

**The Corporation of  
The Township of Red Rock**  
Consolidated Financial Statements  
For the year ended December 31, 2010

---

**Contents**

<b>Independent Auditor's Report</b>	2
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to the Consolidated Financial Statements	11
Independent Auditor's Comments on Supplementary Financial Information	20
Schedule of Current Fund Operations	21
Consolidated Schedule of Reserves and Reserve Funds	22
Schedule of Water Operations	23
Schedule of Sewer Operations	24



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

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

---

## Independent Auditor's Report

---

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Red Rock which comprise the consolidated statement of financial position as at December 31, 2010 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 generally accepted accounting principles, 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.

#### 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 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 and accumulated surplus.

---

## Independent Auditor's Report (cont'd)

---

### 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

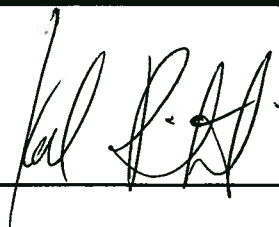
*BDO Canada LLP*


Chartered Accountants, Licenced Public Accountants

Thunder Bay, Ontario  
July 11, 2011

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

December 31	2010	2009
<b>Financial assets</b>		
Cash (Note 1)	\$ 3,121,413	\$ 2,786,824
Short term investments (Note 2)	251,359	594,847
Taxes receivable	1,169,805	695,591
Accounts and grants receivable	166,035	658,637
User charges receivable	21,135	17,653
Due from School Boards	59	1,113
	<u>4,729,806</u>	<u>4,754,665</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	213,854	153,233
Vested sick leave (Note 3)	67,148	109,508
Deferred revenue	131,315	129,352
	<u>412,317</u>	<u>392,093</u>
<b>Net financial assets</b>	<u>4,317,489</u>	<u>4,362,572</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	9,513,830	9,401,643
Prepaid expenses and inventories of supplies	53,825	38,168
	<u>9,567,655</u>	<u>9,439,811</u>
<b>Accumulated surplus (Note 5)</b>	<u>\$ 13,885,144</u>	<u>\$ 13,802,383</u>

  
 \_\_\_\_\_ Treasurer

  
 \_\_\_\_\_ Mayor

**The Corporation of the Township of Red Rock**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the year ended December 31

	2010 Budget	2010 Actual	2009 Actual
(Note 11)			
<b>Revenue</b>			
Taxation and user charges:			
Residential and farm taxation	\$ 703,934	\$ 717,491	\$ 536,108
Commercial and industrial taxation	387,399	392,315	556,318
Tax appeal	-	-	(1,272,079)
Taxation from other governments	39,877	39,878	36,779
Water and sewer billings	183,667	228,392	197,628
Other fees and service charges	140,542	233,610	205,692
Government grants - Federal	1,003,085	322,319	554,172
Government grants - Provincial	2,050,348	910,154	2,616,869
Permits, licenses and fines	13,300	113,861	103,309
Investment income	19,150	45,729	60,210
	4,541,302	3,003,749	3,595,006
<b>Expenses (Note 6)</b>			
General government	1,053,026	1,087,664	932,408
Protection services	479,916	403,157	446,938
Transportation services	457,293	354,387	472,908
Environmental services	437,223	406,279	451,757
Health services	60,134	55,983	56,099
Social and family services	119,954	118,428	135,899
Recreation and cultural services	317,249	389,099	306,023
Planning and development	132,914	105,991	333,469
	3,057,709	2,920,988	3,135,501
<b>Annual surplus</b>	1,483,593	82,761	459,505
<b>Accumulated surplus, beginning of year</b>	13,802,383	13,802,383	13,342,878
<b>Accumulated surplus, end of year</b>	\$ 15,285,976	\$ 13,885,144	\$ 13,802,383

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

For the year ended December 31	2010 Budget	2010 Actual	2009 Actual
	(Note 10)		
Annual surplus	\$ 1,483,593	\$ 82,761	\$ 459,505
Acquisition of tangible capital assets	-	(623,332)	(1,523,277)
Amortization of tangible capital assets	476,795	476,795	420,600
Gain on sale of tangible capital assets	-	(38,450)	(13,289)
Proceeds on sale of tangible capital assets	-	72,800	20,000
	<u>1,960,388</u>	<u>(29,426)</u>	<u>(636,461)</u>
Change in prepaid expenses and inventory of supplies	-	(15,657)	5,456
<b>Net change in net financial assets</b>	<b>1,960,388</b>	<b>(45,083)</b>	<b>(631,005)</b>
Net financial assets, beginning of year	<u>4,362,572</u>	<u>4,362,572</u>	<u>4,993,577</u>
<b>Net financial assets, end of year</b>	<b>\$ 6,322,960</b>	<b>\$ 4,317,489</b>	<b>\$ 4,362,572</b>

