

**The Corporation of  
The Township of Red Rock**  
**Consolidated Financial Statements**  
For the year ended December 31, 2022

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

**December 31, 2022**


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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 2022 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, 2022 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, 2022, 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, 2022 and 2021, liabilities as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

### **Emphasis of Matter**

We draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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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.

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

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- 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 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.



*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
July 17, 2023

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

December 31	2022	2021
		Restated (Note 2)
<b>Financial assets</b>		
Cash (Note 3)	\$ 3,677,959	\$ 1,881,715
Taxes receivable	156,179	2,302,286
Accounts and grants receivable (Note 4)	1,606,435	2,605,976
User charges receivable	61,095	58,653
Inventory held for resale	192,523	218,585
	<u>5,694,191</u>	<u>7,067,215</u>
<b>Liabilities</b>		
Bank indebtedness (Note 3)	1,449,016	689,428
Accounts payable and accrued liabilities	989,668	2,335,860
Vested sick leave (Note 5)	76,657	56,565
Deferred revenue (Note 6)	830,531	637,343
Long-term debt (Note 7)	339,363	371,118
	<u>3,685,235</u>	<u>4,090,314</u>
<b>Net financial assets</b>	<u>2,008,956</u>	<u>2,976,901</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	33,400,679	30,886,718
Prepaid expenses and inventories of supplies	64,494	61,546
	<u>33,465,173</u>	<u>30,948,264</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$ 35,474,129</u>	<u>\$ 33,925,165</u>

Chief Administrative Officer

Mayor

## The Corporation of the Township of Red Rock

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
	(Note 15)		Restated (Note 2)
<b>Revenue</b>			
Taxation			
Residential and farm taxation	\$ 1,202,163	\$ 1,203,317	\$ 1,184,315
Commercial and industrial taxation	248,419	247,894	232,703
Taxation from other governments	77,727	78,141	71,286
User charges			
Water and sewer billings	466,150	391,007	417,797
Other fees and service charges	154,772	176,249	114,671
Government transfers			
Federal (Note 10)	386,020	1,391,385	974,097
Provincial (Note 10)	5,759,850	2,086,976	2,641,242
Other revenue			
Permits, licenses and fines	257,550	162,732	262,523
Investment income	9,000	23,219	15,350
Recoveries	-	-	42,257
Land sales	-	102,323	50,750
	<u>8,561,651</u>	<u>5,863,243</u>	<u>6,006,991</u>
<b>Expenses (Note 11)</b>			
General government (recovery)	814,808	894,343	(843,632)
Protection to persons and property	326,742	306,286	294,735
Transportation services	746,975	754,101	792,886
Environmental services	990,561	1,210,647	908,217
Health services	52,095	57,384	53,999
Social and family services	46,662	46,662	45,202
Recreation and cultural services	706,320	838,972	620,866
Planning and development	225,467	205,884	81,457
	<u>3,909,630</u>	<u>4,314,279</u>	<u>1,953,730</u>
<b>Annual surplus</b>	4,652,021	1,548,964	4,053,261
<b>Accumulated surplus, beginning of year</b>	33,925,165	33,925,165	29,871,904
<b>Accumulated surplus, end of year (Note 9)</b>	<u>\$ 38,577,186</u>	<u>\$ 35,474,129</u>	<u>\$ 33,925,165</u>

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

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
	(Note 14)		Restated (Note 2)
<b>Annual surplus</b>	<b>\$ 4,652,021</b>	<b>\$ 1,548,964</b>	<b>\$ 4,053,261</b>
Acquisition of tangible capital assets	(6,259,688)	(3,398,130)	(3,022,550)
Amortization of tangible capital assets	613,826	869,387	613,826
Loss on disposal of tangible capital assets	-	14,782	117,462
Change in prepaid expenses and inventory of supplies	-	(2,948)	(1,516)
<b>Net change in net financial assets</b>	<b>(993,841)</b>	<b>(967,945)</b>	<b>1,760,483</b>
<b>Net financial assets, beginning of year</b>	<b>2,976,901</b>	<b>2,976,901</b>	<b>1,216,418</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,983,060</b>	<b>\$ 2,008,956</b>	<b>\$ 2,976,901</b>

