

**Corporation of the Municipality
of Red Lake**
Consolidated Financial Statements
For the year ended December 31, 2010

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Independent Auditors' Report

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 Corporation of the Municipality of Red Lake, which comprise the consolidated statement of financial position as at December 31, 2010, 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 audit opinion.

Opinion

In our opinion, 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, 2010 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 Accountants, Licensed Public Accountants

Kenora, Ontario
July 18, 2011

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

December 31

2010

2009

Financial Assets

Cash (Note 1)	\$ 2,181,144	\$ 2,677,182
Short term investments (Note 2)	281,397	243,617
Taxes receivable	1,125,988	1,552,691
Trade and other receivables	5,589,049	3,049,748
Long term investments (Note 3)	-	135,000
	9,177,578	7,658,238

Financial Liabilities

Bank indebtedness (Note 4)	2,922,109	1,899,083
Accounts payable and accrued liabilities	2,115,891	2,181,174
Deferred revenue	295,248	423,959
Landfill closure and post closure liability (Note 5)	703,886	669,157
Long term liabilities (Note 6)	15,510,688	10,378,210
Employee benefits payable	-	6,496
	21,547,822	15,558,079

Net Debt

(12,370,244) (7,899,841)

Non-financial assets

Prepaid expenses and other assets	161,353	151,746
Tangible Capital Assets (Note 7)	50,955,306	42,789,965
	51,116,659	42,941,711


Accumulated Surplus

\$ 38,746,415 \$ 35,041,870

Approved by:



Phil T. Vinet, Mayor



Stelly L. Kucis, Clerk

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

For the year ended December 31	Budget	2010	2009
	(Note 8)		
Revenue			
Taxation	\$ 6,145,250	\$ 6,262,176	\$ 6,090,186
Fees and user charges	4,125,343	3,870,459	3,426,902
Canada Grants	7,273,242	3,333,548	410,958
Ontario Grants	9,749,097	5,277,799	5,107,679
Other income (Note 11)	1,557,550	836,022	487,367
	28,850,482	19,580,004	15,523,092
Expenditures			
General government	1,542,627	1,710,405	1,492,977
Protection services	2,338,408	2,413,346	2,152,002
Transportation services	2,230,110	3,288,249	3,225,992
Environmental services	2,824,101	3,415,800	3,569,841
Health services	515,478	539,143	511,952
Social and family services	2,209,615	2,122,879	2,105,022
Recreation and cultural services	1,458,811	1,845,343	1,768,746
Planning and development	630,280	540,294	374,753
Total expenditures	13,749,430	15,875,459	15,201,285
Annual Surplus	15,101,052	3,704,545	321,807
Accumulated surplus, beginning of year	35,041,870	35,041,870	34,720,063
Accumulated surplus, end of year	\$ 50,142,922	\$ 38,746,415	\$ 35,041,870

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

For the year ended December 31	Budget	2010	2009
	(Note 8)		
Annual surplus	\$15,101,052	\$ 3,704,545	\$ 321,807
Acquisition of tangible capital assets	(26,989,724)	(10,374,827)	(8,820,353)
Amortization of tangible capital assets	-	2,209,488	1,890,766
Net change in prepaid expenses	-	(9,609)	124,928
Net change in net debt	(11,888,672)	(4,470,403)	(6,482,852)
Net Debt, beginning of year	(7,899,841)	(7,899,841)	(1,416,989)
Net Debt, end of year	\$ (19,788,513)	\$ (12,370,244)	\$ (7,899,841)

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	2010	2009
Cash flows from operating activities		
Annual surplus for the year	\$ 3,704,545	\$ 321,807
Adjustment for Amortization	2,209,488	1,890,766
Changes in working capital balances		
Taxes receivable	426,703	(429,745)
Trade and other receivables	(2,539,301)	(1,518,009)
Accounts payable and accrued liabilities	(65,285)	1,742,475
Prepaid expenses and other assets	(9,607)	124,927
Deferred revenue	(128,711)	(927,504)
Employee benefits payable	(6,496)	-
Landfill closure and post closure liability	34,729	33,016
Investments	135,000	-
	<u>3,761,065</u>	<u>1,237,733</u>
Cash flows from financing activities		
Long term debt issued	6,074,633	6,617,398
Long term debt repaid	(942,155)	(592,759)
Bank indebtedness	1,023,026	1,899,083
	<u>6,155,504</u>	<u>7,923,722</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(10,374,827)	(8,820,353)
Net change in cash and cash equivalents	(458,258)	341,102
Cash and cash equivalents, beginning of year	2,920,799	2,579,697
Cash and cash equivalents, end of year	\$ 2,462,541	\$ 2,920,799
Represented by:		
Cash	\$ 2,181,144	\$ 2,677,182
Temporary investments	281,397	243,617
Balance, end of year	\$ 2,462,541	\$ 2,920,799

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

Corporation of the Municipality of Red Lake

Summary of Significant Accounting Policies

December 31, 2010

Management Responsibility 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 Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

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. Municipal position 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.