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

For the year ended December 31	2010	2009
<b>Operating transactions</b>		
Annual surplus	\$ 82,761	\$ 459,505
Items not involving cash		
Amortization	476,795	420,600
Gain on disposal of tangible capital assets	(38,450)	(13,289)
Changes in non-cash operating balances		
Taxes receivable	(474,214)	98,951
Accounts and grants receivable	492,602	(636,347)
Due from school boards	1,054	(1,113)
User charges receivable	(3,482)	8,460
Prepaid expenses and inventories of supplies	(15,657)	5,456
Accounts payable and accrued liabilities	60,621	54,480
Vested sick leave	(42,360)	(12,543)
Deferred revenue	1,963	44,000
	<u>541,633</u>	<u>428,160</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(623,332)	(1,523,277)
Proceeds on sale of tangible capital assets	72,800	20,000
	<u>(550,532)</u>	<u>(1,503,277)</u>
<b>Investing transactions</b>		
Proceeds on disposition of short term investments	343,488	-
Acquisition of short term investments	-	(5,377)
	<u>343,488</u>	<u>(5,377)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>334,589</b>	<b>(1,080,494)</b>
<b>Cash, beginning of year</b>	<b><u>2,786,824</u></b>	<b><u>3,867,318</u></b>
<b>Cash, end of year</b>	<b><u>\$ 3,121,413</u></b>	<b><u>\$ 2,786,824</u></b>

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, 2010**

---

<b>Management's Responsibility for the Financial Statements</b>	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.
<b>Basis of Consolidation</b>	<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>
<b>Cash and Cash Equivalents</b>	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.
<b>Short Term Investments</b>	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, 2010

<b>Accounting for School Board Transactions</b>	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.																								
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: center;">-</td> <td style="text-align: right;">10 to 40 years</td> </tr> <tr> <td>Furniture and equipment</td> <td style="text-align: center;">-</td> <td style="text-align: right;">3 to 20 years</td> </tr> <tr> <td>Computer hardware and software</td> <td style="text-align: center;">-</td> <td style="text-align: right;">to 5 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: center;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Linear assets</td> <td style="text-align: center;">-</td> <td style="text-align: right;">15 to 75 years</td> </tr> <tr> <td>Collections</td> <td style="text-align: center;">-</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	-	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	-	to 5 years																							
Vehicles	-	5 to 20 years																							
Linear assets	-	15 to 75 years																							
Collections	-	10 years																							
<b>Trust Funds</b>	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.																								
<b>Retirement Benefits and Other Employee Benefit Plans</b>	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 has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township 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, 2010

---

<b>Deferred Revenue</b>	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.
<b>Government Transfers</b>	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.
<b>Revenue Recognition</b>	<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.</p> <p>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>
<b>Use of Estimates</b>	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, 2010

---

### 1. Cash

The Township's bank accounts earn interest monthly at an effective interest rate of prime less 1.5%. The prime rate was 3% at December 31, 2010.

---

### 2. Short Term Investments

Short term investments have a market value of \$248,928 (2009- \$594,847) and are comprised of an O.N.E. Bond Fund and an O.N.E. Money Market Fund with effective interest rates of 3.53% to 3.54% (2009 - 0.35% to 0.92%). Interest is accrued on a monthly basis. Fair value is considered to approximate market value.

