

**AGENDA FOR THE COUNCIL MEETING OF  
THE CORPORATION OF THE TOWNSHIP OF RED ROCK  
FOR THE 939<sup>th</sup> SPECIAL MEETING OF SEPTEMBER 28<sup>th</sup>, 2021 AT 5:00 P.M.**

1. Closed Session
2. Report from Closed Session
3. Preliminary Matters:
  - Item 3.1: Call to Order
  - Item 3.2: Amendments to/Acceptance of Agenda RES
  - Item 3.3: Request/Receive Disclosures of Interest
4. Presentations or Deputations
  - Item 4.1: BDO Dunwoody – 2020 Financial Audit RES
5. Minutes of Previous Council Meeting(s)
6. Correspondence
7. Reports from Committees, Boards or Agencies
8. Reports from Administration
9. By-laws
10. New Business
11. Unfinished Business
12. Closed Session (continued, if required)
13. Report from Closed Session
14. Confirming By-law (#2021-1252) RES
15. Adjournment

**The Corporation of  
The Township of Red Rock  
Consolidated Financial Statements  
For the year ended December 31, 2020**

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## **The Corporation of the Township of Red Rock Statement of Administrative Responsibility**

**December 31, 2020**

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The management of the Corporation of the Township of Red Rock have prepared the accompanying financial statements 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 that 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 2020 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.

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Mark Figliomeni, Chief Administrative Officer

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## Independent Auditor's Report

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**To the Members of Council of The Corporation of the Township of Red Rock**

### **Qualified Opinion**

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, 2020 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2020, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **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, 2020 and 2019, liabilities as at December 31, 2020 and 2019, and accumulated surplus as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
xx/xx/xxxx

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

| <b>December 31</b>                           | <b>2020</b>          | <b>2019</b>          |
|--|----------------------|----------------------|
| <b>Financial assets</b>                      |                      |                      |
| Cash (Note 2)                                | \$ 1,600,964         | \$ 1,259,449         |
| Taxes receivable                             | 551,158              | 570,061              |
| Accounts and grants receivable               | 2,162,232            | 4,114,992            |
| User charges receivable                      | 29,374               | 32,588               |
|  | <u>4,343,728</u>     | <u>5,977,090</u>     |
| <b>Liabilities</b>                           |                      |                      |
| Bank indebtedness (Note 2)                   | 289,587              | 677,224              |
| Accounts payable and accrued liabilities     | 1,962,449            | 3,230,739            |
| Vested sick leave (Note 3)                   | 68,011               | 82,635               |
| Deferred revenue (Note 4)                    | 340,569              | 288,528              |
| Long-term debt (Note 5)                      | 401,870              | 431,652              |
|  | <u>3,062,486</u>     | <u>4,710,778</u>     |
| <b>Net financial assets</b>                  | <u>1,281,242</u>     | <u>1,266,312</u>     |
| <b>Non-financial assets</b>                  |                      |                      |
| Tangible capital assets (Note 6)             | 28,649,346           | 22,307,949           |
| Prepaid expenses and inventories of supplies | 60,030               | 56,742               |
|  | <u>28,709,376</u>    | <u>22,364,691</u>    |
| <b>Accumulated surplus (Note 7)</b>          | <u>\$ 29,990,618</u> | <u>\$ 23,631,003</u> |

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

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

| For the year ended December 31                   | 2020<br>Budget       | 2020<br>Actual       | 2019<br>Actual       |
|--|----------------------|----------------------|----------------------|
|  | (Note 15)            |                      |                      |
| <b>Revenue</b>                                   |                      |                      |                      |
| Taxation and user charges:                       |                      |                      |                      |
| Residential and farm taxation                    | \$ 1,169,822         | \$ 1,160,328         | \$ 1,134,874         |
| Commercial and industrial taxation               | 200,211              | 229,079              | 386,378              |
| Taxation from other governments                  | 73,084               | 69,366               | 68,700               |
| Water and sewer billings                         | 334,500              | 315,255              | 304,654              |
| Other fees and service charges                   | 597,500              | 88,800               | 193,996              |
| Government grants - Federal (Note 8)             | 61,200               | 2,288,125            | 3,568,338            |
| - Provincial (Note 8)                            | 917,332              | 5,310,649            | 8,276,607            |
| Permits, licenses and fines                      | 79,681               | 25,945               | 258,610              |
| Investment income                                | (4,700)              | 17,282               | 7,893                |
| Loss on disposal of tangible capital assets      | -                    | (2,400)              | (947)                |
|  | <u>3,428,630</u>     | <u>9,502,429</u>     | <u>14,199,103</u>    |
| <b>Expenses (Note 9)</b>                         |                      |                      |                      |
| General government                               | 734,416              | 867,652              | 1,318,344            |
| Protection to persons and property               | 284,120              | 276,983              | 295,087              |
| Transportation services                          | 642,001              | 821,499              | 678,994              |
| Environmental services                           | 710,178              | 439,104              | 619,600              |
| Health services                                  | 51,100               | 51,349               | 51,572               |
| Social and family services                       | 50,400               | 43,555               | 49,441               |
| Recreation and cultural services                 | 838,121              | 560,761              | 787,195              |
| Planning and development                         | 133,304              | 81,911               | 117,316              |
|  | <u>3,443,640</u>     | <u>3,142,814</u>     | <u>3,917,549</u>     |
| <b>Annual surplus (deficit)</b>                  | (15,010)             | 6,359,615            | 10,281,554           |
| <b>Accumulated surplus, beginning of year</b>    | <u>23,631,003</u>    | <u>23,631,003</u>    | <u>13,349,449</u>    |
| <b>Accumulated surplus, end of year (Note 7)</b> | <u>\$ 23,615,993</u> | <u>\$ 29,990,618</u> | <u>\$ 23,631,003</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**

