

**Corporation of the Municipality  
of Red Lake**  
Consolidated Financial Statements  
For the Year Ended December 31, 2015

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## Management's Responsibility for the Financial Statements

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The accompanying financial statements of the Corporation of the Municipality of Red Lake are the responsibility of the Municipality's management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Town Council meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by Town Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.



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Mark Vermette, Chief Administrative Officer



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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Red Lake

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Red Lake, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Basis for Qualified Opinion

Effective January 1, 2015, the municipality was required to adopt PS 3260 Liability for Contaminated Sites. Under this standard, governments are required to identify contaminated sites and if these sites meet certain criteria to record a liability for the estimated costs to bring the site up to the current minimum standard for its use prior to contamination. As of the date of this report, management had not yet completed the process of determining whether there were sites that contained contamination, whether the sites met the recognition criteria for recording a liability, and the amount of any liability. The impact of this departure from Canadian public sector accounting standards on the financial statements has not been determined.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Red Lake as at December 31, 2015 and the results of its operations, changes in net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

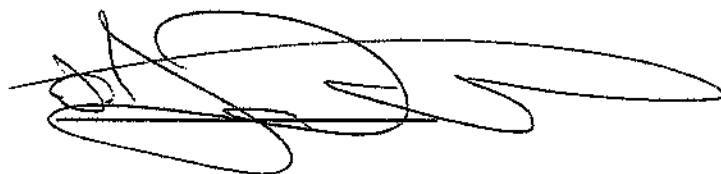
Kenora, Ontario  
November 21, 2016

**Corporation of the Municipality of Red Lake  
Consolidated Statement of Financial Position**

December 31	2015	2014
<b>Financial Assets</b>		
Cash (Note 1)	\$ 4,638,018	\$ 5,650,148
Short Term Investments (Note 2)	1,220,378	267,744
Taxes Receivable	1,553,252	1,445,746
Trade and Other Receivables	2,666,693	3,509,869
	<u>10,078,341</u>	<u>10,873,507</u>
 <b>Financial Liabilities</b>		
Bank Indebtedness (Note 3)	2,424,091	-
Accounts Payable and Accrued Liabilities	865,754	4,045,651
Deferred Revenue (Note 4)	658,029	1,283,154
Landfill Closure and Post Closure Liability (Note 5)	1,073,488	1,003,712
Long Term Liabilities (Note 6)	19,075,865	18,389,651
	<u>24,097,227</u>	<u>24,722,168</u>
 <b>Net Debt</b>	 <u>(14,018,886)</u>	 <u>(13,848,661)</u>
 <b>Non-financial assets</b>		
Prepaid Expenses and Other Assets	96,012	94,984
Tangible Capital Assets (Note 7)	56,912,739	56,364,617
	<u>57,008,751</u>	<u>56,459,601</u>
 <b>Accumulated Surplus</b>	 <u>\$ 42,989,865</u>	 <u>\$ 42,610,940</u>

Approved by:

  
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**Corporation of the Municipality of Red Lake  
Consolidated Statement of Operations**

For the Year Ended December 31	Budget (Note 8)	2015	2014
<b>Revenue</b>			
Taxation	\$ 7,970,607	\$8,045,324	\$ 7,923,963
Fees and User Charges	5,237,282	5,136,369	4,953,472
Canada Grants	463,490	493,679	1,235,052
Ontario Grants	3,956,720	4,077,540	3,281,295
Other Income (Note 12)	404,750	529,300	5,098,766
	<u>18,032,849</u>	<u>18,282,212</u>	<u>22,492,548</u>
<b>Expenses</b>			
General Government	1,933,650	1,883,177	1,853,148
Protection Services	2,657,580	2,599,199	2,617,983
Transportation Services	4,094,210	3,935,139	4,269,974
Environmental Services	3,459,702	3,762,051	3,715,656
Health Services	214,770	359,440	283,283
Social and Family Services	2,922,184	2,880,433	2,764,791
Recreation and Cultural Services	2,052,829	1,925,850	1,875,397
Planning and Development	611,649	557,998	579,812
	<u>17,946,574</u>	<u>17,903,287</u>	<u>17,960,044</u>
<b>Total Expenses</b>			
<b>Annual Surplus</b>	86,275	378,925	4,532,504
<b>Accumulated Surplus, Beginning of Year</b>	42,610,940	42,610,940	38,078,436
<b>Accumulated Surplus, End of Year</b>	<u>\$42,697,215</u>	<u>\$42,989,865</u>	<u>\$ 42,610,940</u>

