

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2015**

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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, 2015 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, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

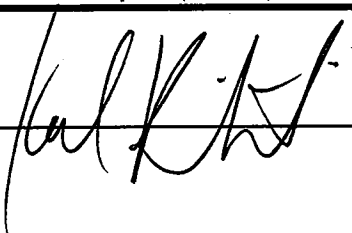
BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
July 18, 2016

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

December 31	2015	2014
Financial assets		
Cash (Note 2)	\$ 1,327,349	\$ 1,124,208
Short term investments (Note 3)	220,749	215,315
Taxes receivable	813,320	418,654
Accounts and grants receivable	111,209	383,157
User charges receivable	29,546	26,319
	<u>2,502,173</u>	<u>2,167,653</u>
Liabilities		
Accounts payable and accrued liabilities	200,938	163,559
Vested sick leave (Note 4)	111,762	101,512
Deferred revenue	149,282	112,787
Long-term debt (Note 5)	454,720	473,303
	<u>916,702</u>	<u>851,161</u>
Net financial assets	<u>1,585,471</u>	<u>1,316,492</u>
Non-financial assets		
Tangible capital assets (Note 6)	12,212,553	12,508,675
Prepaid expenses and inventories of supplies	54,534	45,382
	<u>12,267,087</u>	<u>12,554,057</u>
Accumulated surplus (Note 7)	<u>\$ 13,852,558</u>	<u>\$ 13,870,549</u>


 _____ Treasurer


 _____ Mayor

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

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
	(Note 13)		
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 1,046,687	\$ 1,044,314	\$ 1,011,650
Commercial and industrial taxation	408,525	407,692	407,904
Taxation from other governments	67,927	68,760	71,711
Water and sewer billings	299,270	300,131	289,929
Other fees and service charges	185,416	144,343	164,778
Government grants - Federal	86,052	69,973	173,735
- Provincial	723,831	807,763	1,004,550
Permits, licenses and fines	22,650	103,086	153,851
Investment income	11,620	26,455	27,366
	<u>2,851,978</u>	<u>2,972,517</u>	<u>3,305,474</u>
Expenses (Note 8)			
General government	591,301	562,430	724,613
Protection to persons and property	354,925	280,033	381,643
Transportation services	633,485	575,555	542,786
Environmental services	641,354	626,704	652,520
Health services	52,905	47,755	50,350
Social and family services	65,502	62,206	64,270
Recreation and cultural services	748,951	716,987	690,087
Planning and development	124,732	118,838	83,432
	<u>3,213,155</u>	<u>2,990,508</u>	<u>3,189,701</u>
Annual surplus (deficit)	(361,177)	(17,991)	115,773
Accumulated surplus, beginning of year	<u>13,870,549</u>	<u>13,870,549</u>	<u>13,754,776</u>
Accumulated surplus, end of year	<u>\$ 13,509,372</u>	<u>\$ 13,852,558</u>	<u>\$ 13,870,549</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	2015 Budget	2015 Actual	2014 Actual
	(Note 13)		
Annual surplus (deficit)	\$ (361,177)	\$ (17,991)	\$ 115,773
Acquisition of tangible capital assets	(289,300)	(308,862)	(536,355)
Amortization of tangible capital assets	586,169	604,984	586,169
	(64,308)	278,131	165,587
Change in prepaid expenses and inventory of supplies	-	(9,152)	4,028
Net change in net financial assets	(64,308)	268,979	169,615
Net financial assets, beginning of year	1,316,492	1,316,492	1,146,877
Net financial assets, end of year	\$ 1,252,184	\$ 1,585,471	\$ 1,316,492