| <b>For the year ended December 31</b>                   | <b>2020<br/>Budget</b> | <b>2020<br/>Actual</b> | <b>2019<br/>Actual</b> |
|---|------------------------|------------------------|------------------------|
|   | (Note 15)              |                        |                        |
| <b>Annual surplus (deficit)</b>                         | <b>\$ (15,010)</b>     | <b>\$ 6,359,615</b>    | <b>\$ 10,281,554</b>   |
| Acquisition of tangible capital assets                  | (186,300)              | (6,893,912)            | (11,043,452)           |
| Amortization of tangible capital assets                 | 582,640                | 550,116                | 582,640                |
| Loss on disposal of tangible capital assets             | -                      | 2,399                  | 947                    |
| Change in prepaid expenses and inventory<br>of supplies | -                      | (3,288)                | (10,876)               |
| <b>Net change in net financial assets</b>               | <b>381,330</b>         | <b>14,930</b>          | <b>(189,187)</b>       |
| <b>Net financial assets, beginning of year</b>          | <b>1,266,312</b>       | <b>1,266,312</b>       | <b>1,455,499</b>       |
| <b>Net financial assets, end of year</b>                | <b>\$ 1,647,642</b>    | <b>\$ 1,281,242</b>    | <b>\$ 1,266,312</b>    |

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               | 2020                       | 2019                       |
|--|----------------------------|----------------------------|
| <b>Operating transactions</b>                |                            |                            |
| Annual surplus                               | \$ 6,359,615               | \$ 10,281,554              |
| Items not involving cash                     |                            |                            |
| Amortization                                 | 550,116                    | 582,640                    |
| Loss on disposal of tangible capital assets  | 2,399                      | 947                        |
| Changes in non-cash operating balances       |                            |                            |
| Taxes receivable                             | 18,903                     | 189,431                    |
| Accounts and grants receivable               | 1,952,760                  | (3,981,659)                |
| User charges receivable                      | 3,214                      | (1,837)                    |
| Accounts payable and accrued liabilities     | (1,268,290)                | 3,071,897                  |
| Vested sick leave                            | (14,624)                   | 9,287                      |
| Deferred revenue                             | 52,041                     | 114,216                    |
| Prepaid expenses and inventories of supplies | (3,288)                    | (10,876)                   |
|  | <u>7,652,846</u>           | <u>10,255,600</u>          |
| <b>Capital transactions</b>                  |                            |                            |
| Acquisition of tangible capital assets       | <u>(6,893,912)</u>         | <u>(11,043,452)</u>        |
| <b>Investing transactions</b>                |                            |                            |
| Proceeds on sale of portfolio investments    | <u>-</u>                   | <u>235,271</u>             |
| <b>Financing transactions</b>                |                            |                            |
| Increase (decrease) in bank indebtedness     | <u>(387,637)</u>           | <u>677,224</u>             |
| Repayment of long-term debt                  | <u>(29,782)</u>            | <u>(28,843)</u>            |
|  | <u>(417,419)</u>           | <u>648,381</u>             |
| <b>Increase in cash for the year</b>         | <b>341,515</b>             | <b>95,800</b>              |
| <b>Cash, beginning of year</b>               | <u><b>1,259,449</b></u>    | <u><b>1,163,649</b></u>    |
| <b>Cash, end of year</b>                     | <u><b>\$ 1,600,964</b></u> | <u><b>\$ 1,259,449</b></u> |

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

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

December 31, 2020

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### 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 public sector accounting standards. 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.

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

**December 31, 2020**

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### 1. Significant Accounting Policies (cont'd)

|  |   |                   |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
|--|---|-------------------|---|----------|-----------|---|----------------|--|---|---------------|----------|---|---------------|---------------|---|----------------|
| <b>Inventories</b>                           | Inventories held for consumption are recorded at the lower of cost and net realizable value.  |                   |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| <b>Accounting for</b>                        | The Township collects taxation revenue on behalf of the school boards.  |                   |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| <b>School Board Transactions</b>             | 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 that are over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the statement of financial position.  |                   |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| <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: 20px;"> <tr> <td>Land Improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Library Collections, Machinery and Equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">3 to 40 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Linear Assets</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 75 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p> | Land Improvements | - | 20 years | Buildings | - | 15 to 60 years | Library Collections, Machinery and Equipment | - | 3 to 40 years | Vehicles | - | 5 to 20 years | Linear Assets | - | 15 to 75 years |
| Land Improvements                            | -   | 20 years          |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| Buildings                                    | -   | 15 to 60 years    |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| Library Collections, Machinery and Equipment | -   | 3 to 40 years     |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| Vehicles                                     | -   | 5 to 20 years     |   |          |           |   |                |  |   |               |          |   |               |               |   |                |
| Linear Assets                                | -   | 15 to 75 years    |   |          |           |   |                |  |   |               |          |   |               |               |   |                |

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

December 31, 2020

### 1. Significant Accounting Policies (cont'd)

|   |   |
|---|---|
| <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 records pension expense when contributions are due.   |
| <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 unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.   |
| <b>Revenue Recognition</b>                                  | <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>Other user charges and fees are recognized as revenue in the period in which the related services are performed.</p> <p>Interest is recognized as it is earned. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance. 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> |

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

December 31, 2020

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### 1. Significant Accounting Policies (cont'd)

**Taxation Revenue** The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the province each year in order to fund the costs of education on a province wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the municipality are provided to the Township in the form of the returned assessment roll in December of each year.

The amount of property taxes levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, and vested sick leave.

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

**December 31, 2020**

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### 2. Cash and Bank Indebtedness

The Township's bank accounts earn interest at an effective interest rate between 0.00% - 0.95% (2019 - between 0.00% - 2.45%).

The Township's credit facilities include a \$300,000 overdraft protection which carries interest at prime plus 0.75%. The prime rate was 2.45% at December 31, 2020 (2019 - 4.95%). As at December 31, 2020, the Township utilized \$nil (2019 - \$nil) of this facility.

The Township's credit facilities include a \$1,700,000 line of credit for the purpose of providing bridge financing for the water pollution control plant construction project. Interest is at Northern Credit Union's prime rate. The prime rate was 2.45% at December 31, 2020 (2019 - 4.95%). As at December 31, 2020, the Township utilized \$289,587 (2019 - \$677,224) of this facility.