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

**Corporation of the Municipality of Red Lake**  
**Consolidated Statement of Changes in Net Debt**

<u>For the Year Ended December 31</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>
	(Note 8)		
Annual Surplus	\$ 86,275	\$ 378,925	\$ 4,532,504
Acquisition of Tangible Capital Assets	(3,154,279)	(3,232,067)	(6,045,990)
Amortization of Tangible Capital Assets	2,622,242	2,683,945	2,576,854
Net Change in Prepaid Expenses	-	(1,028)	148,496
<b>Net Change in Net Debt</b>	<b>(445,762)</b>	<b>(170,225)</b>	<b>1,211,864</b>
Net Debt, Beginning of Year	(13,848,661)	(13,848,661)	(15,060,525)
<b>Net Debt, End of Year</b>	<b>\$(14,294,423)</b>	<b>\$(14,018,886)</b>	<b>\$(13,848,661)</b>

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

**Corporation of the Municipality of Red Lake**  
**Consolidated Statement of Cash Flows**

For the Year Ended December 31	2015	2014
<b>Operating Transactions</b>		
Annual Surplus	\$ 378,925	\$ 4,532,504
Adjustments for Amortization	2,683,945	2,576,854
<b>Changes in Non-cash Operating Balances</b>		
Taxes Receivable	(107,506)	(483,628)
Trade and Other Receivables	843,176	(1,329,709)
Accounts Payable and Accrued Liabilities	(3,179,897)	3,348,912
Prepaid Expenses and Other Assets	(1,028)	148,496
Deferred Revenue	(625,125)	702,960
Landfill Closure and Post Closure Liability	69,776	40,422
	<u>62,266</u>	<u>9,536,811</u>
<b>Financing Activities</b>		
Long Term Debt Issued	2,379,985	56,641
Long Term Debt Repaid	(1,693,771)	(2,049,830)
Bank Indebtedness	2,424,091	(632,486)
	<u>3,110,305</u>	<u>(2,625,675)</u>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(3,232,067)	(6,045,990)
<b>Net Change in Cash and Cash Equivalents</b>	(59,496)	865,146
<b>Cash and Cash Equivalents, Beginning of Year</b>	5,917,892	5,052,746
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 5,858,396</u>	<u>\$ 5,917,892</u>
<b>Represented by:</b>		
Cash	\$ 4,638,018	\$ 5,650,148
Temporary Investments	1,220,378	267,744
<b>Balance, End of Year</b>	<u>\$ 5,858,396</u>	<u>\$ 5,917,892</u>

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



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**Corporation of the Municipality of Red Lake  
Summary of Significant Accounting Policies**

**December 31, 2015**

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<b>Management Responsibility</b>	<p>The consolidated financial statements of the Corporation of The Municipality of Red Lake are the representations of management. They have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>The focus of PSAB financial statements is on the financial position of the Municipality and the change thereto. The consolidated statement of financial position reports all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the operations of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
<b>Basis of Consolidation</b>	<p>The consolidated statements reflect the assets, liabilities, sources of financing and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>The following boards and municipal enterprises owned or controlled by Council have been consolidated:</p> <ul style="list-style-type: none"><li>- Red Lake Public Library Board</li><li>- Red Lake Regional Heritage Centre Board</li><li>- Red Lake Airport</li></ul>
<b>Basis of Accounting</b>	<p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>
<b>Government Transfers</b>	<p>Government transfers are recognized in the year in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.</p>

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**Corporation of the Municipality of Red Lake  
Summary of Significant Accounting Policies**