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	2015	2014
Operating transactions		
Annual surplus (deficit)	\$ (17,991)	\$ 115,773
Item not involving cash		
Amortization	604,984	586,169
Changes in non-cash operating balances		
Taxes receivable	(394,666)	164,423
Accounts and grants receivable	271,948	(319,580)
User charges receivable	(3,227)	173
Prepaid expenses and inventories of supplies	(9,152)	4,028
Accounts payable and accrued liabilities	37,379	(21,009)
Vested sick leave	10,250	1,741
Deferred revenue	36,495	(57,141)
	<u>536,020</u>	<u>474,577</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(308,862)</u>	<u>(536,355)</u>
Investing transactions		
Purchase of short term investments	<u>(5,434)</u>	<u>(5,758)</u>
Financing transactions		
Repayment of long-term debt	<u>(18,583)</u>	<u>(17,952)</u>
Increase (decrease) in cash for the year	203,141	(85,488)
Cash, beginning of year	<u>1,124,208</u>	<u>1,209,696</u>
Cash, end of year	<u>\$ 1,327,349</u>	<u>\$ 1,124,208</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, 2015

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, 2015

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>10 to 50 years</td></tr><tr><td>Buildings</td><td>-</td><td>8 to 60 years</td></tr><tr><td>Machinery and Equipment</td><td>-</td><td>3 to 30 years</td></tr><tr><td>Vehicles</td><td>-</td><td>5 to 20 years</td></tr><tr><td>Linear Assets</td><td>-</td><td>8 to 75 years</td></tr></table> <p>Assets under construction are not amortized until the asset is available for use.</p>	Land improvements	-	10 to 50 years	Buildings	-	8 to 60 years	Machinery and Equipment	-	3 to 30 years	Vehicles	-	5 to 20 years	Linear Assets	-	8 to 75 years
Land improvements	-	10 to 50 years														
Buildings	-	8 to 60 years														
Machinery and Equipment	-	3 to 30 years														
Vehicles	-	5 to 20 years														
Linear Assets	-	8 to 75 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, 2015

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 uncollectible 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, 2015

2. Cash

The Township's bank accounts earn interest at an effective interest rate of 1.2% (2014 - 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, 2015, the Township utilized \$nil (2014 - \$nil) of this facility. The prime rate was 4.0% at December 31, 2015 (2014 - 4.0%).

3. Short Term Investments

Short term investments have a market value of \$210,942 (2014 - \$206,933) and is comprised of a O.N.E. Bond Fund with an effective interest rate of 2.49% (2014 - 2.71%). 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 \$111,762 (2014 - \$101,512) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2016	\$ 45,514
Subsequent to 2017	66,248
	<hr/>
	\$ 111,762
	<hr/>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2015

5. Long Term Debt

	2015	2014
Ontario Infrastructure Debenture		
Loan, unsecured, repayable \$17,470 semi-annually, including interest at 3.49%, maturing 2033	\$ 454,720	\$ 473,303

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

Year	Amount
2016	\$ 19,237
2017	19,915
2018	20,616
2019	21,342
2020	22,093
Thereafter	351,517
	<u>\$ 454,720</u>

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

	2015	2014
Principal payments	\$ 18,583	\$ 17,952
Interest payments	16,358	16,989
	<u>\$ 34,941</u>	<u>\$ 34,941</u>

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

December 31, 2015

6. Tangible Capital Assets

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,357,516	\$ 2,960,285	\$ 5,547,369	\$ 2,626,600	\$ 1,267,259	\$ 887,478	\$ 14,646,507
Additions	5,708	-	21,511	223,662	28,610	-	279,491
Disposals and write downs	-	-	-	(12,203)	(44,632)	-	(56,835)
Transfers	-	-	-	505,264	-	-	505,264
Cost, end of year	1,363,224	2,960,285	5,568,880	3,343,323	1,251,237	887,478	15,374,427
Accumulated amortization, beginning of year	-	1,429,691	1,896,391	1,297,412	977,396	574,000	6,174,890
Amortization	-	78,963	100,305	128,955	60,016	11,678	379,917
Disposals and write downs	-	-	-	(12,203)	(44,632)	-	(56,835)
Accumulated amortization, end of year	-	1,508,654	1,996,696	1,414,164	992,780	585,678	6,497,972
Net carrying amount, end of year	\$ 1,363,224	\$ 1,451,631	\$ 3,572,184	\$ 1,929,159	\$ 258,457	\$ 301,800	\$ 8,876,455