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### 3. Vested Sick Leave Liability

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

The significant assumptions adopted and estimated for the calculation of the vested sick leave liability are as follows:

|                |       |
|----------------|-------|
| Discount rate  | 2.49% |
| Inflation rate | 2.40% |
| Retirement age | 65    |

The liability for these accumulated days, to the extent that they have vested and may be taken in cash by an employee on retirement or his/her voluntary or involuntary termination amount to \$68,011 (2019 - \$82,635) at the end of the year.

Anticipated payments to employees who become eligible to retire are:

|                    |    |               |
|--------------------|----|---------------|
| 2021               | \$ | -             |
| Subsequent to 2021 |    | 68,011        |
|                    |    | <hr/>         |
|                    | \$ | <u>68,011</u> |

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

**December 31, 2020**

### 4. Deferred Revenue

|                 | 2020       | 2019       |
|-----------------|------------|------------|
| Federal Gas Tax | \$ 315,493 | \$ 258,211 |
| Other           | 25,076     | 30,317     |
|                 | \$ 340,569 | \$ 288,528 |

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.

### 5. Long Term Debt

|  | 2020       | 2019       |
|--|------------|------------|
| <b>Ontario Infrastructure Debenture</b>  |            |            |
| Loan, unsecured, repayable \$17,470 semi-annually,<br>including interest at 3.49%, maturing 2033 | \$ 351,517 | \$ 373,610 |
| <b>Ontario Infrastructure Debenture</b>  |            |            |
| Loan, unsecured, repayable \$4,543 semi-annually,<br>including interest at 2.49%, maturing 2026  | 50,353     | 58,042     |
|  | \$ 401,870 | \$ 431,652 |

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

**December 31, 2020**

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**5. Long Term Debt (cont'd)**

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

| Year       | Amount            |
|------------|-------------------|
| 2021       | \$ 30,752         |
| 2022       | 31,755            |
| 2023       | 32,791            |
| 2024       | 33,861            |
| 2025       | 34,967            |
| Thereafter | <u>237,744</u>    |
|            | <u>\$ 401,870</u> |

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

|                    | <u>2020</u>      | <u>2019</u>      |
|--------------------|------------------|------------------|
| Principal payments | \$ 29,782        | \$ 28,843        |
| Interest payments  | <u>14,246</u>    | <u>15,185</u>    |
|                    | <u>\$ 44,028</u> | <u>\$ 44,028</u> |

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

**December 31, 2020**

**6. Tangible Capital Assets**

|  | Land                | Land Improvements   | Land                | Buildings           | Library Collections, Machinery and Equipment | Vehicles          | Bridges and Culverts | Balance Forward |
|--|---------------------|---------------------|---------------------|---------------------|--|-------------------|----------------------|-----------------|
| Cost, beginning of year                      | \$ 1,363,224        | \$ 2,967,092        | \$ 5,601,127        | \$ 3,534,093        | \$ 1,253,433                                 | \$ 976,145        | \$ 15,695,114        |                 |
| Additions                                    | -                   | -                   | 56,136              | 31,635              | -  | 60,675            | 148,446              |                 |
| Disposals and write downs                    | -                   | -                   | -                   | (25,844)            | -  | -                 | (25,844)             |                 |
| <b>Cost, end of year</b>                     | <b>1,363,224</b>    | <b>2,967,092</b>    | <b>5,657,263</b>    | <b>3,539,884</b>    | <b>1,253,433</b>                             | <b>1,036,820</b>  | <b>15,817,716</b>    |                 |
| Accumulated amortization, beginning of year  | -                   | 1,808,170           | 2,400,140           | 1,930,889           | 1,103,854                                    | 632,367           | 7,875,420            |                 |
| Amortization                                 | -                   | 68,071              | 100,147             | 166,837             | 34,358                                       | 11,484            | 380,897              |                 |
| Disposals and write downs                    | -                   | -                   | -                   | (23,445)            | -  | -                 | (23,445)             |                 |
| <b>Accumulated amortization, end of year</b> | <b>-</b>            | <b>1,876,241</b>    | <b>2,500,287</b>    | <b>2,074,281</b>    | <b>1,138,212</b>                             | <b>643,851</b>    | <b>8,232,872</b>     |                 |
| <b>Net carrying amount, end of year</b>      | <b>\$ 1,363,224</b> | <b>\$ 1,090,851</b> | <b>\$ 3,156,976</b> | <b>\$ 1,465,603</b> | <b>\$ 115,221</b>                            | <b>\$ 392,969</b> | <b>\$ 7,584,844</b>  |                 |

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

**December 31, 2020**

**6. Tangible Capital Assets (cont'd)**

|  | Balance<br>Forward  | Road<br>Network   | Storm<br>Network  | Waste Water<br>Network | Water<br>Network    | Assets under<br>Construction | 2020<br>Total        |
|--|---------------------|-------------------|-------------------|------------------------|---------------------|------------------------------|----------------------|
| Cost, beginning of year                          | \$ 15,695,114       | \$ 2,396,362      | \$ 483,100        | \$ 2,258,672           | \$ 3,439,145        | \$ 11,727,323                | \$ 35,999,716        |
| Additions  | 148,446             | -                 | -                 | -                      | 2,374               | 6,743,092                    | 6,893,912            |
| Disposals and write downs                        | (25,844)            | -                 | -                 | -                      | -                   | -                            | (25,844)             |
| <b>Cost, end of year</b>                         | <b>15,817,716</b>   | <b>2,396,362</b>  | <b>483,100</b>    | <b>2,258,672</b>       | <b>3,441,519</b>    | <b>18,470,415</b>            | <b>42,867,784</b>    |
| Accumulated amortization,<br>beginning of year   | 7,875,420           | 1,745,905         | 319,886           | 1,447,488              | 2,303,068           | -                            | 13,691,767           |
| Amortization                                     | 380,897             | 40,204            | 8,099             | 30,395                 | 90,521              | -                            | 550,116              |
| Disposals and write downs                        | (23,445)            | -                 | -                 | -                      | -                   | -                            | (23,445)             |
| <b>Accumulated amortization,<br/>end of year</b> | <b>8,232,872</b>    | <b>1,786,109</b>  | <b>327,985</b>    | <b>1,477,883</b>       | <b>2,393,589</b>    | <b>-</b>                     | <b>14,218,438</b>    |
| <b>Net carrying amount, end of<br/>year</b>      | <b>\$ 7,584,844</b> | <b>\$ 610,253</b> | <b>\$ 155,115</b> | <b>\$ 780,789</b>      | <b>\$ 1,047,930</b> | <b>\$ 18,470,415</b>         | <b>\$ 28,649,346</b> |