The accompanying 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	2022	2021
		Restated (Note 2)
<b>Operating transactions</b>		
Annual surplus	\$ 1,548,964	\$ 4,053,261
Items not involving cash		
Amortization	869,387	613,826
Loss on disposal of tangible capital assets	14,782	117,462
Gain on sale of property held for resale	(102,323)	-
Changes in non-cash operating balances		
Taxes receivable	2,146,107	(1,824,754)
Accounts and grants receivable	999,541	(443,744)
User charges receivable	(2,442)	(29,279)
Accounts payable and accrued liabilities	(1,346,192)	373,411
Vested sick leave	20,092	(11,446)
Deferred revenue	193,188	231,950
Prepaid expenses and inventories of supplies	(2,948)	(1,516)
Properties held for resale	-	(144,959)
	<u>4,338,156</u>	<u>2,934,212</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(3,398,130)	(3,022,550)
Proceeds on sale of properties held for resale	128,385	-
	<u>(3,269,745)</u>	<u>(3,022,550)</u>
<b>Financing transactions</b>		
Increase in bank indebtedness, net	759,588	399,841
Repayment of long-term debt	(31,755)	(30,752)
	<u>727,833</u>	<u>369,089</u>
<b>Increase in cash for the year</b>	<b>1,796,244</b>	<b>280,751</b>
<b>Cash, beginning of year</b>	<u><b>1,881,715</b></u>	<u><b>1,600,964</b></u>
<b>Cash, end of year</b>	<u><b>\$ 3,677,959</b></u>	<u><b>\$ 1,881,715</b></u>

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

December 31, 2022

### 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.

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

December 31, 2022

#### 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 School Board Transactions</b>	The Township collects taxation revenue on behalf of the school boards. The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these consolidated financial statements. Education taxes collected by the Township 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><tr><td>Land Improvements</td><td>-</td><td>20 years</td></tr><tr><td>Buildings</td><td>-</td><td>15 to 60 years</td></tr><tr><td>Library Collections, Machinery and Equipment</td><td>-</td><td>3 to 40 years</td></tr><tr><td>Vehicles</td><td>-</td><td>5 to 20 years</td></tr><tr><td>Linear Assets</td><td>-</td><td>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, 2022

### 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 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.</p> <p>Sales of goods and services are recognized when title is transferred or the services are rendered.</p> <p>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, 2022

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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.

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

**December 31, 2022**

#### 2. Prior Period Adjustment

During the current year, the Township determined that deferred revenue existed and had not been recognized, and items were capitalized as assets under construction when they should have been recognized as general government expenses in the prior year's financial statements. As a result, assets under construction was overstated by \$110,842, deferred revenue was understated by \$107,359, provincial government transfers was overstated by \$42,104, general government recovery was understated by \$56,952 and accumulated surplus was overstated by \$218,201. This error has been corrected retroactively with restatement of prior periods. This correction had the following effect on the financial statements.

	Previously Reported	Adjustment	As Restated
Assets under construction, December 31, 2020	18,470,415	(53,890)	18,416,525
Assets under construction, December 31, 2021	277,194	(110,842)	166,352
Tangible capital assets	30,997,560	(110,842)	30,886,718
Deferred revenue	529,984	107,359	637,343
Government transfers, provincial	2,683,777	(42,535)	2,641,242
General government recovery	(900,584)	56,952	(843,632)
Annual surplus	4,152,748	(99,487)	4,053,261
Accumulated surplus, December 31, 2020	29,990,618	(118,714)	29,871,904
Accumulated surplus, December 31, 2021	34,143,366	(218,201)	33,925,165

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

**December 31, 2022**

#### 3. Cash and Bank Indebtedness

The Township's bank accounts earn interest at an effective interest rate between 0.00% - 4.95% (2021 - between 0.00% - 0.95%).

The Township's credit facilities include a \$300,000 overdraft protection which carries interest at prime plus 0.75%. The prime rate was 6.45% at December 31, 2022 (2021 - 2.45%). As at December 31, 2022, the Township utilized \$nil (2021 - \$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 6.45% at December 31, 2022 (2021 - 2.45%). As at December 31, 2022, the Township utilized \$799,854 (2021 - \$689,428) of this facility.

