3,954,463	7,914,851	1,267,259	469,970	33,515	22,989,582
Accumulated amortization, beginning of year	-	521,402	2,450,136	1,724,943	3,964,240	860,421	349,979	-	9,871,121
Amortization	-	40,480	124,197	172,927	149,002	58,850	14,523	-	559,979
Disposals and write downs	-	-	-	(7)	-	-	-	-	(7)
Accumulated amortization, end of year	-	561,882	2,574,333	1,897,863	4,113,242	919,271	364,502	-	10,431,093
Net carrying amount, end of year	\$ 1,357,516	\$ 260,715	\$ 4,595,078	\$ 2,056,600	\$ 3,801,609	\$ 347,988	\$ 105,468	\$ 33,515	\$ 12,558,489

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

December 31, 2013

6. Tangible Capital Assets (cont'd)

	Land		Buildings		Equipment		Linear Assets		Vehicles		Other	Assets under construction	2012 Total
	Land	Improvements											
Cost, beginning 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				
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, 2013

7. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	2013	2012
Investment in tangible capital assets	\$ 12,558,489	\$ 12,463,629
Current funds to be applied to operations of local boards for the following year	23,014	20,304
Reserves set aside for specific purpose by Council:		
Working capital	(753,550)	(400,759)
Sewer and water	63,853	63,853
Reserve funds:		
Forest fire costs	17,075	65,169
Project Remove	5,757	5,671
Employee retirement costs	(20,147)	(11,153)
Administrative capital expenditure	59,146	58,266
Recreational capital expenditure	54,545	55,213
Library capital expenditure	10,417	10,262
Public works capital expenditure	341,110	349,607
Protection to persons and property	197,199	211,174
Tax refunds	304,528	304,460
Water capital expenditure	785,564	785,482
Sewer capital expenditure	107,776	107,598
	<u>\$ 13,754,776</u>	<u>\$ 14,088,776</u>

8. Expenses By Object

	Budget 2013	2013	2012
Salaries, wages and employee benefits	\$ 1,169,203	\$ 1,119,334	\$ 1,062,094
Materials and supplies	809,449	662,481	592,025
Contracted services	467,894	438,560	402,840
Rents and financial expenses	81,890	76,229	65,311
Provision for doubtful taxes receivable	-	539,330	623,775
Donations	7,500	2,469	2,418
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	20,424	20,255	20,332
Thunder Bay Area Emergency Measures Organization	1,900	1,825	1,828
Thunder Bay District Social Services Administration Board	91,047	69,603	93,817
Amortization	509,832	559,979	509,832
	<u>\$ 3,159,139</u>	<u>\$ 3,490,065</u>	<u>\$ 3,374,272</u>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2013

9. 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. OMERS provides pension services to more than 439,528 active and retired members and approximately 982 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$73 billion (\$69.1 billion in 2012) in respect of benefits accrued for service with actuarial assets at that date of \$64.4 billion (\$59.2 billion in 2012) indicating an actuarial deficit of \$8.6 billion (\$9.9 billion in 2012). 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 \$119,415 (\$105,609 in 2012), which is included as an expenditure on the consolidated statement of operations and accumulated surplus.

10. 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.

11. Public Sector Salary Disclosure Act

For 2013, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

12. Subsequent Event

Subsequent to the year end, the Township vested all Red Rock Mill properties and sold them for cash consideration of \$10. The Red Rock Mill taxes receivable account was written off in the amount of \$2,413,104, which is net of the amount expected to be collected from school boards.

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2013

13. 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 2013 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.

14. 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 to Persons and Property

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.

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2013

14. Segmented Information (cont'd)

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, 2013

14. 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	2013 Total
Expenses									
Salaries, wages and employee benefits	\$ 334,410	\$ 47,121	\$ 298,511	\$ 198,316	\$ -	\$ -	\$ 208,952	\$ 32,024	\$ 1,119,334
Materials and supplies	64,961	41,498	118,420	150,108	-	-	262,237	25,257	662,481
Contracted services	93,315	231,102	8,818	28,138	29,197	-	44,212	3,778	438,560
Rents and financial	34,020	7,654	3,625	15,731	-	-	15,199	-	76,229
Provision for doubtful taxes receivable	539,330	-	-	-	-	-	-	-	539,330
Outside transfers	2,469	1,825	-	-	20,255	69,603	-	-	94,152
Amortization	13,168	16,166	126,083	169,650	-	-	234,658	254	559,979
	<u>\$ 1,081,673</u>	<u>\$ 345,366</u>	<u>\$ 555,457</u>	<u>\$ 561,943</u>	<u>\$ 49,452</u>	<u>\$ 69,603</u>	<u>\$ 765,258</u>	<u>\$ 61,313</u>	<u>\$ 3,490,065</u>