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December 31, 2015

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<b>Revenue Recognition</b>	Revenues are recognized as follows: <ul style="list-style-type: none"><li>a) Tax revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.</li><li>b) Fees and user charges are recognized on a quarterly basis as services are provided.</li><li>c) Other revenues are recorded when collected or when collection is reasonably assured.</li></ul>														
<b>Investments</b>	Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned. Investments are recorded at the lower of cost and market value.														
<b>Deferred Revenue</b>	Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.														
<b>School Boards</b>	The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.														
<b>Trust Funds</b>	Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.														
<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 asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>20 to 50 years</td></tr><tr><td>Machinery and equipment</td><td>15 to 25 years</td></tr><tr><td>Furniture and equipment</td><td>8 to 15 years</td></tr><tr><td>Vehicles</td><td>8 years</td></tr><tr><td>Roads, sidewalks and streetlights</td><td>10 to 20 years</td></tr><tr><td>Water and sewer infrastructure</td><td>20 to 50 years</td></tr><tr><td>Land improvements and leaseholds</td><td>15 to 30 years</td></tr></table>	Buildings	20 to 50 years	Machinery and equipment	15 to 25 years	Furniture and equipment	8 to 15 years	Vehicles	8 years	Roads, sidewalks and streetlights	10 to 20 years	Water and sewer infrastructure	20 to 50 years	Land improvements and leaseholds	15 to 30 years
Buildings	20 to 50 years														
Machinery and equipment	15 to 25 years														
Furniture and equipment	8 to 15 years														
Vehicles	8 years														
Roads, sidewalks and streetlights	10 to 20 years														
Water and sewer infrastructure	20 to 50 years														
Land improvements and leaseholds	15 to 30 years														

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Corporation of the Municipality of Red Lake  
Summary of Significant Accounting Policies

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December 31, 2015

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**Use of Estimates and  
Measurement Uncertainty**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

In particular, management's estimate for the Landfill Liability, as described in Note 5, is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an engineer's report, modified as necessary for the passage of time and actual use of the landfill site. Other accounts subject to significant estimates include useful lives of tangible capital assets and allowances for doubtful taxes and accounts receivable. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

**Pensions and Employee  
Benefits**

Pension Plan

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Sick Leave

The collective Bargaining Agreement between the Municipality and the Union provides for sick leave credits for its employees. Employees may carry over unused sick time to a maximum of \$420 (2014 - \$350).

Vacation

Employees are required to take their vacation time before December 31 each year, with a maximum allowable carry over of one week.

**Financial Instruments**

The Municipality's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, bank indebtedness, accounts payable and accrued liabilities, and long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial statements.

The fair values of these financial instruments approximate their carrying values.

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

1. Cash

	2015	2014
Unrestricted Cash	\$ 812,601	\$ 1,628,531
Restricted Cash	3,825,417	4,021,617
	\$ 4,638,018	\$ 5,650,148

2. Short Term Investments

	2015	2014
<u>Unrestricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$48,936)	\$ 48,936	\$ 48,769
Red Lake Public Library Board - GICs bearing interest at 0.6% and maturing July and December 2016 (market value \$83,838)	83,838	83,170
<u>Restricted</u>		
ONE Funds - gas tax, airport improvement and airport parking investments (market value \$1,087,604)	1,087,604	135,805
	\$ 1,220,378	\$ 267,744

3. Bank Indebtedness

The Corporation of the Municipality of Red Lake has a revolving credit facility with the Canadian Imperial Bank of Commerce for \$2,000,000. Advances under this facility are due on demand and bear interest at prime, payable monthly.

	2015	2014
Bank overdraft	\$ 924,091	\$ -
Revolving credit facility	1,500,000	-
	\$ 2,424,091	\$ -

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

4. Deferred Revenue

Included in deferred revenue are amounts relating to gas tax agreement funds:

	2015	2014
Opening Balance of Unspent Gas Tax Funds	\$ 523,205	\$ 547,498
Add:		
Amounts Received in the Year	270,444	270,444
Surplus Funds Returned to Municipalities	-	7,418
Externally Restricted Interest Earned	10,892	6,485
Less:		
Project Expense	(234,469)	(308,640)
Closing Balance of Unspent Gas Tax Funds	570,072	523,205
Other Deferred Revenue	87,957	759,949
Total Deferred Revenue	\$ 658,029	\$ 1,283,154

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by funding agreement. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

5. Landfill Closure and Post Closure Liability

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Municipality operates one primary landfill site. Based on a closure and post closure liability review dated 2013, the estimated cost to close the site is \$678,000 and the estimated post closure costs are \$27,844 per annum for 25 years. The liability is based on reaching capacity in year 2016 and was estimated using a discount factor of 3.84% and an inflation rate of 3.50%. At December 31, 2015, an amount of \$1,073,488 (2014 - \$1,003,712) has been accrued as a liability.

