

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2009**

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BDO Canada LLP
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Auditors' Report

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

We have audited the consolidated statement of financial position of The Corporation of the Township of Red Rock as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 generally accepted accounting principles require that a provision for closure and post-closure costs be provided in the financial statements. 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 (deficit) and accumulated surplus.

In our opinion, except that no provision has been made for the liabilities which will be associated with the closure and post-closure costs of the Township's solid waste disposal facilities, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Red Rock as at December 31, 2009, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licenced Public Accountants

Thunder Bay, Ontario
March 2, 2010

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

December 31	2009	2008
		Restated (Note 1)
Financial assets		
Cash (Note 2)	\$ 2,786,824	\$ 3,867,318
Short term investments (Note 3)	594,847	589,470
Taxes receivable	695,591	794,542
Accounts and grants receivable	658,637	22,290
User charges receivable	17,653	26,113
Due from School Boards	1,113	-
	<u>4,754,665</u>	<u>5,299,733</u>
Financial liabilities		
Accounts payable and accrued liabilities	153,233	98,753
Vested sick leave (Note 4)	109,508	122,051
Deferred revenue	11,132	8,517
	<u>273,873</u>	<u>229,321</u>
Net financial assets	<u>4,480,792</u>	<u>5,070,412</u>
Non-financial assets		
Tangible capital assets (Note 5)	9,401,643	8,305,677
Prepaid expenses and inventories of supplies	38,168	43,624
	<u>9,439,811</u>	<u>8,349,301</u>
Accumulated surplus (Note 6)	<u>\$ 13,920,603</u>	<u>\$ 13,419,713</u>

_____ Treasurer

_____ Mayor

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

For the year ended December 31	Budget 2009	2009	2008
	(Note 11)		Restated (Note 1)
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 633,926	\$ 536,108	\$ 694,957
Commercial and industrial taxation	353,035	556,318	523,194
Tax appeal	-	(1,272,079)	-
Taxation from other governments	36,779	36,779	34,453
Water and sewer billings	189,657	197,628	205,350
Other fees and service charges	249,868	205,692	223,826
Government grants - Federal	378,128	595,557	40,064
Government grants - Provincial	1,475,580	2,616,869	976,340
Permits, licenses and fines	13,300	103,309	83,916
Investment income	88,184	60,210	177,414
Other - donated land	-	-	76,600
	<u>3,418,457</u>	<u>3,636,391</u>	<u>3,036,114</u>
Expenses (Note 7)			
General government	534,406	944,951	978,795
Protection services	467,844	446,938	439,947
Transportation services	404,502	472,908	494,866
Environmental services	404,421	451,757	380,054
Health services	60,711	56,099	80,352
Social and family services	144,744	135,899	244,032
Recreation and cultural services	331,104	306,023	434,055
Planning and development	147,069	333,469	149,932
Change in vested sick leave	-	(12,543)	(45,551)
	<u>2,494,801</u>	<u>3,135,501</u>	<u>3,156,482</u>
Annual surplus (deficit)	<u>923,656</u>	<u>500,890</u>	<u>(120,368)</u>
Accumulated surplus, beginning of year, as previously stated	<u>13,419,713</u>	<u>13,419,713</u>	<u>5,267,286</u>
Prior period adjustment (Note 1)	<u>-</u>	<u>-</u>	<u>8,272,795</u>
Accumulated surplus, beginning of year, restated	<u>13,419,713</u>	<u>13,419,713</u>	<u>13,540,081</u>
Accumulated surplus, end of year	<u>\$ 14,343,369</u>	<u>\$ 13,920,603</u>	<u>\$ 13,419,713</u>

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

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

For the year ended December 31	Budget 2009	2009	2008
	(Note 11)		Restated (Note 1)
Annual surplus (deficit)	\$ 923,656	\$ 500,890	\$ (120,368)
Acquisition of tangible capital assets	-	(1,523,277)	(453,961)
Amortization of tangible capital assets	-	420,600	419,932
Loss (gain) on sale of tangible capital assets	-	(13,289)	1,147
Proceeds on sale of tangible capital assets	-	20,000	-
	923,656	(595,076)	(153,250)
Change in prepaid expenses and inventory of supplies	-	5,456	(4,183)
Net change in net financial assets	923,656	(589,620)	(157,433)
Net financial assets, beginning of year	5,070,412	5,070,412	5,227,845
Net financial assets, end of year	\$ 5,994,068	\$ 4,480,792	\$ 5,070,412