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

December 31, 2015

6. Tangible Capital Assets (cont'd)

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2015 Total
Cost, beginning of year	\$ 14,646,507	\$ 2,326,345	\$ 483,100	\$ 2,258,672	\$ 3,306,049	\$ 505,264	\$ 23,525,937
Additions	279,491	-	-	-	-	29,371	308,862
Disposals and write downs	(56,835)	-	-	-	-	-	(56,835)
Transfers	505,264	-	-	-	-	(505,264)	-
Cost, end of year	15,374,427	2,326,345	483,100	2,258,672	3,306,049	29,371	23,777,964
Accumulated amortization, beginning of year	6,174,890	1,588,565	279,392	1,285,706	1,688,709	-	11,017,262
Amortization	379,917	50,618	8,098	32,895	133,456	-	604,984
Disposals and write downs	(56,835)	-	-	-	-	-	(56,835)
Accumulated amortization, end of year	6,497,972	1,639,183	287,490	1,318,601	1,822,165	-	11,565,411
Net carrying amount, end of year	\$ 8,876,455	\$ 687,162	\$ 195,610	\$ 940,071	\$ 1,483,884	\$ 29,371	\$ 12,212,553

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

December 31, 2015

6. Tangible Capital Assets (cont'd)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,357,516	\$ 2,960,285	\$ 5,547,369	\$ 2,561,994	\$ 1,267,259	\$ 887,478	\$ 14,581,901
Additions	-	-	-	64,606	-	-	64,606
Transfers	-	-	-	-	-	-	-
Cost, end of year	1,357,516	2,960,285	5,547,369	2,626,600	1,267,259	887,478	14,646,507
Accumulated amortization, beginning of year	-	1,350,728	1,796,126	1,185,344	919,270	562,322	5,813,790
Amortization	-	78,963	100,265	112,068	58,126	11,678	361,100
Accumulated amortization, end of year	-	1,429,691	1,896,391	1,297,412	977,396	574,000	6,174,890
Net carrying amount, end of year	\$ 1,357,516	\$ 1,530,594	\$ 3,650,978	\$ 1,329,188	\$ 289,863	\$ 313,478	\$ 8,471,617

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

December 31, 2015

6. Tangible Capital Assets (cont'd)

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2014 Total
Cost, beginning of year	\$ 14,581,901	\$ 2,326,345	\$ 483,100	\$ 2,258,672	\$ 3,306,049	\$ 33,515	\$ 22,989,582
Additions	64,606	-	-	-	-	471,749	536,355
Transfers	-	-	-	-	-	-	-
Cost, end of year	14,646,507	2,326,345	483,100	2,258,672	3,306,049	505,264	23,525,937
Accumulated amortization, beginning of year	5,813,790	1,537,947	271,294	1,252,811	1,555,251	-	10,431,093
Amortization	361,100	50,618	8,098	32,895	133,458	-	586,169
Accumulated amortization, end of year	6,174,890	1,588,565	279,392	1,285,706	1,688,709	-	11,017,262
Net carrying amount, end of year	\$ 8,471,617	\$ 737,780	\$ 203,708	\$ 972,966	\$ 1,617,340	\$ 505,264	\$ 12,508,675

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2015

7. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	2015	2014
Investment in tangible capital assets	\$ 12,212,553	\$ 12,508,675
Current funds to be applied to operations of local boards for the following year	35,132	27,326
Reserves set aside for specific purpose by Council:		
Working capital	1,168,480	820,868
Sewer and water	63,853	63,853
Reserve funds:		
Forest fire costs	17,523	17,314
Project Remove	5,920	5,844
Employee retirement costs	(41,210)	(31,865)
Administrative capital expenditure	58,944	58,188
Recreational capital expenditure	46,450	55,369
Library capital expenditure	10,712	10,575
Public works capital expenditure	31,848	41,731
Protection to persons and property	127,830	174,438
Tax refunds	4,656	4,596
Water capital expenditure	96,876	105,744
Sewer capital expenditure	12,991	7,893
	<u>\$ 13,852,558</u>	<u>\$ 13,870,549</u>