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

**December 31, 2020**

**6. Tangible Capital Assets (cont'd)**

|  | Land                | Land Improvements   | Land                | Buildings           | Library Collections, Machinery and Equipment | Vehicles          | Bridges and Culverts | Balance Forward |
|--|---------------------|---------------------|---------------------|---------------------|--|-------------------|----------------------|-----------------|
| Cost, beginning of year                      | \$ 1,363,224        | \$ 2,960,285        | \$ 5,601,127        | \$ 3,495,714        | \$ 1,249,780                                 | \$ 976,145        | \$ 15,646,275        |                 |
| Additions                                    | -                   | 6,807               | -                   | 109,325             | 40,297                                       | -                 | 156,429              |                 |
| Disposals and write downs                    | -                   | -                   | -                   | (70,946)            | (36,644)                                     | -                 | (107,590)            |                 |
| <b>Cost, end of year</b>                     | <b>1,363,224</b>    | <b>2,967,092</b>    | <b>5,601,127</b>    | <b>3,534,093</b>    | <b>1,253,433</b>                             | <b>976,145</b>    | <b>15,695,114</b>    |                 |
| Accumulated amortization, beginning of year  | -                   | 1,740,100           | 2,300,605           | 1,826,388           | 1,101,205                                    | 620,921           | 7,589,219            |                 |
| Amortization                                 | -                   | 68,070              | 99,535              | 174,500             | 39,293                                       | 11,446            | 392,844              |                 |
| Disposals and write downs                    | -                   | -                   | -                   | (69,999)            | (36,644)                                     | -                 | (106,643)            |                 |
| <b>Accumulated amortization, end of year</b> | <b>-</b>            | <b>1,808,170</b>    | <b>2,400,140</b>    | <b>1,930,889</b>    | <b>1,103,854</b>                             | <b>632,367</b>    | <b>7,875,420</b>     |                 |
| <b>Net carrying amount, end of year</b>      | <b>\$ 1,363,224</b> | <b>\$ 1,158,922</b> | <b>\$ 3,200,987</b> | <b>\$ 1,603,204</b> | <b>\$ 149,579</b>                            | <b>\$ 343,778</b> | <b>\$ 7,819,694</b>  |                 |

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

**December 31, 2020**

**6. Tangible Capital Assets (cont'd)**

|  | Balance<br>Forward  | Road<br>Network   | Storm<br>Network  | Waste Water<br>Network | Water<br>Network    | Assets under<br>Construction | 2019<br>Total        |
|--|---------------------|-------------------|-------------------|------------------------|---------------------|------------------------------|----------------------|
| Cost, beginning of year                          | \$ 15,646,275       | \$ 2,396,362      | \$ 483,100        | \$ 2,258,672           | \$ 3,435,853        | \$ 843,592                   | \$ 25,063,854        |
| Additions  | 156,429             | -                 | -                 | -                      | 3,292               | 10,883,731                   | 11,043,452           |
| Disposals and write downs                        | (107,590)           | -                 | -                 | -                      | -                   | -                            | (107,590)            |
| <b>Cost, end of year</b>                         | <b>15,695,114</b>   | <b>2,396,362</b>  | <b>483,100</b>    | <b>2,258,672</b>       | <b>3,439,145</b>    | <b>11,727,323</b>            | <b>35,999,716</b>    |
| Accumulated amortization,<br>beginning of year   | 7,589,219           | 1,700,710         | 311,786           | 1,416,388              | 2,197,667           | -                            | 13,215,770           |
| Amortization                                     | 392,844             | 45,195            | 8,100             | 31,100                 | 105,401             | -                            | 582,640              |
| Disposals and write downs                        | (106,643)           | -                 | -                 | -                      | -                   | -                            | (106,643)            |
| <b>Accumulated amortization,<br/>end of year</b> | <b>7,875,420</b>    | <b>1,745,905</b>  | <b>319,886</b>    | <b>1,447,488</b>       | <b>2,303,068</b>    | <b>-</b>                     | <b>13,691,767</b>    |
| <b>Net carrying amount, end of<br/>year</b>      | <b>\$ 7,819,694</b> | <b>\$ 650,457</b> | <b>\$ 163,214</b> | <b>\$ 811,184</b>      | <b>\$ 1,136,077</b> | <b>\$ 11,727,323</b>         | <b>\$ 22,307,949</b> |

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

**December 31, 2020**

### 7. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| Investment in tangible capital assets  | \$ 28,649,346        | \$ 22,307,949        |
| Current funds to be applied to operations of local boards for the following year | 56,762               | 44,631               |
| Reserves set aside for specific purpose by Council:                              |                      |                      |
| Working capital  | 491,985              | 751,133              |
| Sewer and water  | 63,853               | 63,853               |
| Reserve funds:   |                      |                      |
| Forest fire costs  | 1,230                | 1,230                |
| Project Remove   | 6,439                | 6,358                |
| Employee retirement costs  | (6,096)              | (51,691)             |
| Administrative capital expenditure   | 50,955               | 50,423               |
| Recreational capital expenditure   | 80,371               | 49,167               |
| Library capital expenditure  | 68,344               | 37,290               |
| Public works capital expenditure   | 71,650               | 40,555               |
| Protection to persons and property   | 98,163               | 66,760               |
| Tax refunds  | 61,677               | 30,707               |
| Water capital expenditure  | 134,344              | 97,440               |
| Sewer capital expenditure  | 96,771               | 60,338               |
| Ontario Community Infrastructure   | 64,824               | 74,860               |
|  | <u>\$ 29,990,618</u> | <u>\$ 23,631,003</u> |