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

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

<u>For the year ended December 31</u>	<u>2009</u>	<u>2008</u>
		Restated (Note 1)
Operating transactions		
Annual surplus (deficit)	\$ 500,890	\$ (120,368)
Items not involving cash		
Amortization	420,600	419,932
Loss (gain) on disposal of tangible capital assets	(13,289)	1,147
Changes in non-cash operating balances		
Taxes receivable	98,951	(774,328)
Accounts and grants receivable	(636,347)	(5,192)
Due from school boards	(1,113)	-
User charges receivable	8,460	(9,119)
Prepaid expenses and inventories of supplies	5,456	(4,183)
Accounts payable and accrued liabilities	54,480	(18,572)
Vested sick leave	(12,543)	(45,550)
Deferred revenue	2,615	(8,409)
	<u>428,160</u>	<u>(564,642)</u>
Capital transactions		
Acquisition of tangible capital assets	(1,523,277)	(454,828)
Proceeds on sale of tangible capital assets	20,000	-
	<u>(1,503,277)</u>	<u>(454,828)</u>
Investing transactions		
Proceeds on disposition of short term investments	<u>(5,377)</u>	<u>(19,583)</u>
Decrease in cash and cash equivalents	(1,080,494)	(1,039,053)
Cash, beginning of year	<u>3,867,318</u>	<u>4,906,371</u>
Cash, end of year	<u>\$ 2,786,824</u>	<u>\$ 3,867,318</u>

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

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

December 31, 2009

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 the Community Charter. The Township provides municipal services such as protection, public works, planning, recreation and other general government services.
Basis of Consolidation	<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="text-align: center;">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. The Township contributes to the following joint local board, which are not proportionately consolidated in these statements:</p> <p style="text-align: center;">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 Summary of Significant Accounting Policies (cont'd)

December 31, 2009

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, 2009 are reported on the consolidated balance sheet at due to/from school boards.																
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">10 to 40 years</td> </tr> <tr> <td>Furniture and equipment</td> <td style="text-align: right;">3 to 20 years</td> </tr> <tr> <td>Computer hardware and software</td> <td style="text-align: right;">3 to 5 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Linear assets</td> <td style="text-align: right;">15 to 75 years</td> </tr> <tr> <td>Collections</td> <td style="text-align: right;">10 years</td> </tr> </table>	Land improvements	20 years	Buildings	15 to 60 years	Machinery and equipment	10 to 40 years	Furniture and equipment	3 to 20 years	Computer hardware and software	3 to 5 years	Vehicles	5 to 20 years	Linear assets	15 to 75 years	Collections	10 years
Land improvements	20 years																
Buildings	15 to 60 years																
Machinery and equipment	10 to 40 years																
Furniture and equipment	3 to 20 years																
Computer hardware and software	3 to 5 years																
Vehicles	5 to 20 years																
Linear assets	15 to 75 years																
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 municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.																

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

December 31, 2009

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 sewer and water usage are recorded as user fees. 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 service and other revenue is recognized on an accrual basis.</p>
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

December 31, 2009

1. Change in Accounting Policy

On January 1, 2009, the Township adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, revenue from contributed assets, and amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital asset standard was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ <u>8,349,301</u>
Increase in accumulated surplus	\$ <u>8,349,301</u>
<u>Statement of Operations and Accumulated Surplus</u>	
Increase (decrease) in revenue	
Loss on disposition of capital assets	\$ (1,147)
Land reacquisition	<u>(33,364)</u>
Total decrease in revenue	\$ <u>(34,511)</u>
Increase (decrease) in expenses	
Amortization	419,932
2008 tangible capital assets	<u>(377,937)</u>
Total increase in expenses	\$ <u>41,995</u>
Decrease in annual surplus	\$ <u>(76,506)</u>
Increase in opening accumulated surplus	\$ <u>8,272,795</u>

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

December 31, 2009

2. Cash

The Township's bank accounts earn interest monthly at an effective interest rate of prime less 1.5%. The prime rate was 4% at December 31, 2009.