The Township's credit facilities include a \$1,000,000 line of credit for the purpose of providing bridge financing for the watermain replacement and relining construction project. Interest is at Northern Credit Union's prime rate. The prime rate was 6.45% at December 31, 2022 (2021 - 2.45%). As at December 31, 2022, the Township utilized \$649,162 (2021 - \$nil) of this facility.

Subsequent to year end, all of the credit facilities have been repaid and cancelled.

#### 4. Accounts and Grants Receivable

	2022	2021
Infrastructure Canada	\$ 493,857	\$ 846,222
Ministry of Infrastructure	575,846	1,566,029
Northern Ontario Heritage Fund Corporation	9,477	10,927
Other	34,178	79,235
Receiver General	493,077	103,563
	<u>\$ 1,606,435</u>	<u>\$ 2,605,976</u>

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

**December 31, 2022**

#### 5. 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:

	2022	2021
Discount rate	6.45 %	3.20 %
Inflation rate	5.69 %	1.09 %
Retirement age	65	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 \$76,657 (2021 - \$56,565) at the end of the year.

#### 6. Deferred Revenue

	2022	2021
		Restated (Note 2)
Canada Community Building Fund (Previously Federal Gas Tax)	\$ 420,406	\$ 429,898
FedNor	-	26,625
Employment and Social Development Canada	45,222	49,848
Ministry of Infrastructure - Ontario Community Infrastructure Fund	204,249	107,359
Northern Ontario Resource Development Support Fund	134,191	-
Other	26,463	23,613
	<b>\$ 830,531</b>	<b>\$ 637,343</b>

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.



## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

**December 31, 2022**

#### 7. Long Term Debt

	2022	2021
<b>Ontario Infrastructure Debenture</b>		
Loan, unsecured, repayable \$17,470 semi-annually, including interest at 3.49%, maturing April 2033	\$ 304,971	\$ 328,647
<b>Ontario Infrastructure Debenture</b>		
Loan, unsecured, repayable \$4,543 semi-annually, including interest at 2.49%, maturing December 2026	34,392	42,471
	<b>\$ 339,363</b>	<b>\$ 371,118</b>

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

Year	Amount
2023	\$ 32,791
2024	33,861
2025	34,967
2026	36,110
2027	28,147
Thereafter	173,487
	<b>\$ 339,363</b>

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

	2022	2021
Principal payments	\$ 31,755	\$ 30,752
Interest payments	12,273	13,275
	<b>\$ 44,028</b>	<b>\$ 44,027</b>

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

**December 31, 2022**

**8. Tangible Capital Assets**

	Land	Land Improvements	Buildings	Library Collections, Machinery and Equipment	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,360,308	\$ 2,968,155	\$ 26,827,984	\$ 3,609,519	\$ 1,254,835	\$ 1,051,496	\$ 37,072,297
Additions	-	-	752,512	63,517	83,247	-	899,276
Disposals and write downs	-	-	-	(23,652)	-	-	(23,652)
Transfers	-	-	-	-	-	-	-
Cost, end of year	1,360,308	2,968,155	27,580,496	3,649,384	1,338,082	1,051,496	37,947,921
Accumulated amortization, beginning of year	-	1,938,962	2,691,597	2,229,418	1,176,611	655,429	8,692,017
Amortization	-	55,027	457,284	158,233	23,323	11,474	705,341
Disposals and write downs	-	-	-	(8,870)	-	-	(8,870)
Accumulated amortization, end of year	-	1,993,989	3,148,881	2,378,781	1,199,934	666,903	9,388,488
Net carrying amount, end of year	\$ 1,360,308	\$ 974,166	\$ 24,431,615	\$ 1,270,603	\$ 138,148	\$ 384,593	\$ 28,559,433