---

### 3. Vested Sick Leave Liability

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

The liability for these accumulated days, to the extent that they have vested and may be taken in cash by an employee on retirement, amounted to \$67,148 (2009 - \$109,508) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2011	\$	-
Subsequent to 2012		67,148
		67,148
	\$	67,148

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

**December 31, 2010**

**4. Tangible Capital Assets**

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

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

December 31, 2010

4. Tangible Capital Assets (cont'd)

	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, 2010

### 5. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	2010	2009
Investment in tangible capital assets	\$ 9,513,830	\$ 9,401,643
Current funds to be applied to operations of local boards for the following year	8,892	7,201
Reserves set aside for specific purpose by Council:		
Working capital	1,968,186	1,774,819
Sewer and water	63,852	63,852
Reserve funds:		
Forest fire costs	60,963	58,800
'Project Revenue'	5,504	5,444
Employee retirement costs	8,972	13,961
Administrative capital expenditure	64,998	76,368
Recreational capital expenditure	115,147	329,726
Library capital expenditure	9,959	9,851
Public works capital expenditure	402,270	397,926
Protection to persons and property	224,414	221,990
Tax refunds	386,982	382,926
Water capital expenditure	801,430	810,829
Sewer capital expenditure	145,741	144,167
Unconditional grants	104,004	102,880
	<b>\$ 13,885,144</b>	<b>\$ 13,802,383</b>

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

December 31, 2010

### 6. Expenses by Object

	Budget 2010	2010	2009
Salaries, wages and employee benefits	\$ 1,079,920	\$ 1,059,432	\$ 1,023,087
Materials and supplies	696,038	720,707	916,322
Contracted services	569,444	538,026	553,330
Rents and financial expenses	80,017	23,784	34,172
Outside transfers	88,114	89,583	133,772
Donations	12,500	-	-
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	21,234	21,234	20,735
Thunder Bay Area Emergency Measures Organization	1,807	1,825	1,807
Thunder Bay District Social Services Administration Board	31,840	31,961	31,676
Amortization	476,795	476,795	420,600
	<b>\$ 3,057,709</b>	<b>\$ 2,963,347</b>	<b>\$ 3,135,501</b>

### 7. Employee Benefits Plan Liability

OMERS provides pension services to more than 409,746 active and retired members and approximately 931 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, 2010. The results of this valuation disclosed total actuarial liabilities of \$60,035 million (2009 - \$54,253 million) in respect of benefits accrued for service with actuarial assets at that date of \$55,568 million (2009 - \$52,734 million) indicating an actuarial deficit of \$4,467 million (2009 - \$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 municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2010 were \$78,917 (2009 - \$77,202).

---

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

December 31, 2010

---

### 8. Policing

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

---

### 9. Public Sector Salary Disclosure Act

For 2010, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

---

### 10. Comparative Amounts

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

---

### 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 2010 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. 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.



---

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

December 31, 2010

---

### 12. Segmented Information (cont'd)

#### b) Protection Services

Protection is comprised of police services, fire protection and ambulance services. The police services work is to ensure the safety and protection of the citizens and their property. The fire department is responsible 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.

#### 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 Services

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, 2010

**12. Segmented Information (cont'd)**

Expenses	Protection to Persons		Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2010 Total
	General Government	Property and Transportation Services					
Salaries, wages and employee benefits	\$ 401,529	\$ 47,119	\$ -	\$ -	\$ 133,344	\$ 28,169	\$ 1,059,432
Materials and supplies	103,771	27,360	909	-	236,948	73,930	720,707
Contracted services	112,627	319,363	31,962	-	5,713	3,892	538,026
Rents and financial Outside transfers	32,184	7,490	1,879	-	13,094	-	23,784
Amortization	3,117	1,825	21,233	118,428	-	-	144,603
	476,795	-	-	-	-	-	476,795
	\$ 1,130,023	\$ 403,157	\$ 55,983	\$ 118,428	\$ 389,099	\$ 105,991	\$ 2,963,347

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

December 31, 2010

12. Segmented Information (cont'd)

Expenses	Protection						2009 Total	
	General Government and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services		Planning and Development
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	-	-	187,990
Amortization	420,600	-	-	-	-	-	-	420,600
	\$ 932,408	\$ 446,938	\$ 472,908	\$ 451,757	\$ 56,099	\$ 306,023	\$ 333,469	\$ 3,135,501

---

## 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, 2010 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 11, 2011 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 purposes 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 11, 2011