8. Expenses By Object

	Budget 2015	2015	2014
Salaries, wages and employee benefits	\$ 1,246,786	\$ 1,178,769	\$ 1,164,465
Materials and supplies	796,651	688,382	650,593
Contracted services	402,172	340,384	419,968
Rents and financial expenses	89,145	85,385	79,968
Provision for doubtful taxes receivable	-	4,788	199,011
Donations	5,000	3,880	2,874
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	19,905	19,905	20,558
Thunder Bay Area Emergency Measures Organization	1,825	1,825	1,825
Thunder Bay District Social Services Administration Board	65,502	62,206	64,270
Amortization	586,169	604,984	586,169
	<u>\$ 3,213,155</u>	<u>\$ 2,990,508</u>	<u>\$ 3,189,701</u>

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

December 31, 2015

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 461,000 active and retired members and approximately 1000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$82.4 billion (\$77.3 billion in 2014) in respect of benefits accrued for service with actuarial assets at that date of \$75.4 billion (\$70.2 billion in 2014) indicating an actuarial deficit of \$7.0 billion (\$7.1 billion in 2014). 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 2015 was \$124,062 (\$128,015 in 2014), which is included as an expenditure on the consolidated statement of operations and accumulated surplus.

10. Policing

Effective 2015, the OPP provides policing services to the Township by default. The annual cost of policing is determined under the Police Services Act O.Reg 267/14. The total cost of policing services expensed for 2015 was \$205,916 (2014 - \$222,208) after adjusting for rebates.

11. Public Sector Salary Disclosure Act

For 2015, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2015

12. Change in Accounting Policy

Effective January 1, 2015, the Township adopted new Public Sector Accounting Handbook Standard, PS 3260 Liability for Contaminated Sites. The standard requires that a liability for contaminated sites should be recognized on properties not in productive use when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the entity is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The Township has evaluated all of its properties and has determined that there are no properties that met the above criteria and therefore no liability has been accrued. This change in accounting policy has been applied retroactively without restatement of prior periods.

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 2015 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. Comparative Information

Certain comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

15. 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.

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

December 31, 2015

15. Segmented Information (cont'd)

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.

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, 2015

15. 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	2015 Total
Expenses									
Salaries, wages and employee benefits	\$ 356,516	\$ 41,476	\$ 281,163	\$ 208,209	\$ -	\$ -	\$ 215,508	\$ 75,897	\$ 1,178,769
Materials and supplies	70,026	44,513	152,487	192,420	-	-	202,568	26,368	688,382
Contracted services	81,506	161,673	10,792	33,991	27,850	-	8,528	16,044	340,384
Rents and financial	36,414	8,149	3,972	17,975	-	-	18,875	-	85,385
Provision for doubtful taxes receivable	4,788	-	-	-	-	-	-	-	4,788
Outside transfers	3,880	1,825	-	-	19,905	62,206	-	-	87,816
Amortization	9,300	22,397	127,141	174,109	-	-	271,508	529	604,984
	<u>\$ 562,430</u>	<u>\$ 280,033</u>	<u>\$ 575,555</u>	<u>\$ 626,704</u>	<u>\$ 47,755</u>	<u>\$ 62,206</u>	<u>\$ 716,987</u>	<u>\$ 118,838</u>	<u>\$ 2,990,508</u>

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

December 31, 2015

15. 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	2014 Total
Expenses									
Salaries, wages and employee benefits	\$ 340,140	\$ 47,918	\$ 293,509	\$ 223,301	\$ -	\$ -	\$ 203,572	\$ 56,025	\$ 1,164,465
Materials and supplies	66,066	45,699	111,900	201,985	-	-	200,472	24,471	650,593
Contracted services	70,671	259,589	8,160	38,430	29,792	-	10,782	2,544	419,968
Rents and financial	33,836	8,084	3,834	17,046	-	-	17,168	-	79,968
Provision for doubtful taxes receivable	199,011	-	-	-	-	-	-	-	199,011
Outside transfers	2,874	1,825	-	-	20,558	64,270	-	-	89,527
Amortization	12,015	18,528	125,383	171,758	-	-	258,093	392	586,169
	<u>\$ 724,613</u>	<u>\$ 381,643</u>	<u>\$ 542,786</u>	<u>\$ 652,520</u>	<u>\$ 50,350</u>	<u>\$ 64,270</u>	<u>\$ 690,087</u>	<u>\$ 83,432</u>	<u>\$ 3,189,701</u>