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

6. Long Term Liabilities

	2015	2014
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$27,867 plus interest at 2.31%, maturing December 2016	\$ 55,733	\$ 111,466
Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi-annually at \$81,281 plus interest at 2.37%, maturing December 2021	975,374	1,137,936
Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi-annually at blended principal and interest installments of \$160,094 at 3.52%, maturing November 2026	2,899,466	3,111,966
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	3,409,938	3,582,800
Pacific and Western Bank demand installment loan, repayable \$23,455 monthly including interest at 3.79%, maturing July 2022	1,632,875	1,848,015
CIBC Demand installment loan, principal draw amounts repayable in \$14,032 quarterly payments plus interest payable monthly at prime rate, maturing May 2020 (Loan # - 6028055)	252,568	308,694
Carried Forward	\$ 9,225,954	\$ 10,100,877

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

6. Long Term Liabilities - continued

	2015	2014
Brought Forward	\$ 9,225,954	\$ 10,100,877
CIBC demand installment loan, repayable in quarterly payments of \$3,246 plus interest at prime, maturing November 2045 (Loan # - 6028454)	386,279	-
CIBC demand installment loan, repayable in quarterly payments of \$16,857 plus interest at prime, maturing November 2045 (Loan # - 6028357)	1,973,603	-
CIBC demand installment loan, repayable in quarterly payments of \$23,862 plus interest at prime, maturing May 2021 (Loan # - 6027652)	548,817	644,264
CIBC demand installment loan, repayable in quarterly payments of \$75,751 plus interest at prime, maturing May 2025 (Loan # - 6027857)	1,231,492	1,532,096
CIBC demand installment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030 (Loan # - 6027954)	5,674,792	6,066,157
Volvo Financial Services lease, repayable monthly at \$1,033 plus taxes including interest at 4.5%, maturing January 2019	34,928	46,257
	<b>\$ 19,075,865</b>	<b>\$ 18,389,651</b>

Principal payments for the next five fiscal years and thereafter if not demanded are as follows:

2016	\$ 1,772,940
2017	1,737,888
2018	1,769,592
2019	2,454,596
2020	1,230,862
Thereafter	10,109,987

**Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements**

**7. Tangible Capital Assets**

	2015							
	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Streetslights and Sidewalks Roads,	Water and Sewer Improvements and Leaseholds	Construction in Progress	Total
Cost, Beginning of Year	\$ 991,882	\$ 42,264,198	\$ 7,793,777	\$ 689,825	\$ 16,571,531	\$ 18,790,969	\$ -	\$ 93,514,476
Additions	178,139	664,126	904,800	-	870,777	378,538	-	3,232,067
Cost, End of Year	1,170,021	42,928,324	8,698,577	689,825	17,442,308	19,169,507	-	96,746,543
Accumulated Amortization, Beginning of Year	-	9,814,704	4,961,061	466,451	10,365,905	9,480,743	-	37,149,859
Amortization	-	880,583	408,318	56,158	599,860	383,938	-	2,683,945
Accumulated Amortization, End of Year	-	10,695,287	5,369,379	522,609	10,965,765	9,864,681	-	39,833,804
Net Carrying Amount, End of Year	\$ 1,170,021	\$ 32,233,037	\$ 3,329,198	\$ 167,216	\$ 6,476,543	\$ 9,304,826	\$ -	\$ 56,912,739



**Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements**

**7. Tangible Capital Assets (continued)**

	2014							
	Land	Buildings	Machinery, Furniture and Equipment	Vehicles and Streetlights	Water and Sewer and Leaseholds	Land Improvements	Construction in Progress	Total
Cost, Beginning of Year	\$ 770,976	\$ 36,754,171	\$ 7,608,752	\$ 16,571,531	\$ 18,790,664	\$ 5,983,868	\$ 385,870	\$ 87,489,261
Additions	220,906	5,124,157	185,025	-	305	428,426	-	6,045,990
Transfers	-	385,870	-	-	-	-	(385,870)	-
Disposals	-	-	-	(20,775)	-	-	-	(20,775)
Cost, End of Year	991,882	42,264,198	7,793,777	16,571,531	18,790,969	6,412,294	-	93,514,476
Accumulated Amortization, Beginning of Year	-	8,998,010	4,557,722	9,782,740	9,100,650	1,722,569	-	34,593,780
Amortization	-	816,694	403,339	583,165	380,093	338,426	-	2,576,854
Disposals	-	-	-	(20,775)	-	-	-	(20,775)
Accumulated Amortization, End of Year	-	9,814,704	4,961,061	10,365,905	9,480,743	2,060,995	-	37,149,859
Net Carrying Amount, End of Year	\$ 991,882	\$ 32,449,494	\$ 2,832,716	\$ 223,374	\$ 9,310,226	\$ 4,351,299	\$ -	\$ 56,364,617