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

December 31, 2020

### 8. Government Transfers

|  | Budget<br>2020    | 2020                | 2019                 |
|--|-------------------|---------------------|----------------------|
| <b>Federal Transfers</b>                           |                   |                     |                      |
| Federal Gas Tax                                    | \$ 54,300         | \$ -                | \$ 5,078             |
| Infrastructure Canada                              | -                 | 2,269,049           | 3,555,420            |
| Employment and Social<br>Development Canada        | 6,900             | 19,076              | 7,840                |
|  | <u>61,200</u>     | <u>2,288,125</u>    | <u>3,568,338</u>     |
| <b>Provincial Transfers</b>                        |                   |                     |                      |
| Ontario Municipal Partnership Fund                 | 656,000           | 637,500             | 639,400              |
| Ministry of Agriculture, Food and<br>Rural Affairs | 50,000            | 4,200,152           | 7,355,016            |
| Ministry of Infrastructure                         | -                 | 397,228             | -                    |
| Ministry of Municipal Affairs and<br>Housing       | 176,700           | 57,200              | 244,600              |
| Northern Ontario Heritage Fund                     | 17,600            | 7,779               | 23,720               |
| TBDSSAB  | 10,100            | -                   | 10,115               |
| Other  | 6,932             | 10,790              | 3,756                |
|  | <u>917,332</u>    | <u>5,310,649</u>    | <u>8,276,607</u>     |
|  | <u>\$ 978,532</u> | <u>\$ 7,598,774</u> | <u>\$ 11,844,945</u> |

### 9. Expenses By Object

|  | Budget<br>2020      | 2020                | 2019                |
|--|---------------------|---------------------|---------------------|
| Salaries, wages and employee benefits                        | \$ 1,329,500        | \$ 1,200,802        | \$ 1,309,780        |
| Materials and supplies                                       | 723,200             | 578,762             | 730,763             |
| Contracted services  | 615,700             | 572,698             | 492,956             |
| Rents and financial expenses                                 | 122,900             | 123,172             | 104,992             |
| Provision for doubtful taxes receivable                      | (6,300)             | 51,304              | 620,591             |
| Donations  | 3,200               | 517                 | 6,488               |
| Contributions to unconsolidated joint boards:                |                     |                     |                     |
| Thunder Bay District Health Unit                             | 20,400              | 21,888              | 19,898              |
| Thunder Bay Area Emergency<br>Measures Organization          | 2,000               | -                   | -                   |
| Thunder Bay District Social Services<br>Administration Board | 50,400              | 43,555              | 49,441              |
| Amortization   | 582,640             | 550,116             | 582,640             |
|  | <u>\$ 3,443,640</u> | <u>\$ 3,142,814</u> | <u>\$ 3,917,549</u> |

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

December 31, 2020

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### 10. 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 500,000 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113.1 billion (\$107.7 billion in 2019) in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion (\$104.3 billion in 2019) indicating an actuarial deficit of \$3.3 billion (\$3.4 billion in 2019). 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 2020 was \$132,765 (\$138,012 in 2019), which is included as an expenditure on the consolidated statement of operations and accumulated surplus.

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### 11. 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 2020 was \$149,655 (2019 - \$150,810) after adjusting for rebates.

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### 12. Contingent Liability

As at December 31, 2020, there was outstanding claims pending against the Township for which the amount of settlement, if any, was not determinable. Consequently, no provision for these claim has been made in these financial statements.

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

**December 31, 2020**

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### 13. Budget

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2020 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                       |    | 186,300   |
| Budgeted transfers to reserves             |    | 521,298   |
| Less:                                      |    |           |
| Budgeted transfers from reserves           |    | (139,968) |
| Amortization                               |    | (582,640) |
|  |    | (582,640) |
| Budget surplus per statement of operations | \$ | (15,010)  |

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### 14. Impact of COVID-19

On March 11, 2020, the World Health Organization ("WHO") classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. On March 17, 2020, the Province of Ontario declared a state of emergency which was shortly followed by the closure of all non-essential workplaces. This resulted in the Township temporarily closing operations of some segments during the year, affecting the ability to deliver services and projects. No interest and penalties on taxes owing were charged between April and July during the year in case residents were faced by financial hardship. Additional funding has been provided for COVID relief. The Ministry of Municipal Affairs and Housing provided funding to assist with the purchase of items needed for the Township employees and Council members to work safely and remotely when needed.

The pandemic and its impacts continue to persist beyond the December 31, 2020 year-end. The closures and government restrictions are expected to be temporary and fluid based on the course of the virus. Given the dynamic nature of these circumstances and the duration of business disruptions, the related financial impact cannot be reasonably estimated at this time.

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

December 31, 2020

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### 15. Subsequent Events

Subsequent to year end, the Township entered into a nine year agreement for wastewater treatment plant management services. The following are the future minimum annual payments due over the next five years, and thereafter:

| Year       | Amount              |
|------------|---------------------|
| 2021       | \$ 247,630          |
| 2022       | 291,885             |
| 2023       | 296,228             |
| 2024       | 300,636             |
| 2025       | 305,110             |
| Thereafter | <u>1,595,051</u>    |
|            | <u>\$ 3,036,540</u> |

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### 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 Township 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.

