

**The Corporation of
The Township of Red Rock
Consolidated Financial Statements
For the year ended December 31, 2017**

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Statement of Administrative Responsibility

The management of the Corporation of the Township of Red Rock have prepared the accompanying financial statement and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, Administration has developed and maintains a system of internal control designed to provide reasonable assurance the the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Chief Administrative Officer reviews the financial statements before such statements are submitted to Council and published for the residents of Red Rock. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

The 2017 financial statements have been reported on by the Corporation of the Township of Red Rock's external auditors, BDO Canada LLP, the auditors appointed by Council. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.


Nancy Gladun, Chief Administrative Officer

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, 2017 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. This is a result of a decision taken by management in a prior year. Canadian public sector accounting standards require that a provision for closure and post-closure costs be provided for in the financial statements. Since we have been unable to obtain satisfactory evidence as to these liabilities, we were not able to determine whether any adjustment might be necessary to expenses, annual surplus, and cash flows from operations for the years ended December 31, 2017 and 2016, liabilities as at December 31, 2017 and 2016, and accumulated surplus as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

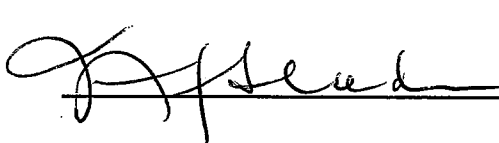
BDO Canada LLP

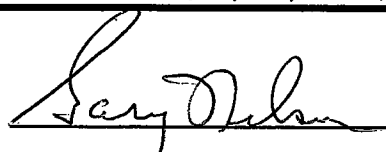
Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 20, 2018

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

December 31	2017	2016
Financial assets		
Cash (Note 2)	\$ 1,145,811	\$ 1,253,787
Portfolio investments (Note 3)	230,849	225,864
Taxes receivable	671,469	727,888
Accounts and grants receivable	210,589	139,666
User charges receivable	29,682	29,716
	<u>2,288,400</u>	<u>2,376,921</u>
Liabilities		
Accounts payable and accrued liabilities	231,239	230,442
Vested sick leave (Note 4)	75,109	89,993
Deferred revenue (Note 5)	148,146	175,263
Long-term debt (Note 6)	488,429	515,483
	<u>942,923</u>	<u>1,011,181</u>
Net financial assets	<u>1,345,477</u>	<u>1,365,740</u>
Non-financial assets		
Tangible capital assets (Note 7)	12,229,689	12,433,575
Prepaid expenses and inventories of supplies	36,042	61,263
	<u>12,265,731</u>	<u>12,494,838</u>
Accumulated surplus (Note 8)	<u>\$ 13,611,208</u>	<u>\$ 13,860,578</u>


 _____ Treasurer


 _____ Mayor

The Corporation of the Township of Red Rock

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
	(Note 15)		
Revenue			
Taxation and user charges:			
Residential and farm taxation	\$ 1,094,383	\$ 1,085,720	\$ 1,059,285
Commercial and industrial taxation	397,294	381,646	456,195
Taxation from other governments	67,076	66,572	71,081
Water and sewer billings	313,523	311,016	308,312
Other fees and service charges	195,264	160,946	183,302
Government grants - Federal (Note 10)	570,780	131,296	372,443
- Provincial (Note 10)	1,332,102	836,195	1,055,744
Permits, licenses and fines	22,800	182,476	153,501
Investment income	13,100	25,200	22,673
Loss on disposal of tangible capital assets	-	(12,375)	(2,646)
	<u>4,006,322</u>	<u>3,168,692</u>	<u>3,679,890</u>
Expenses (Note 9)			
General government	609,259	969,693	1,128,552
Protection to persons and property	308,957	286,790	292,672
Transportation services	666,383	601,278	560,303
Environmental services	678,127	597,777	658,900
Health services	52,905	49,093	48,358
Social and family services	54,668	54,477	56,784
Recreation and cultural services	846,898	786,528	769,427
Planning and development	97,629	72,426	156,874
	<u>3,314,826</u>	<u>3,418,062</u>	<u>3,671,870</u>
Annual surplus (deficit)	691,496	(249,370)	8,020
Accumulated surplus, beginning of year	13,860,578	13,860,578	13,852,558
Accumulated surplus, end of year	<u>\$ 14,552,074</u>	<u>\$ 13,611,208</u>	<u>\$ 13,860,578</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	2017 Budget	2017 Actual	2016 Actual
	(Note 15)		
Annual surplus (deficit)	\$ 691,496	\$ (249,370)	\$ 8,020
Acquisition of tangible capital assets	(1,428,820)	(448,261)	(863,101)
Amortization of tangible capital assets	639,433	639,772	639,433
Loss on disposal of tangible capital assets	-	12,375	2,646
	(97,891)	(45,484)	(213,002)
Change in prepaid expenses and inventory of supplies	-	25,221	(6,729)
Net change in net financial assets	(97,891)	(20,263)	(219,731)
Net financial assets, beginning of year	1,365,740	1,365,740	1,585,471
Net financial assets, end of year	\$ 1,267,849	\$ 1,345,477	\$ 1,365,740