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2014 - \$NIL). The municipality holds various works of art and historical treasures pertaining to the Red Lake Regional Heritage Centre. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

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8. Budget Amounts

The Financial Plan (Budget) By-Law 1889-14 approved by Council was not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of financial activities and changes in net debt represent the By-Laws adopted by Council with adjustments as follows:

Budget Surplus per Bylaw	\$	-
Add:		
Capital Expenditures		3,154,279
Budgeted Payments of Long Term Debt		1,662,339
Budget Transfers to Reserves		23,800
Less:		
Budgeted Transfers from Reserve		(115,564)
Budgeted Proceeds from Long-Term Debt		(2,016,337)
Amortization		<u>(2,622,242)</u>
Budget per Statement of Operations	\$	<u>86,275</u>

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

9. Government Transfers

	Budget	2015	2014
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,545,500	\$ 1,545,500	\$ 1,717,200
Conditional - Protection	91,379	106,758	82,187
- Transportation	149,880	134,315	112,520
- Child care	876,884	816,366	803,362
- Other	245,594	226,413	329,089
	<u>2,909,237</u>	<u>2,829,352</u>	<u>3,044,358</u>
Government of Canada - other	-	-	403,478
<b>Total Operating Transfers</b>	<u>2,909,237</u>	<u>2,829,352</u>	<u>3,447,836</u>
<b>Tangible Capital Asset</b>			
Province of Ontario			
Conditional - Medical Clinic	-	12,794	236,937
- Highway Commercial	-	259,351	-
- Waterfront	78,016	71,613	-
- Lassie Road	810,438	800,105	-
- Compaction Trailer	115,900	54,325	-
- Other	43,129	50,000	-
	<u>1,047,483</u>	<u>1,248,188</u>	<u>237,003</u>
Government of Canada			
Conditional - Gas Tax	463,490	234,678	308,640
- Highway Commercial	-	69,630	-
- Waterfront	-	39,008	-
- Airport	-	106,457	383,674
- Other	-	43,906	139,260
	<u>463,490</u>	<u>493,679</u>	<u>831,574</u>
<b>Total Tangible Capital Asset Transfers</b>	<u>1,510,973</u>	<u>1,741,867</u>	<u>1,068,577</u>
<b>Total Transfers</b>	<u>\$ 4,420,210</u>	<u>\$ 4,571,219</u>	<u>\$ 4,516,413</u>

Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

10. Accumulated Surplus

The Municipality's Accumulated Surplus on the Consolidated Statement of Financial Position consists of the following:

	Municipality of Red Lake	Red Lake Public Library Board	Red Lake Regional Heritage Centre	2015	2014
Current	\$ 736,547	\$ 107,573	\$ 36,618	\$ 880,738	\$ 537,385
Reserves and Reserve Funds	4,057,781	95,650	118,822	4,272,253	4,098,389
Investment in Capital Assets	37,836,874	-	-	37,836,874	37,974,966
	<u>\$42,631,202</u>	<u>\$ 203,223</u>	<u>\$ 155,440</u>	<u>\$42,989,865</u>	<u>\$ 42,610,740</u>

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 66,481	\$ 65,836
Water System	695,263	688,520
Sewer System	266,733	264,146
Police Services	93,987	93,075
	<u>1,122,464</u>	<u>1,111,577</u>

Reserves set aside for specific purpose by Council:

Parks	26,536	25,285
Medical Centre	48,223	47,756
Water	582,157	576,511
Sewer	173,562	171,879
Recreation Facility	1,564	1,588
Fire	59,098	58,525
Sick Leave	21,738	21,527
Norseman Royalties	8,017	7,940
Cemetery Maintenance	1,496	1,482
Waste Disposal	266,837	264,249
Airport	1,358,874	1,228,138
Public Works	137,292	135,961
General Government	39,212	38,832
Library	95,197	95,196
MTO Roads and Bridges	25,822	25,571
Community in Bloom	46,678	42,496
Museum	170,377	169,880
Planning	7,545	7,471
Accessibility	79,564	66,525
	<u>3,149,789</u>	<u>2,986,812</u>

Reserves and Reserve Funds, End of Year	<u>\$4,272,253</u>	<u>\$ 4,098,389</u>
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Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

11. Pension Agreements

OMERS provides pension services to more than 461,000 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, 2015. The results of the valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2015 were \$304,630 (2014 - \$331,480).