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

December 31, 2020

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

#### c) Transportation Services

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

#### d) Environmental Services

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

#### e) Health Services

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

#### f) Social and Family Services

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

#### g) Recreational and Cultural Services

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

#### h) Planning and Development

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

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

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

December 31, 2020

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

| Expenses   | Protection to Persons and Property |            | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development | 2020 Total   |
|--|------------------------------------|------------|-------------------------|------------------------|-----------------|----------------------------|----------------------------------|--------------------------|--------------|
|  | General Government                 | Property   |                         |                        |                 |                            |                                  |                          |              |
| Salaries, wages and employee benefits            | \$ 333,926                         | \$ 41,357  | \$ 581,770              | \$ 73,935              | \$ -            | \$ -                       | \$ 111,290                       | \$ 58,524                | \$ 1,200,802 |
| Materials and supplies                           | 118,907                            | 34,019     | 101,086                 | 162,504                | -               | -                          | 139,539                          | 22,707                   | 578,762      |
| Contracted services                              | 284,462                            | 152,409    | 40,910                  | 56,101                 | 29,461          | -                          | 9,355                            | -                        | 572,698      |
| Rents and financial provision for doubtful taxes | 68,493                             | 8,313      | 5,165                   | 18,255                 | -               | -                          | 22,946                           | -                        | 123,172      |
| receivable                                       | 51,304                             | -          | -                       | -                      | -               | -                          | -                                | -                        | 51,304       |
| Outside transfers                                | 517                                | -          | -                       | -                      | 21,888          | 43,555                     | -                                | -                        | 65,960       |
| Amortization                                     | 10,043                             | 40,885     | 92,568                  | 128,309                | -               | -                          | 277,631                          | 680                      | 550,116      |
|  | \$ 867,652                         | \$ 276,983 | \$ 821,499              | \$ 439,104             | \$ 51,349       | \$ 43,555                  | \$ 560,761                       | \$ 81,911                | \$ 3,142,814 |

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

December 31, 2020

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

|  | Protection to Persons and Property |            | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development | 2019 Total   |
|--|------------------------------------|------------|-------------------------|------------------------|-----------------|----------------------------|----------------------------------|--------------------------|--------------|
|  | General Government                 | Property   |                         |                        |                 |                            |                                  |                          |              |
| <b>Expenses</b>                                  |                                    |            |                         |                        |                 |                            |                                  |                          |              |
| Salaries, wages and employee benefits            | \$ 366,323                         | \$ 39,603  | \$ 372,555              | \$ 206,729             | \$ -            | \$ -                       | \$ 264,670                       | \$ 59,900                | \$ 1,309,780 |
| Materials and supplies                           | 123,715                            | 50,242     | 112,279                 | 198,985                | -               | -                          | 201,104                          | 44,438                   | 730,763      |
| Contracted services                              | 134,342                            | 158,246    | 89,561                  | 50,474                 | 31,674          | -                          | 16,185                           | 12,474                   | 492,956      |
| Rents and financial provision for doubtful taxes | 54,469                             | 7,976      | 4,298                   | 17,334                 | -               | -                          | 20,915                           | -                        | 104,992      |
| receivable                                       | 620,591                            | -          | -                       | -                      | -               | -                          | -                                | -                        | 620,591      |
| Outside transfers                                | 6,488                              | -          | -                       | -                      | 19,898          | 49,441                     | -                                | -                        | 75,827       |
| Amortization                                     | 12,416                             | 39,020     | 100,301                 | 146,078                | -               | -                          | 284,321                          | 504                      | 582,640      |
|  | \$ 1,318,344                       | \$ 295,087 | \$ 678,994              | \$ 619,600             | \$ 51,572       | \$ 49,441                  | \$ 787,195                       | \$ 117,316               | \$ 3,917,549 |

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

| <b>For the year ended December 31</b>   | <b>2020</b>        | <b>2019</b>         |
|---|--------------------|---------------------|
| <b>Revenue</b>  |                    |                     |
| Residential/Commercial  | \$ 197,315         | \$ 188,269          |
| Other   | 3,039              | 27,969              |
|   | <u>200,354</u>     | <u>216,238</u>      |
| <b>Expenses</b>   |                    |                     |
| Administration  | 8,524              | 22,014              |
| Generating plant  | 31,690             | 33,479              |
| Hydrants  | 490                | 3,815               |
| Laterals  | 1,033              | 9,646               |
| Mains   | 654                | 1,942               |
| Plant   | 93,445             | 170,609             |
| Pumping stations  | 1,190              | 866                 |
| Tower   | 9,043              | 8,751               |
|   | <u>146,069</u>     | <u>251,122</u>      |
| <b>Surplus (deficiency) of revenue over expenses for the year before amortization</b> | <u>54,285</u>      | <u>(34,884)</u>     |
| <b>Amortization</b>   |                    |                     |
| Generating plant  | 960                | 960                 |
| Hydrants  | 851                | 938                 |
| Mains   | 7,523              | 8,119               |
| Plant   | 60,612             | 76,993              |
| Pumping station   | 11,272             | 11,272              |
| Tower   | 15,877             | 15,877              |
|   | <u>97,095</u>      | <u>114,159</u>      |
| <b>Deficiency of revenue over expenses for the year</b>                               | <u>\$ (42,810)</u> | <u>\$ (149,043)</u> |

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

| <b>For the year ended December 31</b>                                       | <b>2020</b>         | <b>2019</b>          |
|---|---------------------|----------------------|
| <b>Revenue</b>  |                     |                      |
| Residential/Commercial  | \$ 119,627          | \$ 115,775           |
| Grants  | 6,816,429           | 10,860,436           |
| Other   | 160                 | 225                  |
|   | <u>6,936,216</u>    | <u>10,976,436</u>    |
| <b>Expenses</b>   |                     |                      |
| Laterals  | 1,081               | 6,826                |
| Mains   | -                   | 357                  |
| Plant   | 70,207              | 101,395              |
| Pumping station   | 957                 | 993                  |
|   | <u>72,245</u>       | <u>109,571</u>       |
| <b>Excess of revenue over expenses for the year<br/>before amortization</b> | <u>6,863,971</u>    | <u>10,866,865</u>    |
| <b>Amortization</b>   |                     |                      |
| Mains   | 22,514              | 23,219               |
| Plants  | 8,700               | 8,700                |
|   | <u>31,214</u>       | <u>31,919</u>        |
| <b>Surplus of revenue over expenses for the year</b>                        | <u>\$ 6,832,757</u> | <u>\$ 10,834,946</u> |