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	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ (249,370)	\$ 8,020
Items not involving cash		
Amortization	639,772	639,433
Loss on disposal of tangible capital assets	12,375	2,646
Changes in non-cash operating balances		
Taxes receivable	56,419	85,432
Accounts and grants receivable	(70,923)	(28,457)
User charges receivable	34	(170)
Prepaid expenses and inventories of supplies	25,221	(6,729)
Accounts payable and accrued liabilities	797	29,504
Vested sick leave	(14,884)	(21,769)
Deferred revenue	(27,117)	25,981
	<u>372,324</u>	<u>733,891</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(448,261)</u>	<u>(863,101)</u>
Investing transactions		
Purchase of portfolio investments	<u>(4,985)</u>	<u>(5,115)</u>
Financing transactions		
Advances of long-term debt	-	80,000
Repayment of long-term debt	<u>(27,054)</u>	<u>(19,237)</u>
	<u>(27,054)</u>	<u>60,763</u>
 Increase (decrease) in cash for the year	 (107,976)	 (73,562)
Cash, beginning of year	<u>1,253,787</u>	<u>1,327,349</u>
Cash, end of year	<u>\$ 1,145,811</u>	<u>\$ 1,253,787</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, 2017

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, transportation, planning, social and family, recreation and other general government services.

Reporting Entity The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township. The following entities have been consolidated:

Red Rock Public Library Board

All inter-entity transactions and balances have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Township and the resulting interest income and expenditures.

A government partnership exists where the Township has shared control over the board or entity. The Township's pro-rata share of the assets, liabilities, revenues and expenditures is reflected in the financial statements using the proportionate consolidation method. There are no joint local boards accounted for in this manner in these financial statements.

The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:

Thunder Bay District Health Unit
Thunder Bay Area Emergency Measures Organization
Thunder Bay District Social Services Administration Board

Cash and Cash Equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Portfolio 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, 2017

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, 2017

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, 2017

2. Cash

The Township's bank accounts earn interest at an effective interest rate of 1.95% (2016 - 1.2%).

The Township's credit facilities include a \$300,000 overdraft protection which carries interest at prime plus 0.75%. As at December 31, 2017, the Township utilized \$nil (2016 - \$nil) of this facility. The prime rate was 4.20% at December 31, 2017 (2016 - 4.0%).

3. Portfolio Investments

Portfolio investments have a market value of \$212,056 (2016 - \$212,378) and is comprised of a O.N.E. Bond Fund with an effective interest rate of 2.18% (2016 - 2.29%). Interest is accrued on a monthly basis.

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 \$75,109 (2016 - \$89,993) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

2018	\$ -
Subsequent to 2019	75,109
	<hr/>
	\$ 75,109
	<hr/>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2017

5. Deferred Revenue

	2017	2016
Federal Gas Tax	\$ 125,626	\$ 146,954
Other	22,520	28,309
	<u>\$ 148,146</u>	<u>\$ 175,263</u>

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Township, the Province of Ontario and the Association of Municipalities of Ontario. Gas tax funding may only be used towards eligible projects as specified in the funding agreement.