12. Other Income

	Budget	2015	2014
Penalties and Interest	\$ 222,500	\$ 268,306	\$ 219,591
Investment Income	46,500	56,787	46,173
Licences and Permits	89,000	84,580	91,485
Provincial Offences	-	64,211	54,453
Donations	-	266	4,639,600
Other Revenues	46,750	55,150	47,464
	<u>\$ 404,750</u>	<u>\$ 529,300</u>	<u>\$ 5,098,766</u>

13. Trust Funds

The trust funds administered by the municipality amounting to \$197,336 (2014 - \$195,497) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, the trust fund balances are as follows:

	2015	2014
Woodland Cemetery Perpetual Care	\$ 84,332	\$ 83,524
Red Lake Cemetery Perpetual Care	100,745	99,833
Memorial Trust Fund	2,992	2,963
Health Care Trust	7,085	7,016
Election Trust	2,182	2,161
	<u>\$ 197,336</u>	<u>\$ 195,497</u>

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Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements

December 31, 2015

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**14. Contractual Obligations and Commitments**

Water and Waste Water (Sewage)

The Municipality has entered into an agreement with a third party for water and waste water services. The cost under this agreement is expected to be approximately \$1,602,385 for 2016. The agreement expires 2017.

Waste Disposal

The Municipality is under an agreement with a third party for waste disposal services. The 2016 estimated cost is \$179,795.

Airport Services

The Municipality has an agreement with a company to provide management services for the operation of the Red Lake Airport. The agreement provides for a management fee of \$50,000 plus a share of surplus funds based on a formula. The agreement expires 2016.

Policing

The Municipality is committed to municipal policing services with the Provincial Government for a five year period ending 2016. The estimated cost for 2016 is approximately \$1,788,537.

Natural Gas Line Project

The Municipality has committed to support the Natural Gas Pipeline project over a four year period commencing in 2013. The annual commitment is \$187,500.

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**15. Contingencies**

The municipality is contingently liable for its pro-rata share of the deficit of the District of Kenora Home for the Aged. The Home's management expects to recover this deficit from projected future operating surpluses. A billing from the Home for the deficit is not anticipated.

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**16. Operations and School Boards**

Taxation, other revenues and requisitions for the school boards amounting to \$2,014,670 (2014 - \$1,962,980) are not reflected in these financial statements.

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**Corporation of the Municipality of Red Lake  
Notes to Consolidated Financial Statements**

December 31, 2015

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**17. Segmented Information**

The Corporation of the Municipality of Red Lake is a diversified municipal government institution that provides a wide range of services to its citizens including police, fire, ambulance, solid waste, sewer and water and recreation. For management reporting purposes, the Municipality's operations and activities are organized and reported by Funds.

The Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General Government**

General Government encompasses all the Municipality's administration including Council, the Administrator's office, finance and administration and human resources.

**Protection Services**

Protection is comprised of police and fire services. The mandate of the municipal policing is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection and/or extinguishments of fires.

**Public Works and Transportation**

The Public Works and Transportation Department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

**Environmental**

The Municipality reports water, wastewater and solid waste disposal services in the Environmental Fund. These services include providing drinking water to the citizens of Red Lake, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities for solid waste. Garbage collection operations are also reported in this Fund.

December 31, 2015

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**17. Segmented Information - continued**

**Health Services**

Health services includes contributions to the Northwestern Health Unit and the Kenora District Services Board for ambulance services.

**Social and Family Services**

The Social and Family Services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

**Recreation and Cultural Services**

Recreation and cultural services is responsible for the community centres and the provision of recreation and leisure services such as fitness and aquatic programs. The operations of the Red Lake Library Board and the Red Lake Regional Heritage Centre Board are also in this segment.

**Planning and Development**

The Planning and Development includes planning, economic development and tourism. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws, the processing of building permit applications, as well as providing cemetery services to citizens.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of the segmented financial information.

Taxation revenues have been apportioned based on percentage of expenses with the exception of water and sewer services where no taxation revenue has been allocated. Revenue from the Ontario Municipal Partnership Fund is reported in General Government and has not been allocated.