**Red Rock Public Library Board**  
**Financial Statements**  
For the year ended December 31, 2020

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## Independent Auditor's Report

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### To the Red Rock Public Library Board

#### Opinion

We have audited the financial statements of the Red Rock Public Library Board ("Library"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
xx/xx/xxxx

**Red Rock Public Library Board  
Statement of Financial Position**

| <u>December 31</u>                                | <u>2020</u>      | <u>2019</u>      |
|---|------------------|------------------|
| <b>Financial assets</b>                           |                  |                  |
| Cash (Note 2)                                     | \$ 715           | \$ 18,919        |
| Accounts receivable                               | 287              | 304              |
| Receivable from the Township of Red Rock (Note 3) | <u>20,900</u>    | <u>-</u>         |
|   | <u>21,902</u>    | <u>19,223</u>    |
| <b>Financial liabilities</b>                      |                  |                  |
| Accounts payable and accrued liabilities          | 2,561            | 854              |
| Payable to the Township of Red Rock (Note 3)      |                  | 5,824            |
| Deferred revenue                                  | <u>-</u>         | <u>3,190</u>     |
|   | <u>2,561</u>     | <u>9,868</u>     |
| <b>Net financial assets</b>                       | <u>19,341</u>    | <u>9,355</u>     |
| <b>Non-financial assets</b>                       |                  |                  |
| Tangible capital assets (Note 4)                  | 37,052           | 35,057           |
| Prepaid expenses                                  | <u>370</u>       | <u>220</u>       |
|   | <u>37,422</u>    | <u>35,277</u>    |
| <b>Accumulated surplus</b>                        | <u>\$ 56,763</u> | <u>\$ 44,632</u> |

Approved by the Board:

\_\_\_\_\_

\_\_\_\_\_

## Red Rock Public Library Board Statement of Operations

| For the year ended December 31           | Budget<br>2020 | 2020          | 2019          |
|--|----------------|---------------|---------------|
|  | (Note 6)       |               |               |
| <b>Revenue</b>                           |                |               |               |
| Municipal contribution                   | \$ 89,468      | \$ 90,218     | \$ 85,144     |
| Grants                                   |                |               |               |
| Employment and Social Development Canada | -              | -             | 980           |
| Ministry for Seniors and Accessibility   | 3,190          | 3,988         | -             |
| Ministry of Tourism, Culture and Sport   | 3,242          | 3,242         | 3,242         |
| Miscellaneous                            | 1,000          | 1,811         | 976           |
| Interest                                 | -              | 96            | 125           |
|  | <b>96,900</b>  | <b>99,355</b> | <b>90,464</b> |
| <b>Expenses</b>                          |                |               |               |
| Accounting (Note 3)                      | 5,500          | 5,500         | 5,500         |
| Amortization                             | 7,238          | 7,238         | 6,930         |
| Audio visual materials                   | 790            | 790           | 641           |
| Bank charges                             | 200            | 73            | 150           |
| Books, periodicals and newspapers        | 7,000          | 220           | 479           |
| Computer supplies                        | 3,200          | 3,274         | 3,113         |
| Courses and conferences                  | 300            | 15            | 249           |
| Equipment maintenance                    | 300            | 317           | 293           |
| General materials                        | 500            | 361           | 455           |
| History project                          | 400            | -             | 397           |
| Insurance                                | 800            | 834           | 761           |
| Postage                                  | 100            | 94            | 94            |
| Program and staff development            | 300            | 51            | 164           |
| Rent (Note 3)                            | 2,500          | 2,500         | 2,500         |
| Salaries and benefits                    | 68,300         | 58,084        | 63,844        |
| Small equipment purchases                | 1,600          | 639           | 1,584         |
| Special programming                      | 300            | 312           | 227           |
| Subscriptions and memberships            | 400            | 191           | 305           |
| Sundry                                   | 2,700          | 4,420         | 760           |
| Supplies                                 | 1,000          | 1,293         | 641           |
| Telephone                                | 800            | 1,018         | 764           |
|  | <b>104,138</b> | <b>87,224</b> | <b>89,851</b> |
| Annual surplus (deficit)                 | (7,238)        | 12,131        | 613           |
| Accumulated surplus, beginning of year   | 44,632         | 44,632        | 44,019        |
| Accumulated surplus, end of year         | \$ 37,394      | \$ 56,763     | \$ 44,632     |

The accompanying notes are an integral part of these financial statements.

**Red Rock Public Library Board  
Statement of Change in Net Financial Assets**

| <b>For the year ended December 31</b>          | <b>Budget<br/>2020</b> | <b>2020</b>      | <b>2019</b>     |
|--|------------------------|------------------|-----------------|
| <b>Annual surplus (deficit)</b>                | \$ (7,238)             | \$ 12,131        | \$ 613          |
| Acquisition of tangible capital assets         | -                      | (9,233)          | (7,196)         |
| Amortization of tangible capital assets        | 7,238                  | 7,238            | 920             |
| Change in prepaid expenses                     | -                      | (150)            | -               |
| <b>Change in net financial assets</b>          | <b>-</b>               | <b>9,986</b>     | <b>347</b>      |
| <b>Net financial assets, beginning of year</b> | <b>9,355</b>           | <b>9,355</b>     | <b>9,008</b>    |
| <b>Net financial assets, end of year</b>       | <b>\$ 9,355</b>        | <b>\$ 19,341</b> | <b>\$ 9,355</b> |

The accompanying notes are an integral part of these financial statements.