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

**December 31, 2022**

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

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2022 Total
Cost, beginning of year	\$ 37,072,297	\$ 2,396,362	\$ 483,100	\$ 1,517,712	\$ 3,441,519	\$ 166,352	\$ 45,077,342
Additions	899,276	5,976	-	-	2,492,878	-	3,398,130
Disposals and write downs	(23,652)	-	-	-	-	-	(23,652)
Transfers	-	-	-	-	166,352	(166,352)	-
Cost, end of year	37,947,921	2,402,338	483,100	1,517,712	6,100,749	-	48,451,820
Accumulated amortization, beginning of year	8,692,017	1,823,724	336,083	869,896	2,468,904	-	14,190,624
Amortization	705,341	36,269	8,098	22,638	97,041	-	869,387
Disposals and write downs	(8,870)	-	-	-	-	-	(8,870)
Accumulated amortization, end of year	9,388,488	1,859,993	344,181	892,534	2,565,945	-	15,051,141
Net carrying amount, end of year	\$ 28,559,433	\$ 542,345	\$ 138,919	\$ 625,178	\$ 3,534,804	\$ -	\$ 33,400,679

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

**December 31, 2022**

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

	Land	Land Improvements	Buildings	Library Collections, Machinery and Equipment	Vehicles	Bridges and Culverts	Balance Forward
Cost, beginning of year	\$ 1,363,224	\$ 2,967,092	\$ 5,657,263	\$ 3,539,884	\$ 1,253,433	\$ 1,036,820	\$ 15,817,716
Additions	9,500	1,063	2,754,196	75,361	1,402	14,676	2,856,198
Disposals and write downs	(12,416)	-	-	(5,726)	-	-	(18,142)
Transfers	-	-	18,416,525	-	-	-	18,416,525
Cost, end of year	1,360,308	2,968,155	26,827,984	3,609,519	1,254,835	1,051,496	37,072,297
Accumulated amortization, beginning of year	-	1,876,241	2,500,287	2,074,281	1,138,212	643,851	8,232,872
Amortization	-	62,721	191,310	160,863	38,399	11,578	464,871
Disposals and write downs	-	-	-	(5,726)	-	-	(5,726)
Accumulated amortization, end of year	-	1,938,962	2,691,597	2,229,418	1,176,611	655,429	8,692,017
Net carrying amount, end of year	\$ 1,360,308	\$ 1,029,193	\$ 24,136,387	\$ 1,380,101	\$ 78,224	\$ 396,067	\$ 28,380,280

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

**December 31, 2022**

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

	Balance Forward	Road Network	Storm Network	Waste Water Network	Water Network	Assets under Construction	2021 Restated (Note 2) Total
Cost, beginning of year	\$ 15,817,716	\$ 2,396,362	\$ 483,100	\$ 2,258,672	\$ 3,441,519	\$ 18,416,525	\$ 42,813,894
Additions	2,856,198	-	-	-	-	166,352	3,022,550
Disposals and write downs	(18,142)	-	-	(740,960)	-	-	(759,102)
Transfers	18,416,525	-	-	-	-	(18,416,525)	-
Cost, end of year	37,072,297	2,396,362	483,100	1,517,712	3,441,519	166,352	45,077,342
Accumulated amortization, beginning of year	8,232,872	1,786,109	327,985	1,477,883	2,393,589	-	14,218,438
Amortization	464,871	37,615	8,098	27,927	75,315	-	613,826
Disposals and write downs	(5,726)	-	-	(635,914)	-	-	(641,640)
Accumulated amortization, end of year	8,692,017	1,823,724	336,083	869,896	2,468,904	-	14,190,624
Net carrying amount, end of year	\$ 28,380,280	\$ 572,638	\$ 147,017	\$ 647,816	\$ 972,615	\$ 166,352	\$ 30,886,718

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

December 31, 2022

#### 9. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2022</u>	<u>2021</u>
		Restated (Note 2)
Investment in tangible capital assets	\$ 33,400,679	\$ 30,886,718
Current funds to be applied to operations of local boards for the following year	79,845	68,222
Reserves set aside for specific purpose by Council:		
Sewer and water	63,853	63,853
Working capital	1,228,010	2,214,398
Reserve funds:		
Administrative capital expenditure	52,814	51,442
Employee retirement costs	(12,521)	5,905
Library capital expenditure	70,796	68,958
Public works capital expenditure	74,205	72,295
Project remove	6,674	6,500
Protection to persons and property	102,934	100,291
Recreational capital expenditure	83,264	81,100
Sewer capital expenditure	110,372	102,662
Tax refunds	63,888	62,227
Water capital expenditure	149,316	140,594
	<u>\$ 35,474,129</u>	<u>\$ 33,925,165</u>