**Corporation of the Municipality of Red Lake  
Schedule of Segmented Information**

	General Government	Protection Services	Public Works Transportation	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
<b>For the Year Ended December 31, 2015</b>									
Revenue									
Taxation	\$ 1,117,159	\$ 1,374,419	\$ 2,080,845	\$ 446,280	\$ 355,365	\$ 1,357,833	\$ 1,018,362	\$ 295,061	\$ 8,045,324
Fees and User Charges	158,816	3,630	1,194,469	3,020,557	24,635	562,585	167,682	3,995	5,136,369
Canada Grants	-	-	341,135	-	-	-	82,914	69,630	493,679
Ontario Grants	1,557,664	106,758	134,315	915,912	12,794	816,366	214,950	318,781	4,077,540
Other Income	352,910	64,212	-	65,172	-	-	47,006	-	529,300
	3,186,549	1,549,019	3,750,764	4,447,921	392,794	2,736,784	1,530,914	687,467	18,282,212
Expenditures									
Wages and Benefits	1,113,104	347,406	991,796	199,808	10,728	1,276,206	963,986	214,344	5,117,378
Long Term Debt Interest	4,380	12,611	253,032	131,015	506	2,374	10,823	95,222	509,963
Materials	90,145	15,423	193,109	25,656	4,204	38,433	150,967	12	517,949
Contracted Services	344,442	1,950,233	842,373	2,127,605	4,833	105,079	155,452	202,534	5,732,551
Rents and Financial Expenses	324,519	177,362	457,082	369,788	30,915	56,605	402,706	10,687	1,829,664
External Transfers	-	-	-	-	175,321	1,336,518	-	-	1,511,839
Amortization	6,587	96,164	1,197,747	908,179	132,933	65,218	241,916	35,199	2,683,943
	1,883,177	2,599,199	3,935,139	3,762,051	359,440	2,880,433	1,925,850	557,998	17,903,287
Excess Net Revenue (Expense)	\$ 1,303,372	\$ (1,050,180)	\$ (184,375)	\$ 685,870	\$ 33,354	\$ (143,649)	\$ (394,936)	\$ 129,469	\$ 378,925
<b>For the Year Ended December 31, 2014</b>									
Revenue									
Taxation	\$ 968,540	\$ 1,368,279	\$ 2,231,685	\$ 479,189	\$ 329,811	\$ 1,263,253	\$ 980,169	\$ 303,037	\$ 7,923,963
Fees and User Charges	198,412	2,400	1,137,553	2,861,316	12,651	507,720	224,850	8,570	4,953,472
Canada Grants	-	-	783,674	-	-	-	3,478	447,900	1,235,052
Ontario Grants	1,732,371	100,448	112,520	141,445	236,937	803,362	154,212	-	3,281,295
Other Income	357,370	57,335	-	12,498	4,624,220	-	47,343	-	5,098,766
	3,256,693	1,528,462	4,265,432	3,494,448	5,203,619	2,574,335	1,410,052	759,507	22,492,548
Expenditures									
Wages and Benefits	1,195,395	333,789	1,033,252	217,245	10,388	1,211,932	1,004,684	207,750	5,214,435
Long Term Debt Interest	5,242	17,006	284,118	167,124	571	3,242	13,718	113,692	604,713
Materials	230,368	138,279	669,424	114,540	6,856	43,456	459,192	35,660	1,697,775
Contracted Services	267,505	2,011,996	952,735	2,194,563	2,516	85,914	46,655	187,511	5,749,395
Rents and Financial Expenses	152,343	22,245	153,236	135,472	14,598	55,962	113,811	-	647,667
External Transfers	-	-	-	-	172,712	1,296,493	-	-	1,469,205
Amortization	2,295	94,668	1,177,209	886,712	75,642	67,792	237,337	35,199	2,576,854
	1,853,148	2,617,983	4,269,974	3,715,656	283,283	2,764,791	1,875,397	579,812	17,960,044
Excess Net Revenue (Expense)	\$ 1,403,545	\$ (1,089,521)	\$ (4,542)	\$ (221,208)	\$ 4,920,336	\$ (190,456)	\$ (465,345)	\$ 179,695	\$ 4,532,504

\* Includes revenue from the Ontario Municipal Partnership Fund.