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

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
	(Note 13)		
Revenue			
Residential and farm taxation	\$ 1,046,687	\$ 1,044,314	\$ 1,011,650
Commercial and industrial taxation	408,525	407,692	407,904
Taxation from other governments	67,927	68,760	71,711
Water and sewer billings	299,270	300,131	289,929
Other fees and service charges	185,416	144,343	164,778
Government of Canada grants	86,052	69,973	173,735
Province of Ontario grants	723,831	807,763	1,004,550
Permits and late penalty charges	22,650	103,086	153,851
Investment income	11,620	26,455	27,366
	2,851,978	2,972,517	3,305,474
Expenses			
General government	591,301	562,430	724,613
Protection to persons and property	354,925	280,033	381,643
Transportation services	633,485	575,555	542,786
Environmental services	641,354	626,704	652,520
Health services	52,905	47,755	50,350
Social and family services	65,502	62,206	64,270
Recreational and cultural services	748,951	716,987	690,087
Planning and development	124,732	118,838	83,432
	3,213,155	2,990,508	3,189,701
Net revenue, for the year	(361,177)	(17,991)	115,773
Financing and transfers			
Transfers to reserves and reserve funds	(123,393)	(494,970)	(1,737,555)
Transfers from reserves and reserve funds	187,700	224,645	1,576,280
	64,307	(270,325)	(161,275)
Change in fund balance, for the year	(296,870)	(288,316)	(45,502)
Current fund, beginning of the year	12,536,001	12,536,001	12,581,503
Current fund, end of the year	\$ 12,239,131	\$ 12,247,685	\$ 12,536,001

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	2015	2014
Reserves		
Balance, beginning of year	\$ 884,717	\$ (689,698)
Transfers to/from other funds		
Contributions from current operations	373,406	1,574,415
Contributions to current operations	(25,790)	-
	347,616	1,574,415
Balance, end of year	\$ 1,232,333	\$ 884,717
Reserve Funds		
Balance, beginning of year	\$ 449,831	\$ 1,862,971
Transfers from other funds		
Contributions from current operations	123,389	156,294
Interest earned	8,425	8,587
Change in vested sick leave liability	(10,250)	(1,741)
	121,564	163,140
Transfers to other funds		
Contributions to current operations	(198,855)	(1,576,280)
Balance, end of year	\$ 372,540	\$ 449,831

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	2015	2014
Revenue		
Residential/Commercial	\$ 173,877	\$ 167,775
Grants	-	47,266
Other	10,500	10,440
	<u>184,377</u>	<u>225,481</u>
Expenses		
Administration	7,488	6,580
Generating plant	45,923	42,541
Hydrants	3,716	8,186
Laterals	24,499	57,455
Mains	5,029	20,805
Meter reading	-	159
Plant	140,767	137,194
Pumping stations	1,538	802
Tower	6,574	5,614
	<u>235,534</u>	<u>279,336</u>
Deficiency of revenue over expenses for the year before amortization	<u>(51,157)</u>	<u>(53,855)</u>
Amortization		
Pumping station	15,406	15,406
Plant	99,378	97,481
Mains	8,119	8,119
Hydrants	938	938
Tower	15,877	15,877
Generating plant	960	960
	<u>140,678</u>	<u>138,781</u>
Deficiency of revenue over expenses for the year	<u>\$ (191,835)</u>	<u>\$ (192,636)</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	2015	2014
Revenue		
Residential/Commercial	\$ 125,520	\$ 121,470
Grants	29,371	-
Other	316	298
	<u>155,207</u>	<u>121,768</u>
Expenses		
Laterals	1,628	3,919
Mains	1,106	1,026
Plant	90,201	83,634
Pumping station	1,002	1,661
	<u>93,937</u>	<u>90,240</u>
Excess of revenue over expenses for the year before amortization	<u>61,270</u>	<u>31,528</u>
Amortization		
Mains	23,219	23,219
Plants	10,212	9,758
	<u>33,431</u>	<u>32,977</u>
Surplus (deficiency) of revenue over expenses for the year	<u>\$ 27,839</u>	<u>\$ (1,449)</u>

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