Basis of Consolidation The consolidated statements reflect the assets, liabilities, sources of financing and expenditures 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 expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Red Lake Public Library Board
- Red Lake Regional Heritage Centre and Archives Board

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

Kenora District Services Board
District of Kenora Home for the Aged
Northwestern Health Unit

Basis of Accounting Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

Government Transfers Government transfers are recognized in the year in which the events give rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Corporation of the Municipality of Red Lake

Summary of Significant Accounting Policies

December 31, 2010

Revenue Recognition	Revenues are recognized as follows: <ul style="list-style-type: none">a) Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.b) Fees and user charges are recognized on a quarterly basis as services are provided.c) Other revenues are recorded when collected or when collection is reasonably assured.														
Investments	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.														
Deferred revenue	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.														
School Boards	The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.														
Trust funds	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.														
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the 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>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>30 to 50 years</td></tr><tr><td>Furniture and equipment</td><td>8 to 15 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	Vehicles	8 years	Roads, sidewalks and streetlights	10 to 20 years	Water and sewer infrastructure	30 to 50 years	Furniture and equipment	8 to 15 years	Land improvements and leaseholds	15 to 30 years
Buildings	20 to 50 years														
Machinery and equipment	15 to 25 years														
Vehicles	8 years														
Roads, sidewalks and streetlights	10 to 20 years														
Water and sewer infrastructure	30 to 50 years														
Furniture and equipment	8 to 15 years														
Land improvements and leaseholds	15 to 30 years														

Corporation of the Municipality of Red Lake

Summary of Significant Accounting Policies

December 31, 2010

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. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

In addition, estimates were involved using valuation techniques to arrive at cost for tangible capital assets where historical cost information was not available.

Pensions and Employee Benefits

Pension Plan

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

Sick Leave

The collective Bargaining Agreement between the Municipality and the Union provides for sick leave credits for its employees. Unused sick leave credits do not accumulate from year to year.

Vacation

Employees are required to take their vacation time before December 31 each year. No banking of unused vacation time is allowed.

Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, long term investments, 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, 2010

1. Cash

	2010	2009
Unrestricted cash	\$ 313,404	\$ 383,282
Restricted cash	1,867,740	2,293,900
	\$ 2,181,144	\$ 2,677,182

2. Short Term Investments

The short term investments include guaranteed investment certificates and treasury bills bearing interest rates of .4% to .5%, maturing 2011.

3. Long Term Investments

The long term investments represent Northern Ontario Grow Bonds with a fixed interest rate of 4%, maturing 2010.

4. 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.

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 April 1, 2008, the estimated cost to close the site is \$820,000. The liability is based on reaching capacity in year 2013 and was estimated using a discount factor of 5.15% and an inflation rate of 4.45%. At December 31, 2010, an amount of \$703,886 (2009 - \$669,157) has been accrued as a liability.

In 2010, with the recent implementation of both onsite landfill waste compaction and the recycling program, it is predicted that life expectancy of the site may be increased anywhere between years 2014 and 2017, depending on the waste division/compaction success rates. An updated closure and post closure liability review has not been completed, given that the actual effectiveness of the program is unknown at the date of these financial statements.

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

December 31, 2010

6. Long Term Liabilities

	2010	2009
OSIFA - Ontario Municipal Economic Infrastructure Financing Authority advances, repayable semi annually at \$109,147 until 2016 and \$81,281 thereafter, plus interest at 2.31% and 2.37%, maturing 2021	\$ 2,122,563	\$ 2,340,859
Demand instalment loan, principal draw amounts repayable in \$110,966 quarterly payments plus interest payable monthly at prime rate, maturing August 2014 (Loan # - 6026451)	1,664,489	2,108,353
Demand instalment loan, principal draw amounts repayable in \$16,116 quarterly payments plus interest payable monthly at prime rate, maturing May 2014 (Loan # -6026354)	225,624	257,856
Demand instalment loan, principal draw amounts repayable in \$3,635 quarterly payments plus interest payable monthly at prime rate, maturing May 2020 (Loan # - 6026052)	138,120	145,390
Demand instalment loan, principal draw amounts repayable in \$39,509 quarterly payments plus interest payable monthly at prime rate, maturing May 2030 (Loan # - 6026257)	3,081,715	3,160,733
Demand instalment loan, principal draw amounts repayable in \$14,509 quarterly payments plus interest payable monthly at prime rate, maturing May 2030 (Loan # - 6026559)	1,131,731	1,160,750
Demand instalment loan, with quarterly payments of \$3,220 payments plus interest repayable monthly at prime rate, maturing May 2014 (Loan # - 6026958)	45,079	-
Demand instalment loan, principal draw amounts repayable in \$15,054 quarterly payments plus interest payable monthly at prime rate, maturing May 2030 (Loan # - 6026656)	1,174,162	1,204,269
Demand instalment loan, repayable in equal quarterly payments of \$4,790 repayable monthly at prime rate, maturing May 2020 (Loan # - 6026753)	182,031	-
Demand instalment loan, repayable in quarterly payments of \$63 plus interest repayable monthly at prime rate, maturing May 2020 (Loan # - 6027059)	2,375	-
Demand instalment loan, repayable in quarterly payments of \$8,885 plus interest repayable monthly at prime rate, maturing May 2030 (Loan # - 6026850)	693,048	-
Carried forward	\$ 10,460,937	\$ 10,378,210