6. Long Term Debt

	2017	2016
Ontario Infrastructure Debenture		
Loan, unsecured, repayable \$17,470 semi-annually, including interest at 3.49%, maturing 2033	\$ 415,568	\$ 435,483
Ontario Infrastructure Debenture		
Loan, unsecured, repayable \$4,543 semi-annually, including interest at 2.49%, maturing 2026	72,861	80,000
	<u>\$ 488,429</u>	<u>\$ 515,483</u>

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

December 31, 2017

6. Long Term Debt (cont'd)

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

Year	Amount
2018	\$ 27,934
2019	28,843
2020	29,782
2021	30,752
2022	31,755
Thereafter	<u>339,363</u>
	<u>\$ 488,429</u>

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

	<u>2017</u>	<u>2016</u>
Principal payments	\$ 27,054	\$ 19,237
Interest payments	<u>16,974</u>	<u>15,704</u>
	<u>\$ 44,028</u>	<u>\$ 34,941</u>

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

December 31, 2017

7. Tangible Capital Assets

	Land	Land Improvements	Land	Buildings	Machinery and Equipment	Library Collections,	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,363,224	\$ 2,960,285	\$ 5,568,880	\$ 3,425,566	\$ 1,251,237	\$ 923,313	\$ 15,492,505		
Additions	-	-	32,247	108,325	49,035	52,832	242,439		
Disposals and write downs	-	-	-	(60,210)	(50,492)	-	(110,702)		
Cost, end of year	1,363,224	2,960,285	5,601,127	3,473,681	1,249,780	976,145	15,624,242		
Accumulated amortization, beginning of year	-	1,587,619	2,097,675	1,582,263	1,046,955	597,394	6,911,906		
Amortization	-	78,964	101,593	175,457	45,979	12,081	414,074		
Disposals and write downs	-	-	-	(60,210)	(38,117)	-	(98,327)		
Accumulated amortization, end of year	-	1,666,583	2,199,268	1,697,510	1,054,817	609,475	7,227,653		
Net carrying amount, end of year	\$ 1,363,224	\$ 1,293,702	\$ 3,401,859	\$ 1,776,171	\$ 194,963	\$ 366,670	\$ 8,396,589		

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

December 31, 2017

7. Tangible Capital Assets (cont'd)

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2017 Total
Cost, beginning of year	\$ 15,492,505	\$ 2,325,527	\$ 483,100	\$ 2,258,672	\$ 3,311,440	\$ 693,656	\$ 24,564,900
Additions	242,439	-	-	-	110,830	94,992	448,261
Disposals and write downs	(110,702)	-	-	-	-	-	(110,702)
Cost, end of year	15,624,242	2,325,527	483,100	2,258,672	3,422,270	788,648	24,902,459
Accumulated amortization, beginning of year	6,911,906	1,616,634	295,590	1,351,496	1,955,699	-	12,131,325
Amortization	414,074	49,525	8,098	32,895	135,180	-	639,772
Disposals and write downs	(98,327)	-	-	-	-	-	(98,327)
Accumulated amortization, end of year	7,227,653	1,666,159	303,688	1,384,391	2,090,879	-	12,672,770
Net carrying amount, end of year	\$ 8,396,589	\$ 659,368	\$ 179,412	\$ 874,281	\$ 1,331,391	\$ 788,648	\$ 12,229,689

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

December 31, 2017

7. Tangible Capital Assets (cont'd)

	Land	Land Improvements	Buildings	Library Collections, Machinery and Equipment	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,363,224	\$ 2,960,285	\$ 5,568,880	\$ 3,343,323	\$ 1,251,237	\$ 887,478	\$ 15,374,427
Additions	-	-	-	82,243	-	35,835	118,078
Cost, end of year	1,363,224	2,960,285	5,568,880	3,425,566	1,251,237	923,313	15,492,505
Accumulated amortization, beginning of year	-	1,508,654	1,996,696	1,414,164	992,780	585,678	6,497,972
Amortization	-	78,965	100,979	168,099	54,175	11,716	413,934
Accumulated amortization, end of year	-	1,587,619	2,097,675	1,582,263	1,046,955	597,394	6,911,906
Net carrying amount, end of year	\$ 1,363,224	\$ 1,372,666	\$ 3,471,205	\$ 1,843,303	\$ 204,282	\$ 325,919	\$ 8,580,599