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

December 31, 2022

#### 10. Government Transfers

	Budget 2022	2022	2021 Restated (Note 2)
<b>Federal Transfers</b>			
Canada Community Building Fund (Previously Federal Gas Tax)	\$ 112,000	\$ 78,080	\$ -
Infrastructure Canada	139,015	1,257,901	903,061
Employment and Social Development Canada	8,600	11,453	13,951
Federal Economic Development Agency for Northern Ontario	76,557	39,325	10,927
Other	49,848	4,626	46,158
	<u>386,020</u>	<u>1,391,385</u>	<u>974,097</u>
<b>Provincial Transfers</b>			
Ontario Municipal Partnership Fund	637,500	637,500	637,500
Ministry of Infrastructure	5,061,125	1,342,348	1,931,315
Ministry of Municipal Affairs and Housing	35,616	35,616	52,333
Northern Ontario Heritage Fund	-	51,203	10,927
Other	25,609	20,309	9,167
	<u>5,759,850</u>	<u>2,086,976</u>	<u>2,641,242</u>
	<u><b>\$ 6,145,870</b></u>	<u><b>\$ 3,478,361</b></u>	<u><b>\$ 3,615,339</b></u>

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

**December 31, 2022**

**11. Expenses By Object**

	Budget 2022	2022	2021
			Restated (Note 2)
Salaries, wages and employee benefits	\$ 1,314,914	\$ 1,323,471	\$ 1,167,105
Materials and supplies	881,320	880,882	657,977
Contracted services	843,546	946,404	823,806
Recovery of doubtful taxes receivable	-	-	(1,651,329)
Rents and financial expenses	184,318	207,072	155,365
Loss on disposal of tangible capital assets	-	14,782	117,462
Donations	2,500	3,075	2,428
Contributions to unconsolidated joint boards:			
Thunder Bay District Health Unit	22,544	22,544	21,888
Thunder Bay District Social Services			
Administration Board	46,662	46,662	45,202
Amortization	613,826	869,387	613,826
	<u>\$ 3,909,630</u>	<u>\$ 4,314,279</u>	<u>\$ 1,953,730</u>



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

December 31, 2022

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### 12. 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. 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 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130.3 billion (\$120.8 billion in 2021) in respect of benefits accrued for service with actuarial assets at that date of \$123.6 billion (\$117.7 billion in 2021) indicating an actuarial deficit of \$6.7 billion (\$3.1 billion in 2021). 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 2022 was \$145,595 (\$134,589 in 2021), which is included as an expenditure on the consolidated statement of operations and accumulated surplus.

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### 13. 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 2022 was \$148,908 (2021 - \$152,448) after adjusting for rebates.

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### 14. Contingent Liability

As at December 31, 2022, 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, 2022

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#### 15. Budget

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2022 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	6,259,688
Budgeted transfers to reserves	306,867
Loan repayments	46,528
Less:	
Budgeted transfers from reserves	(344,986)
Amortization	(613,826)
Loan advances	<u>(1,002,250)</u>
Budget surplus per statement of operations	<u>\$ 4,652,021</u>

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#### 16. Commitments

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
2023	\$ 354,502
2024	359,782
2025	365,140
2026	370,579
2027	376,100
Thereafter	<u>1,162,258</u>
	<u>\$ 2,988,361</u>

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#### 17. Comparative Amounts

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

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

**December 31, 2022**

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### **18. 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.