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

December 31, 2013

14. 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	2012 Total
Expenses									
Salaries, wages and employee benefits	\$ 326,380	\$ 46,746	\$ 304,496	\$ 182,307	\$ -	\$ -	\$ 151,577	\$ 50,588	\$ 1,062,094
Materials and supplies	65,134	35,402	113,187	161,947	-	-	167,694	48,661	592,025
Contracted services	69,405	255,927	11,678	23,744	33,638	-	5,500	2,948	402,840
Rents and financial	31,930	7,469	3,569	12,719	-	-	9,624	-	65,311
Provision for doubtful taxes receivable	623,775	-	-	-	-	-	-	-	623,775
Outside transfers	2,418	1,828	-	-	20,332	93,817	-	-	118,395
Amortization	15,627	18,302	137,785	168,906	-	-	169,212	-	509,832
	<u>\$ 1,134,669</u>	<u>\$ 365,674</u>	<u>\$ 570,715</u>	<u>\$ 549,623</u>	<u>\$ 53,970</u>	<u>\$ 93,817</u>	<u>\$ 503,607</u>	<u>\$ 102,197</u>	<u>\$ 3,374,272</u>



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, 2013 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 14, 2014, 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 14, 2014

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

For the year ended December 31	2013 Budget	2013 Actual	2012 Actual
	(Note 13)		
Revenue			
Residential and farm taxation	\$ 1,001,278	\$ 1,006,872	\$ 832,436
Commercial and industrial taxation	401,774	397,227	546,208
Taxation from other governments	67,383	67,383	63,357
Water and sewer billings	264,417	263,778	199,090
Other fees and service charges	272,669	156,707	148,484
Government of Canada grants	312,015	260,293	221,709
Province of Ontario grants	693,698	700,746	1,274,368
Permits and late penalty charges	14,100	276,218	229,333
Investment income	9,135	26,841	37,658
	<u>3,036,469</u>	<u>3,156,065</u>	<u>3,552,643</u>
Expenses			
General government	570,323	1,081,673	1,134,669
Protection to persons and property	405,823	345,366	365,674
Transportation services	624,991	555,457	570,715
Environmental services	613,618	561,943	549,623
Health services	56,924	49,452	53,970
Social and family services	91,047	69,603	93,817
Recreational and cultural services	698,581	765,258	503,607
Planning and development	97,832	61,313	102,197
	<u>3,159,139</u>	<u>3,490,065</u>	<u>3,374,272</u>
Net revenue, for the year	<u>(122,670)</u>	<u>(334,000)</u>	<u>178,371</u>
Financing and transfers			
Transfers to reserves and reserve funds	(65,215)	(268,630)	(883,330)
Transfers from reserves and reserve funds	117,800	700,200	2,374,501
	<u>52,585</u>	<u>431,570</u>	<u>1,491,171</u>
Change in fund balance, for the year	<u>(70,085)</u>	<u>97,570</u>	<u>1,669,542</u>
Current fund, beginning of the year	<u>12,483,933</u>	<u>12,483,933</u>	<u>10,814,391</u>
Current fund, end of the year	<u>\$ 12,413,848</u>	<u>\$ 12,581,503</u>	<u>\$ 12,483,933</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 Schedule of Reserves and Reserve Funds

For the year ended December 31	2013	2012
Reserves		
Balance, beginning of year	\$ (336,906)	\$ 959,722
Transfers to/from other funds		
Contributions to current operations	(555,410)	(2,098,912)
Contributions from current operations	202,618	802,284
	(352,792)	(1,296,628)
Balance, end of year	\$ (689,698)	\$ (336,906)
Reserve Funds		
Balance, beginning of year	\$ 1,941,749	\$ 2,136,292
Transfers from other funds		
Contributions from current operations	65,215	65,215
Interest earned	10,975	25,597
Change in vested sick leave liability	(10,178)	(9,766)
	66,012	81,046
Transfers to other funds		
Contributions to current operations	(144,790)	(275,589)
Balance, end of year	\$ 1,862,971	\$ 1,941,749

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

For the year ended December 31	2013	2012
Revenue		
Residential/Commercial	\$ 153,380	\$ 115,507
Grants	-	30,161
Other	6,574	23,791
	<u>159,954</u>	<u>169,459</u>
Expenses		
Administration	6,087	21,703
Generating plant	42,281	37,636
Hydrants	7,813	4,935
Laterals	9,005	8,711
Mains	-	4,440
Plant	125,177	138,410
Pumping stations	963	1,114
Tower	5,657	5,038
	<u>196,983</u>	<u>221,987</u>
Deficiency of revenue over expenses for the year before amortization	<u>(37,029)</u>	<u>(52,528)</u>
Amortization		
Pumping station	15,406	15,406
Plant	96,100	95,817
Mains	7,473	7,012
Hydrants	938	938
Tower	15,877	15,877
Generating plant	960	960
	<u>136,754</u>	<u>136,010</u>
Deficiency of revenue over expenses for the year	<u>\$ (173,783)</u>	<u>\$ (188,538)</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

Schedule of Sewer Operations

For the year ended December 31	2013	2012
Revenue		
Residential/Commercial	\$ 110,192	\$ 83,354
Other	61	16,739
	<u>110,253</u>	<u>100,093</u>
Expenses		
Laterals	3,211	8,739
Mains	1,962	396
Plant	85,362	85,612
Pumping station	5,186	685
	<u>95,721</u>	<u>95,432</u>
Excess of revenue over expenses for the year before amortization	<u>14,532</u>	<u>4,661</u>
Amortization		
Mains	23,219	23,219
Plants	9,677	9,677
	<u>32,896</u>	<u>32,896</u>
Deficiency of revenue over expenses for the year	<u>\$ (18,364)</u>	<u>\$ (28,235)</u>

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