3. Short Term Investments

Short term investments have a market value of \$594,847 (2008 - \$589,470) and are comprised of Premium Treasury Bills, an O.N.E. Bond Fund and an O.N.E. Money Market Fund with effective interest rates of 0.35% to 0.92% (2008 - 2.47% to 4.87%). 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 \$109,508 (2008 - \$122,051) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2009	\$	48,593
Subsequent to 2009		60,915
		60,915
	\$	109,508

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

December 31, 2009

5. Tangible Capital Assets

	Land Improvements	Land	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under Construction	2009 Total
Cost, beginning of year	\$ 1,375,616	\$ 579,205	\$ 3,687,875	\$ 2,283,948	\$ 7,162,400	\$ 1,117,249	\$ 344,213	\$ -	\$ 16,550,506
Additions	-	32,880	-	31,007	384,421	260,190	39,223	775,556	1,523,277
Disposals	-	-	-	-	-	(123,286)	(6,748)	-	(130,034)
Cost, end of year	1,375,616	612,085	3,687,875	2,314,955	7,546,821	1,254,153	376,688	775,556	17,943,749
Accumulated amortization, beginning of year	-	389,680	2,227,627	1,210,866	3,320,305	771,869	323,615	-	8,243,962
Amortization	-	29,034	74,514	86,781	159,028	61,396	9,847	-	420,600
Disposals	-	-	-	-	-	(115,708)	(6,748)	-	(122,456)
Accumulated amortization, end of year	-	418,714	2,302,141	1,297,647	3,479,333	717,557	326,714	-	8,542,106
Net carrying amount, end of year	\$ 1,375,616	\$ 193,371	\$ 1,385,734	\$ 1,017,308	\$ 4,067,488	\$ 536,596	\$ 49,974	\$ 775,556	\$ 9,401,643

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

December 31, 2009

5. Tangible Capital Assets (cont'd)

	Land	Buildings	Equipment	Linear Assets	Vehicles	Other	Assets under	2008
	Improvements					construction	construction	Total
Cost, beginning of year	\$ 1,299,016	\$ 3,687,875	\$ 2,270,031	\$ 6,869,406	\$ 1,117,249	\$ 328,057	\$ -	\$ 16,150,839
Additions	76,600	-	13,917	348,155	-	16,156	-	454,828
Disposals	-	-	-	(55,161)	-	-	-	(55,161)
Cost, end of year	1,375,616	3,687,875	2,283,948	7,162,400	1,117,249	344,213	-	16,550,506
Accumulated amortization, beginning of year	-	361,220	1,115,458	3,224,651	711,951	312,127	-	7,878,045
Amortization	-	28,460	74,989	149,669	59,918	11,488	-	419,932
Disposals	-	-	-	(54,015)	-	-	-	(54,015)
Accumulated amortization, end of year	-	389,680	1,210,866	3,320,305	771,869	323,615	-	8,243,962
Net carrying amount, end of year	\$ 1,375,616	\$ 1,460,248	\$ 1,073,082	\$ 3,842,095	\$ 345,380	\$ 20,598	\$ -	\$ 8,305,677

The net book value of tangible capital assets not being amortized because they are under construction is \$775,556 (2008 - \$NIL). There are no assets held under capital leases for 2009 or 2008. No interest was capitalized to tangible capital assets during the year (2008 - \$NIL).

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

December 31, 2009

6. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	2009	2008
		Restated (Note 1)
Investment in tangible capital assets	\$ 9,401,643	\$ 8,305,677
Current funds to be applied to operations of local boards for the following year	7,201	11,103
Reserves set aside for specific purpose by Council:		
Working capital	1,774,819	1,981,700
Sewer and water	63,852	63,853
Reserve funds:		
Federal gas tax	118,220	76,832
Forest fire costs	58,800	56,240
'Project Revenue'	5,444	5,371
Employee retirement costs	13,961	18,187
Administrative capital expenditure	76,368	90,167
Recreational capital expenditure	329,726	424,002
Library capital expenditure	9,851	9,719
Public works capital expenditure	397,926	628,648
Protection to persons and property	221,990	224,453
Tax refunds	382,926	377,902
Water capital expenditure	810,829	878,935
Sewer capital expenditure	144,167	142,236
Unconditional grants	102,880	124,688
	\$ 13,920,603	\$ 13,419,713

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

December 31, 2009

7. Expenses by Object

	Budget 2009	2009	2008
			Restated (Note 1)
Salaries, wages and employee benefits	\$ 986,372	\$ 1,023,087	\$ 1,127,583
Materials and supplies	972,465	916,322	742,077
Contracted services	228,161	553,330	581,839
Rents and financial expenses	93,108	34,172	9,561
Outside transfers	35,000	133,772	189,948
Donations	12,500	-	9,318
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	20,735	20,735	20,421
Thunder Bay Area Emergency Measures Organization	1,716	1,807	1,716
Thunder Bay District Social Services Administration Board	144,744	31,676	54,084
Amortization	-	420,600	419,935
	<u>\$ 2,494,801</u>	<u>\$ 3,135,501</u>	<u>\$ 3,156,482</u>

8. 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 13 (2008 - 17) full time members of its 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. OMERS provides pension services to more than 390,000 active and retired members and approximately 921 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, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 million. 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 for 2009 was \$77,202 (\$45,432 in 2008), which is included as an expenditure on the consolidated statement of financial activities.