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

For the year ended December 31	2010 Budget	2010 Actual	2009 Actual
	(Note 11)		
<b>Revenue</b>			
Residential and farm taxation	\$ 703,934	\$ 717,491	\$ 536,108
Commercial and industrial taxation	387,399	392,315	556,318
Tax appeal	-	-	(1,272,079)
Taxation from other governments	39,877	39,878	36,779
Water and sewer billings	183,667	228,392	197,628
Other fees and service charges	140,542	233,610	205,692
Government of Canada grants	1,003,085	322,319	554,172
Province of Ontario grants	2,050,348	910,154	2,616,869
Permits and late penalty charges	13,300	113,861	103,309
Investment income	19,150	45,729	60,210
	4,541,302	3,003,749	3,595,006
<b>Expenses</b>			
General government	576,231	1,045,305	919,865
Protection to persons and property	479,916	403,157	446,938
Transportation services	446,521	354,387	472,908
Environmental services	411,523	406,279	451,757
Health services	60,134	55,983	56,099
Social and family services	119,954	118,428	135,899
Recreational and cultural services	317,249	389,099	306,023
Planning and development	132,914	105,991	333,469
	2,544,442	2,878,629	3,122,958
<b>Net revenue, for the year</b>	1,996,860	125,120	472,048
<b>Financing and transfers</b>			
Transfers to reserves and reserve funds	(65,396)	(392,167)	(95,434)
Transfers from reserves and reserve funds	907,555	414,392	728,005
	842,159	22,225	632,571
<b>Change in fund balance, for the year</b>	2,839,019	147,345	1,104,619
<b>Current fund, beginning of the year</b>	9,421,387	9,421,387	8,316,768
<b>Current fund, end of the year</b>	\$ 12,260,406	\$ 9,568,732	\$ 9,421,387

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

For the year ended December 31	2010	2009
<b>Reserves</b>		
Balance, beginning of year	\$ 1,838,671	\$ 2,045,553
Transfers to/from other funds		
Contributions to current operations	-	(222,123)
Contributions from current operations	193,367	-
PSAB adjustment	-	15,241
	193,367	(206,882)
<b>Balance, end of year</b>	<b>\$ 2,032,038</b>	<b>\$ 1,838,671</b>
<b>Reserve Funds</b>		
Balance, beginning of year	\$ 2,554,868	\$ 2,980,554
Revenue		
Interest earned	31,678	44,151
Transfers from other funds		
Contributions from current operations	124,762	38,740
Change in vested sick leave liability	42,360	12,543
	198,800	95,434
Transfers to other funds		
Contributions to current operations	414,392	521,120
<b>Balance, end of year</b>	<b>\$ 2,339,276</b>	<b>\$ 2,554,868</b>

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  
Schedule of Water Operations**

For the year ended December 31	2010	2009
<b>Revenue</b>		
Residential/Commercial	\$ 127,395	\$ 114,487
Industrial	3,718	1,959
Grants	30,161	30,161
Other	18,872	25,725
	<b>180,146</b>	<b>172,332</b>
<b>Expenses</b>		
Administration	21,502	32,901
Generating plant	36,079	48,298
Hydrants	7,250	4,258
Laterals	14,465	42,841
Mains	1,872	3,908
Meter reading	78	541
Plant	129,701	150,540
Pumping stations	1,200	838
Tower	8,635	12,642
	<b>220,782</b>	<b>296,767</b>
Deficiency of revenue over expenses for the year before amortization	<b>(40,636)</b>	<b>(124,435)</b>
<b>Amortization</b>		
Pumping station	15,697	15,697
Plant	94,098	62,042
Mains	6,433	6,598
Hydrants	890	890
Tower	15,877	15,877
Generating plant	960	960
	<b>133,955</b>	<b>102,064</b>
Deficiency of revenue over expenses for the year	<b>\$ (174,591)</b>	<b>\$ (226,499)</b>

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  
Schedule of Sewer Operations**

For the year ended December 31	2010	2009
<b>Revenue</b>		
Residential/Commercial	\$ 94,020	\$ 78,971
Industrial	2,720	1,439
Other	7,751	8,761
	<b>104,491</b>	<b>89,171</b>
<b>Expenses</b>		
Laterals	6,451	2,424
Mains	126	1,804
Plant	89,114	80,915
Pumping station	927	930
	<b>96,618</b>	<b>86,073</b>
Excess of revenue over expenses for the year before amortization	<b>7,873</b>	<b>3,098</b>
<b>Amortization</b>		
Mains	22,003	22,355
Plants	9,676	9,677
	<b>31,679</b>	<b>32,032</b>
Deficiency of revenue over expenses for the year	<b>\$ (23,806)</b>	<b>\$ (28,934)</b>

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