**Red Rock Public Library Board  
Statement of Cash Flows**

| <b>For the year ended December 31</b>                 | <b>2020</b>          | <b>2019</b>          |
|---|----------------------|----------------------|
| <b>Operating transactions</b>                         |                      |                      |
| Annual surplus  | \$ 12,131            | \$ 613               |
| Item not involving cash                               |                      |                      |
| Amortization of tangible capital assets               | 7,238                | 6,930                |
| Changes in non-cash operating balances                |                      |                      |
| Accounts receivable                                   | 17                   | 86                   |
| Prepaid expenses                                      | (150)                | -                    |
| Accounts payable and accrued liabilities              | 1,707                | (4)                  |
| Payable to (receivable from) the Township of Red Rock | (26,724)             | 3,959                |
| Deferred revenue                                      | (3,190)              | 3,190                |
|   | <u>(8,971)</u>       | <u>14,774</u>        |
| <b>Capital transactions</b>                           |                      |                      |
| Acquisition of tangible capital assets                | (9,233)              | (7,196)              |
| <b>Increase (decrease) in cash</b>                    | <b>(18,204)</b>      | <b>7,578</b>         |
| <b>Cash, beginning of year</b>                        | <b><u>18,919</u></b> | <b><u>11,341</u></b> |
| <b>Cash, end of year</b>                              | <b>\$ 715</b>        | <b>\$ 18,919</b>     |

The accompanying notes are an integral part of these financial statements.

## Red Rock Public Library Board Notes to Financial Statements

December 31, 2020

### 1. Significant Accounting Policies

The financial statements of the Library Board are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Reserve funds held by the Corporation of the Township of Red Rock on behalf of the Library Board are not consolidated in these financial statements. Significant accounting policies adopted by the Board are as follows:

**Tangible Capital Assets** Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible asset are amortized on a straight-line basis over the estimated life of the tangible capital asset as follows:

|                                |                 |
|--------------------------------|-----------------|
| Furniture and equipment        | - 3 to 20 years |
| Computer hardware and software | - 3 to 5 years  |
| Library collections            | - 10 years      |

**Revenue Recognition** 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 statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Other revenues are recognized when the service is provided.

**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.

**Budget Figures** The operating budget approved by the Board for 2020 is reflected on the statement of operations. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with current year's actual expenditures. Budget figures have been restated to be comparable with PSAB reporting reflected in the actual results.

## Red Rock Public Library Board Notes to Financial Statements

December 31, 2020

### 1. Significant Accounting Policies (cont'd)

|                                 |   |
|---------------------------------|---|
| <b>Use of Estimates</b>         | 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 include assumptions used in estimating useful lives of tangible capital assets. |
| <b>Employee Future Benefits</b> | The Library Board is an employer member of the Ontario Municipal Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The contributions to this plan are expensed when contributions are due.  |

### 2. Cash

The Library Board's bank accounts earn interest at an effective interest rate of 0.95% (2019 - 2.45%).

### 3. Municipal Transactions and Economic Dependence

The Corporation of the Township of Red Rock is the principal source of funding for the Board. During 2020, the Board received \$90,218 (2019 - \$85,141) from the Township as its contribution to normal library operations. At year-end, the amount due to the Township for operations amounted to \$5,940 (2019 - \$5,824). Operating expense transactions with the Township were as follows:

|                    | 2020     | 2019     |
|--------------------|----------|----------|
| Accounting expense | \$ 5,500 | \$ 5,500 |
| Rent expense       | 2,500    | 2,500    |
|                    | \$ 8,000 | \$ 8,000 |

The Library Board is dependent upon the municipal contribution from the Township of Red Rock.

## Red Rock Public Library Board Notes to Financial Statements

December 31, 2020

### 4. Tangible Capital Assets

|   | Furniture<br>and<br>Equipment | Computer<br>Hardware<br>and Software | Library<br>Collections | 2020       | 2019       |
|---|-------------------------------|--------------------------------------|------------------------|------------|------------|
| Cost, beginning of year                           | \$ 29,000                     | \$ 7,846                             | \$ 143,088             | \$ 179,934 | \$ 198,718 |
| Additions   | -                             | 1,567                                | 7,666                  | 9,233      | 7,196      |
| Disposals   | -                             | (400)                                | (22,474)               | (22,874)   | (25,980)   |
| Cost, end of year                                 | 29,000                        | 9,013                                | 128,280                | 166,293    | 179,934    |
| Accumulated<br>amortization,<br>beginning of year | 29,000                        | 5,805                                | 110,072                | 144,877    | 163,927    |
| Amortization                                      | -                             | 1,079                                | 6,159                  | 7,238      | 6,930      |
| Disposals   | -                             | (400)                                | (22,474)               | (22,874)   | (25,980)   |
| Accumulated<br>amortization, end of<br>year       | 29,000                        | 6,484                                | 93,757                 | 129,241    | 144,877    |
| Net carrying amount,<br>end of year               | \$ -                          | \$ 2,529                             | \$ 34,523              | \$ 37,052  | \$ 35,057  |

### 5. Defined Benefit Pension Plan

The Library Board makes contributions to the Ontario Municipal Employees Retirement System Fund ("OMERS"), which is a multi-employer plan, on behalf of 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 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 benefits.

OMERS provides pension services to approximately 500,000 active and retired members and nearly 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113.1 billion (\$107.7 billion in 2019) in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion (\$104.3 billion in 2019) indicating an actuarial deficit of \$3.3 billion (\$3.4 billion in 2019). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees.

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## Red Rock Public Library Board Notes to Financial Statements

December 31, 2020

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### 5. Defined Benefit Pension Plan (cont'd)

As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library Board to OMERS with respect of the employee and employer portions for 2020 was \$5,294 (\$5,098 in 2019), which is included as an expenditure on the statement of operations.

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### 6. Budget Figures

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations and change in net financial assets for comparative purposes. The 2020 budget amounts approved by the Board have been restated to conform to the basis of preparation of the revenues and expenses in the financial 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       | \$ | -       |
| Less:                                      |    |         |
| Amortization                               |    | (7,238) |
|  |    | (7,238) |
| Budget deficit per statement of operations | \$ | (7,238) |

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### 7. Impact of COVID-19

On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. The pandemic had a significant impact on the global economy. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to COVID-19, the Library Board closed to the public during the year, affecting the ability to deliver services and projects. The Library Board opened May 2020 in a limited capacity, however the disruption has not had a significant impact on the municipal contribution from the Corporation of the Township of Red Rock nor has it had a significant impact on grants received. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Library Board is not able to fully estimate the effects of the COVID-19 outbreak on its operating results, financial condition, or liquidity at this time.