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

December 31, 2009

9. Policing

The Township has entered into an agreement for policing service from the Ontario Provincial Police effective September 18, 2000 and continuing until August 31, 2010. The annual cost for providing this service will be based upon the Province of Ontario's budgeted expenses for the Township.

10. Public Sector Salary Disclosure Act

For 2009, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

11. Budget

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2009 budget amounts for the Township approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities.

12. Joint Local Boards

The following are joint local boards in which the Municipality participates:

The Thunder Bay District Health Unit promotes public health and provides health education to all inhabitants of the District of Thunder Bay.

The Thunder Bay District Social Services Administration Board delivers provincially mandated social services on behalf of the inhabitants of the District of Thunder Bay.

The following table provides condensed supplementary information for the joint local boards for the year ended December 31, 2009:

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

December 31, 2009

12. Joint Local Boards (cont'd)

	Thunder Bay District Health Unit 0.79%	Thunder Bay DSSAB 0.95%
Financial position		
Financial assets	\$ 21,418	\$ 327,423
Liabilities	17,689	408,610
Net financial assets (debt)	3,729	(81,187)
Non-financial assets	18,578	420,343
Accumulated surplus	\$ 22,307	\$ 339,156
Results of operations		
Revenues	\$ 141,828	\$ 884,091
Expenditures	142,501	883,592
Annual surplus (deficit)	\$ (673)	\$ 499

13. 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 such as public housing, police, fire and water. 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 to provide 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.

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

December 31, 2009

13. Segmented Information (cont'd)

c) Transportation Services

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

d) Environmental Services

Environmental services consists of providing waste disposal to citizens and the Municipality's drinking water. 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 works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

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

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational programs and cultural programs like 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, 2009

13. Segmented Information (cont'd)

Expenses	Protection to Persons and Property		Transportation Services	Environmental Services	Health Services	Family Services	Social and Cultural Services	Recreation and Cultural Services	Planning and Development	2009 Total
	General Government	Property								
Salaries, wages and employee benefits	\$ 295,868	\$ 48,496	\$ 289,050	\$ 186,833	\$ -	\$ -	\$ -	\$ 113,952	\$ 88,888	\$ 1,023,087
Materials and supplies	69,301	35,477	181,126	225,705	206	-	-	174,081	230,426	916,322
Contracted services	83,651	353,791	40,113	30,078	31,676	-	-	5,866	8,155	553,330
Rents and financial	33,438	7,367	(37,381)	9,141	3,483	-	-	12,124	6,000	34,172
Outside transfers	29,550	1,807	-	-	20,734	135,899	-	-	-	187,990
Amortization	420,600	-	-	-	-	-	-	-	-	420,600
	\$ 932,408	\$ 446,938	\$ 472,908	\$ 451,757	\$ 56,099	\$ 135,899	\$ 306,023	\$ 333,469	\$ 3,135,501	

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

December 31, 2009

13. 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	2008 Restated (Note 1) Total
Expenses									
Salaries, wages and employee benefits	\$ 289,179	\$ 45,391	\$ 320,789	\$ 169,582	\$ -	\$ -	\$ 218,174	\$ 84,468	\$ 1,127,583
Materials and supplies	70,190	29,596	237,819	174,176	1,606	-	186,336	42,354	742,077
Contracted services	110,000	356,048	2,707	24,508	54,084	-	18,012	16,480	581,839
Rents and financial	34,622	7,196	(66,449)	11,788	4,241	-	11,533	6,630	9,561
Outside transfers	-	1,716	-	-	20,421	244,032	-	-	266,169
Donations	9,318	-	-	-	-	-	-	-	9,318
Amortization	419,935	-	-	-	-	-	-	-	419,935
	\$ 933,244	\$ 439,947	\$ 494,866	\$ 380,054	\$ 80,352	\$ 244,032	\$ 434,055	\$ 149,932	\$ 3,156,482