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

December 31, 2017

7. Tangible Capital Assets (cont'd)

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2016 Total
Cost, beginning of year	\$ 15,374,427	\$ 2,326,345	\$ 483,100	\$ 2,258,672	\$ 3,306,049	\$ 29,371	\$ 23,777,964
Additions	118,078	75,347	-	-	5,392	664,284	863,101
Disposals and write downs	-	(76,165)	-	-	-	-	(76,165)
Cost, end of year	15,492,505	2,325,527	483,100	2,258,672	3,311,441	693,655	24,564,900
Accumulated amortization, beginning of year	6,497,972	1,639,183	287,490	1,318,601	1,822,165	-	11,565,411
Amortization	413,934	50,970	8,100	32,895	133,534	-	639,433
Disposals and write downs	-	(73,519)	-	-	-	-	(73,519)
Accumulated amortization, end of year	6,911,906	1,616,634	295,590	1,351,496	1,955,699	-	12,131,325
Net carrying amount, end of year	\$ 8,580,599	\$ 708,893	\$ 187,510	\$ 907,176	\$ 1,355,742	\$ 693,655	\$ 12,433,575

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2017

8. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2017</u>	<u>2016</u>
Investment in tangible capital assets	\$ 12,229,689	\$ 12,433,575
Current funds to be applied to operations of local boards for the following year	43,060	38,686
Reserves set aside for specific purpose by Council:		
Working capital	1,089,354	1,008,211
Sewer and water	63,853	63,853
Reserve funds:		
Forest fire costs	17,952	17,720
Project Remove	6,075	5,991
Employee retirement costs	(55,500)	(49,764)
Administrative capital expenditure	31,655	46,010
Recreational capital expenditure	25,911	47,010
Library capital expenditure	10,994	10,841
Public works capital expenditure	15,574	32,232
Protection to persons and property	23,831	80,308
Tax refunds	4,778	4,712
Water capital expenditure	58,856	103,045
Sewer capital expenditure	23,404	18,148
Ontario Community Infrastructure	21,722	-
	<u>\$ 13,611,208</u>	<u>\$ 13,860,578</u>

9. Expenses By Object

	<u>Budget 2017</u>	<u>2017</u>	<u>2016</u>
Salaries, wages and employee benefits	\$ 1,250,935	\$ 1,211,221	\$ 1,210,511
Materials and supplies	896,650	705,986	775,340
Contracted services	350,250	333,688	318,976
Rents and financial expenses	97,985	80,778	87,927
Provision for doubtful taxes receivable	-	370,037	558,354
Donations	5,000	2,198	2,980
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	19,905	19,905	19,740
Thunder Bay Area Emergency Measures Organization	-	-	1,825
Thunder Bay District Social Services Administration Board	54,668	54,477	56,784
Amortization	639,433	639,772	639,433
	<u>\$ 3,314,826</u>	<u>\$ 3,418,062</u>	<u>\$ 3,671,870</u>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2017

10. Government Transfers

	Budget 2017	2017	2016
Federal Transfers			
AMO - Federal Gas Tax	\$ 57,280	\$ 79,621	\$ 32,856
Infrastructure Canada	500,000	45,963	324,664
FedNor	-	-	14,923
Employment and Social Development Canada	13,500	5,712	-
	570,780	131,296	372,443
Provincial Transfers			
Ontario Clean Water and Waste Water Fund	-	80,867	-
Ontario Municipal Partnership Fund	643,100	643,100	643,100
Ministry of Agriculture, Food and Rural Affairs	550,000	88,855	398,358
Northern Ontario Heritage Fund	21,060	9,069	-
Other	117,942	14,304	14,286
	1,332,102	836,195	1,055,744
	\$ 1,902,882	\$ 967,491	\$ 1,428,187

11. 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 482,000 active and retired members and approximately 1,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94.4 billion (\$87.6 billion in 2016) in respect of benefits accrued for service with actuarial assets at that date of \$89 billion (\$81.8 billion in 2016) indicating an actuarial deficit of \$5.4 billion (\$5.7 billion in 2016). 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 2017 was \$160,181 (\$132,212 in 2016), which is included as an expenditure on the consolidated statement of operations and accumulated surplus.

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2017

12. 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 2017 was \$165,838 (2016 - \$175,176) after adjusting for rebates.