**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.

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

December 31, 2022

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

#### g) Recreational and Cultural Services

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

#### h) Planning and Development

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

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

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

December 31, 2022

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

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total
<b>Revenue</b>									
Taxation	\$ 1,529,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,529,352
Government grants - Federal	89,006	-	974,733	239,922	-	-	48,399	39,325	1,391,385
Government grants - Provincial	678,212	-	-	1,312,284	-	-	51,528	44,952	2,086,976
User fees and service charges	48,648	5,416	-	397,267	-	-	115,925	-	567,256
Permits, licenses and fines	161,149	1,583	-	-	-	-	-	-	162,732
Investment income	23,219	-	-	-	-	-	-	-	23,219
Other	102,323	-	-	-	-	-	-	-	102,323
	<u>2,631,909</u>	<u>6,999</u>	<u>974,733</u>	<u>1,949,473</u>	<u>-</u>	<u>-</u>	<u>215,852</u>	<u>84,277</u>	<u>5,863,243</u>
<b>Expenses</b>									
Salaries, wages and employee benefits	438,406	40,336	488,311	42,059	-	-	264,933	49,426	1,323,471
Materials and supplies	71,880	62,778	151,869	257,817	-	-	228,864	107,674	880,882
Contracted services	221,292	155,173	20,588	410,947	34,840	-	55,341	48,223	946,404
Rents and financial	135,711	12,771	8,471	18,901	-	-	31,218	-	207,072
Outside transfers	3,075	-	-	-	22,544	46,662	-	-	72,281
Loss on disposal of tangible capital assets	14,782	-	-	-	-	-	-	-	14,782
Amortization	9,197	35,228	84,862	480,923	-	-	258,616	561	869,387
	<u>894,343</u>	<u>306,286</u>	<u>754,101</u>	<u>1,210,647</u>	<u>57,384</u>	<u>46,662</u>	<u>838,972</u>	<u>205,884</u>	<u>4,314,279</u>
<b>Net surplus (deficit)</b>	<u>\$ 1,737,566</u>	<u>\$ (299,287)</u>	<u>\$ 220,632</u>	<u>\$ 738,826</u>	<u>\$ (57,384)</u>	<u>\$ (46,662)</u>	<u>\$ (623,120)</u>	<u>\$ (121,607)</u>	<u>\$ 1,548,964</u>

## The Corporation of the Township of Red Rock

### Notes to the Consolidated Financial Statements

December 31, 2022

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

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Restated (Note 2) Total
<b>Revenue</b>									
Taxation	\$ 1,488,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,488,304
Government grants - Federal	47,301	-	-	903,061	-	-	6,821	10,927	968,110
Government grants - Provincial	697,298	4,800	-	1,929,837	-	-	3,242	12,052	2,647,229
User fees and service charges	84,419	4,695	36	422,220	-	-	63,355	-	574,725
Permits, licenses and fines	259,003	3,520	-	-	-	-	-	-	262,523
Investment income	15,350	-	-	-	-	-	-	-	15,350
Land sales	50,750	-	-	-	-	-	-	-	50,750
	<u>2,642,425</u>	<u>13,015</u>	<u>36</u>	<u>3,255,118</u>	<u>-</u>	<u>-</u>	<u>73,418</u>	<u>22,979</u>	<u>6,006,991</u>
<b>Expenses</b>									
Salaries, wages and employee benefits	357,865	39,741	551,899	39,940	-	-	139,789	37,871	1,167,105
Materials and supplies	59,109	48,808	92,364	240,843	-	-	173,947	42,906	657,977
Contracted services	286,674	155,814	33,387	295,334	32,111	-	20,486	-	823,806
Rents and financial	90,818	10,624	6,560	20,861	-	-	26,502	-	155,365
Recovery of bad debts	(1,651,329)	-	-	-	-	-	-	-	(1,651,329)
Outside transfers	2,428	-	-	-	21,888	45,202	-	-	69,518
Loss on disposal of tangible capital assets	-	-	12,416	105,046	-	-	-	-	117,462
Amortization	10,803	39,748	96,260	206,193	-	-	260,142	680	613,826
	<u>(843,632)</u>	<u>294,735</u>	<u>792,886</u>	<u>908,217</u>	<u>53,999</u>	<u>45,202</u>	<u>620,866</u>	<u>81,457</u>	<u>1,953,730</u>
<b>Net surplus (deficit)</b>	<u>\$ 3,486,057</u>	<u>\$ (281,720)</u>	<u>\$ (792,850)</u>	<u>\$ 2,346,901</u>	<u>\$ (53,999)</u>	<u>\$ (45,202)</u>	<u>\$ (547,448)</u>	<u>\$ (58,478)</u>	<u>\$ 4,053,261</u>