Auditors' Comments on Supplementary Financial Information

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

The audited financial statements of The Corporation of the Township of Red Rock as at December 31, 2009, and our report thereon dated March 2, 2010, are presented in the preceding section. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
March 2, 2010

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

Restated
(Note 1)

For the year ended December 31	2009 Budget	2009 Actual	2008 Actual
	(Note 11)		
Revenue			
Residential and farm taxation	\$ 633,926	\$ 536,108	\$ 694,957
Commercial and industrial taxation	353,035	556,318	523,194
Tax appeal	-	(1,272,079)	-
Taxation from other governments	36,779	36,779	34,453
Water and sewer billings	189,657	197,628	205,350
Other fees and service charges	249,868	205,692	223,826
Government of Canada grants	378,128	595,557	40,064
Province of Ontario grants	1,475,580	2,616,869	976,340
Investment income	88,184	60,210	177,414
Permits and late penalty charges	13,300	103,309	83,916
Other	-	-	76,600
	3,418,457	3,636,391	3,036,114
Expenditures			
General government	534,406	932,408	933,244
Protection to persons and property	467,844	446,938	439,947
Transportation services	404,502	472,908	494,866
Environmental services	404,421	451,757	380,054
Health services	60,711	56,099	80,352
Social and family services	144,744	135,899	244,032
Recreational and cultural services	331,104	306,023	434,055
Planning and development	147,069	333,469	149,932
	2,494,801	3,135,501	3,156,482
Net revenue, for the year	923,656	500,890	(120,368)
Financing and transfers			
Transfers to reserves and reserve funds	(80,128)	(136,825)	(340,050)
Transfers from reserves and reserve funds	687,142	728,005	500,814
	607,014	591,180	160,764
Change in fund balance, for the year	1,530,670	1,092,070	40,396
Current fund, beginning of the year	8,316,774	8,316,774	3,583
Prior period adjustment (Note 1)	-	-	8,272,795
Current fund, end of the year	\$ 9,847,444	\$ 9,408,844	\$ 8,316,774

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

For the year ended December 31	2009	2008
Reserves		
Balance, beginning of year	\$ 2,045,553	\$ 2,100,402
Transfers to other funds		
Contributions to current operations	222,123	54,849
PSAB adjustment	(15,241)	-
	<u>206,882</u>	<u>54,849</u>
Balance, end of year	\$ 1,838,671	\$ 2,045,553
Reserve Funds		
Balance, beginning of year	\$ 3,057,386	\$ 3,163,301
Revenue		
Interest earned	44,151	114,804
Transfers from other funds		
Contributions from current operations	80,128	179,695
Change in vested sick leave liability	12,543	45,551
	<u>136,822</u>	<u>340,050</u>
Transfers to other funds		
Contributions to current operations	521,120	445,965
Balance, end of year	\$ 2,673,088	\$ 3,057,386

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

For the year ended December 31	2009	2008
Revenue		
Residential/Commercial	\$ 114,487	\$ 113,186
Industrial	1,959	4,845
Grants	30,161	-
Other	25,725	19,880
	172,332	137,911
Expenditures		
Administration	32,901	22,553
Generating plant	48,298	48,267
Hydrants	4,258	19,300
Laterals	42,841	9,816
Mains	3,908	2,130
Meter reading	541	782
Plant	150,540	116,289
Pumping stations	838	516
Tower	12,642	2,319
	296,767	221,972
Deficiency of revenue over expenditures for the year before amortization	(124,435)	(84,061)
Amortization		
Pumping station	15,697	15,697
Plant	62,042	62,956
Mains	6,598	4,192
Hydrants	890	890
Tower	15,877	19,249
Generating plant	960	-
	102,064	102,984
Deficiency of revenue over expenditures for the year	\$ (226,499)	\$ (187,045)

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

For the year ended December 31	2009	2008
Revenue		
Residential/Commercial	\$ 78,971	\$ 83,259
Industrial	1,439	3,566
Other	8,761	9,172
	<u>89,171</u>	<u>95,997</u>
Expenditures		
Laterals	2,424	4,576
Mains	1,804	444
Plant	80,915	80,156
Pumping station	930	830
	<u>86,073</u>	<u>86,006</u>
Excess of revenue over expenditures for the year before amortization	<u>3,098</u>	<u>9,991</u>
Amortization		
Mains	22,355	21,529
Plants	9,677	10,444
	<u>32,032</u>	<u>31,973</u>
Deficiency of revenue over expenditures for the year	\$ (28,934)	\$ (21,982)