13. Public Sector Salary Disclosure Act

For 2017, no employees of the Township were paid salaries of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

14. Contaminated Sites

The Township has evaluated all of its properties and has determined that of the properties not in productive use, none met the applicable criteria of Public Sector Accounting Handbook Standard, PS 3260 Liability for Contaminated Sites. Therefore, no liability has been accrued.

15. 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 2017 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. As a result, the budget figures presented in the statements of operations and change in net financial assets was adjusted as follows:

Approved budget surplus for the year	\$ -
Add:	
Capital expenditures	1,428,820
Budgeted transfers to reserves	230,929
Less:	
Budgeted transfers from reserves	(328,820)
Amortization	(639,433)
Budget surplus per statement of operations	<u>\$ 691,496</u>

The Corporation of the Township of Red Rock

Notes to Consolidated Financial Statements

December 31, 2017

16. Segmented Information

The Corporation of the Township of Red Rock is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

a) General Government

This area relates to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

b) Protection to Persons and Property

Protection is comprised of police services, fire protection and ambulance services. The police services work is to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

c) Transportation Services

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

d) Environmental Services

Environmental services provides waste disposal services to citizens as well as maintaining the Municipality's sewer and drinking water systems. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards.

e) Health Services

Health services are comprised of public health services, which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and the community.

f) Social and Family Services

Social service provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need.

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

December 31, 2017

16. Segmented Information (cont'd)

g) Recreational and Cultural Services

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational and cultural programs such as, swimming and skating lessons and English as a second language are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

h) Planning and Development

This department provides a number of services including municipal planning, maintenance and enforcement of building and construction codes, and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

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

December 31, 2017

16. Segmented Information (cont'd)

Expenses	General Government	Protection and Property to Persons	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2017 Total
Salaries, wages and employee benefits	\$ 378,278	\$ 37,864	\$ 346,898	\$ 193,063	\$ -	\$ -	\$ 218,344	\$ 36,774	\$ 1,211,221
Materials and supplies	82,509	38,511	135,054	177,579	-	-	239,617	32,716	705,986
Contracted services	94,475	168,838	1,441	33,012	29,188	-	4,190	2,544	333,688
Rents and financial	32,426	7,961	3,803	16,410	-	-	20,178	-	80,778
Provision for doubtful taxes	370,037	-	-	-	-	-	-	-	370,037
receivable Outside	2,198	-	-	-	19,905	54,477	-	-	76,580
transfers	9,770	33,616	114,082	177,713	-	-	304,199	392	639,772
Amortization									
	\$ 969,693	\$ 286,790	\$ 601,278	\$ 597,777	\$ 49,093	\$ 54,477	\$ 786,528	\$ 72,426	\$ 3,418,062

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

December 31, 2017

16. Segmented Information (cont'd)

	General Government	Protection and Property to Persons	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2016 Total
Expenses									
Salaries, wages and employee benefits	\$ 364,135	\$ 37,558	\$ 296,242	\$ 230,336	\$ -	\$ -	\$ 214,305	\$ 67,935	\$ 1,210,511
Materials and supplies	77,244	38,285	134,218	207,552	-	-	232,175	85,866	775,340
Contracted services	79,472	178,411	3,608	26,136	28,618	-	187	2,544	318,976
Rents and financial	36,895	8,241	4,052	18,802	-	-	19,937	-	87,927
Provision for doubtful taxes	558,354	-	-	-	-	-	-	-	558,354
receivable Outside	2,980	1,825	-	-	19,740	56,784	-	-	81,329
transfers	9,472	28,352	122,183	176,074	-	-	302,823	529	639,433
Amortization									
	\$ 1,128,552	\$ 292,672	\$ 560,303	\$ 658,900	\$ 48,358	\$ 56,784	\$ 769,427	\$ 156,874	\$ 3,671,870

The Corporation of the Township of Red Rock

Schedule of Current Fund Operations

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
	(Note 15)		
Revenue			
Residential and farm taxation	\$ 1,094,383	\$ 1,085,720	\$ 1,059,285
Commercial and industrial taxation	397,294	381,646	456,195
Taxation from other governments	67,076	66,572	71,081
Water and sewer billings	313,523	311,016	308,312
Other fees and service charges	195,264	160,946	183,302
Government of Canada grants	578,340	131,296	372,443
Province of Ontario grants	1,324,542	836,195	1,055,744
Permits and late penalty charges	22,800	182,476	153,501
Investment income	13,100	25,200	22,673
Loss on disposal of tangible capital assets	-	(12,375)	(2,646)
	4,006,322	3,168,692	3,679,890
Expenses			
General government	609,259	969,693	1,128,552
Protection to persons and property	308,957	286,790	292,672
Transportation services	666,383	601,278	560,303
Environmental services	678,127	597,777	658,901
Health services	52,905	49,093	48,358
Social and family services	54,668	54,477	56,784
Recreational and cultural services	846,898	786,528	769,426
Planning and development	97,629	72,426	156,874
	3,314,826	3,418,062	3,671,870
Net revenue, for the year	691,496	(249,370)	8,020
Financing and transfers			
Transfers to reserves and reserve funds	(230,929)	(515,200)	(187,813)
Transfers from reserves and reserve funds	328,820	565,058	404,369
	97,891	49,858	216,556
Change in fund balance, for the year	789,387	(199,512)	224,576
Current fund, beginning of the year	12,472,261	12,472,261	12,247,685
Current fund, end of the year	\$ 13,261,648	\$ 12,272,749	\$ 12,472,261

The Corporation of the Township of Red Rock

Consolidated Schedule of Reserves and Reserve Funds

For the year ended December 31	2017	2016
Reserves		
Balance, beginning of year	\$ 1,072,064	\$ 1,232,333
Transfers to/from other funds		
Contributions from current operations	374,820	91,305
Contributions to current operations	(293,677)	(251,574)
	81,143	(160,269)
Balance, end of year	\$ 1,153,207	\$ 1,072,064
Reserve Funds		
Balance, beginning of year	\$ 316,253	\$ 372,540
Transfers from other funds		
Contributions from current operations	117,280	67,280
Interest earned	8,216	7,459
Change in vested sick leave liability	14,884	21,769
	140,380	96,508
Transfers to other funds		
Contributions to current operations	(271,381)	(152,795)
Balance, end of year	\$ 185,252	\$ 316,253

**The Corporation of the Township of Red Rock
Schedule of Water Operations
(Unaudited)**

For the year ended December 31	2017	2016
Revenue		
Residential/Commercial	\$ 192,483	\$ 178,420
Grants	80,867	-
Other	3,529	9,842
	<u>276,879</u>	<u>188,262</u>
Expenses		
Administration	5,554	7,098
Generating plant	41,775	46,956
Hydrants	10,514	3,816
Laterals	4,704	5,968
Mains	2,526	2,234
Meter reading	-	37
Plant	137,644	165,785
Pumping stations	797	1,215
Tower	8,350	9,120
	<u>211,864</u>	<u>242,229</u>
Deficiency of revenue over expenses for the year before amortization	<u>65,015</u>	<u>(53,967)</u>
Amortization		
Pumping station	15,406	15,406
Plant	102,698	101,059
Mains	8,119	8,119
Hydrants	938	938
Tower	15,877	15,877
Generating plant	960	960
	<u>143,998</u>	<u>142,359</u>
Deficiency of revenue over expenses for the year	<u>\$ (78,983)</u>	<u>\$ (196,326)</u>

**The Corporation of the Township of Red Rock
Schedule of Sewer Operations
(Unaudited)**

For the year ended December 31	2017	2016
Revenue		
Residential/Commercial	\$ 117,713	\$ 129,131
Grants	84,818	649,327
Other	330	330
	<u>202,861</u>	<u>778,788</u>
Expenses		
Laterals	1,869	4,682
Mains	56	2,585
Plant	90,140	127,455
Pumping station	610	1,809
	<u>92,675</u>	<u>136,531</u>
Excess of revenue over expenses for the year before amortization	<u>110,186</u>	<u>642,257</u>
Amortization		
Mains	23,219	23,219
Plants	10,496	10,496
	<u>33,715</u>	<u>33,715</u>
Surplus of revenue over expenses for the year	<u>\$ 76,471</u>	<u>\$ 608,542</u>