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

December 31, 2010

6. Long Term Liabilities - continued

	2010	2009
Brought forward	\$ 10,460,937	\$ 10,378,210
Demand instalment loan, repayable in quarterly payments of \$9,526 plus interest repayable monthly at prime rate, maturing May 2030 (Loan # - 6027156)	743,041	-
Demand instalment loan, repayable in quarterly payments of \$6,719 plus interest at prime rate monthly, maturing May 2030 (Loan # - 6027253)	524,116	-
Demand instalment loan, repayable in quarterly payments of \$5,544 plus interest at prime, maturing May 2020 (Loan # - 6027350)	210,672	-
Demand instalment loan, repayable in quarterly payments of \$12,110 plus interest at prime, maturing May 2015 (Loan # - 6027458)	169,534	-
Demand instalment loan, repayable in quarterly payments of \$3,638 plus interest at prime, maturing May 2030 (Loan # - 6027555)	283,807	-
Demand instalment loan, repayable in quarterly payments of \$23,862 plus interest at prime, maturing May 2021 (Loan # - 6027652)	954,465	-
Demand instalment loan, repayable in quarterly payments of \$36,069 plus interest at prime, maturing May 2025 (Loan # - 6027857)	2,164,116	-
	\$ 15,510,688	\$ 10,378,210

Principal payments for the next five fiscal years are as follows:

2011	\$	1,355,293
2012		1,475,154
2013		1,475,154
2014		1,325,516
2015		953,946

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

December 31, 2010

7. Tangible Capital Assets

Capital assets consist of the following:

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 444,496	\$ -	\$ 331,100	\$ -
Buildings	32,769,043	7,005,133	28,421,170	6,378,669
Machinery and equipment	4,238,642	1,645,510	4,116,832	1,569,306
Vehicles	505,002	294,254	446,915	249,877
Roads, sidewalks and streetlights	15,444,320	7,856,465	12,377,747	7,322,944
Water and sewer infrastructure	18,426,930	7,966,231	17,115,003	7,609,202
Furniture and equipment	2,388,151	1,590,144	2,218,367	1,366,318
Land improvements and leaseholds	3,906,048	809,589	2,870,671	611,524
	78,122,632	27,167,326	67,897,805	25,107,840
Net book value		\$ 50,955,306		\$ 42,789,965

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.

8. Budget Amounts

The Financial Plan (Budget) By-Law 1305-10 approved by Council followed by Financial Plan revisions through By-Law 1349-10 and By-Law 1368-10 were 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	\$ 695,764
Add:	
Capital expenditures	26,989,724
Budgeted payments of long-term debt	1,040,645
Less:	
Budgeted transfers from accumulated surplus	(271,050)
Budgeted proceeds from long-term debt	(13,354,031)
Budget per statement of financial activities	\$ 15,101,052

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

December 31, 2010

9. 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	2010	2009
Current	\$ (212,484)	\$ 16,502	\$ 52,861	\$ (143,121)	\$ 16,112
Reserves and Reserve Funds	3,232,573	88,103	124,243	3,444,919	3,570,455
Investment in capital assets	35,444,617	-	-	35,444,617	31,455,303
	\$ 38,464,706	\$ 104,605	\$ 177,104	\$ 38,746,415	\$ 35,041,870

Reserves funds set aside for specific purpose by Council:

Working funds	\$ 331,823	\$ 331,823
Water system	827,104	827,104
Sewer system	255,779	255,779
Police services	90,122	105,122
	1,504,828	1,519,828

Reserves set aside for specific purpose by Council:

Parks	43,553	43,355
Medical Centre	45,839	45,630
Water	553,379	550,859
Sewer	165,076	164,406
Recreation Facility	9,180	9,163
Fire	82,538	82,162
Sick leave	20,663	20,569
Norseman royalties	7,621	7,586
Cemetery maintenance	1,422	1,416
Waste disposal	253,646	252,585
Airport	90,447	239,728
Public works	219,450	218,451
General government	37,274	37,104
Library	88,103	86,693
MTO Roads and Bridges	24,545	24,434
Community in bloom	21,234	7,898
Museum	252,032	251,449
Planning	7,172	7,139
Assessability	16,917	-
	1,940,091	2,050,627

Reserves and reserve funds, end of year

\$ 3,444,919 \$ 3,570,455

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

December 31, 2010

10. Pension Agreements

The municipality and its employees contribute to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 259,000 active members and approximately 150,000 retired and other members.

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2010, the estimated accrued pension obligation for all members (including survivors) of the Plan was \$60,035 million (2009 - \$54,253 million). The Plan had an actuarial value of net assets of \$53,349 million at the end of 2010 (2009 - \$47,832 million). The resulting funding deficit was \$4,467 million as at December 31, 2010 (2009 - \$1,519 million). The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the Municipality of Red Lake paid \$177,679 for employer contributions to the plan in 2010 (2009 - \$172,366).

11. Other Income

	2010	2009
Penalties and interest	\$ 198,025	\$ 220,845
Investment income	22,169	7,984
Licences and permits	90,145	100,285
Other	525,683	158,253
	\$ 836,022	\$ 487,367

12. Trust Funds

The trust funds administered by the municipality amounting to \$156,510 (2008 -\$150,588) 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:

	2010	2009
Woodland Cemetery Perpetual Care	\$ 71,111	\$ 67,113
Red Lake Cemetery Perpetual Care	73,742	71,865
Memorial Trust Fund	2,845	2,834
Health Care Trust	6,738	6,710
Election Trust	2,074	2,066
	\$ 156,510	\$ 150,588

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

December 31, 2010

13. Contractual Obligations and Commitments

Sewer and Water

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 \$1,715,000 for 2011. The agreement expires 2017.

Waste Disposal

The Municipality is under an agreement with a third party for waste disposal services. The 2011 estimated cost is \$393,000.

Airport Services

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

Policing

The Municipality is committed to municipal policing services with the Provincial Government for a five year period ending 2015. The estimated cost for 2011 is approximately \$2,343,235.

Airport Terminal Building

At year end the municipality was committed to the construction of a new Airport Terminal Building. The estimated cost of the project including parking lot and road upgrades is \$7.35 million with grants of \$4,244,895 approved. To date, \$3,157,386 has been spent on the project.

Fifth Street Upgrades

At as December 31, 2010 the municipality was committed to road upgrades to Fifth Street with an estimated cost of \$2.9 million. To date, \$2,766,745 was spent on the project. The project is partially financed with grants approved at \$1,413,280.

14. Contingencies

The municipality is contingently liable for its pro-rata share of the deficit (\$559,835) 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.

A claim has been filed against the organization for incidents which arose in the ordinary course of business. In the opinion of management and legal council, the outcome of the claim will not be significant. Should any loss result from the resolution of the claim, such losses will be expensed to operations in the year of resolution.

15. Operations and School Boards

Taxation, other revenues and requisitions for the school boards amounting to \$1,536,311 (2009 - \$1,830,347) are not reflected in these financial statements.

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

December 31, 2010

16. Public Sector Salary Disclosure

The following is provided in connection with salary disclosure requirements as defined in the Public Sector Salary Disclosure Act, 1996,

	<u>Salary</u>	<u>Benefits</u>
Brian Anderson, Chief Administrative Officer	\$108,674	\$ 384

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 Municipality 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 or extinguishment 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.

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.

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

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17. Segmented Information - continued

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 and Archives 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 expenditures with the exception of water and sewer services which 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 1 - Schedule of Segmented Information

	General Government		Protection Services		Public Works		Environmental Services		Health Services		Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
For the year ended December 31, 2010																	
Revenue																	
Taxation	\$ 835,523	\$ 1,178,906	\$ 1,606,292	\$ 175,698	\$ 263,368	\$ 1,037,015	\$ 901,440	\$ 263,934	\$ 6,262,176								
Fees and user charges	81,510	144,606	921,941	2,061,615	17,138	482,123	153,491	8,035	3,870,459								
Canada Grants	67,296	-	1,271,220	1,401,658	-	-	482,206	111,168	3,333,548								
Ontario Grants	* 1,989,400	115,483	1,696,821	464,238	-	697,826	108,740	205,291	5,277,799								
Other Income	666,932	-	-	-	-	-	169,090	-	836,022								
	3,640,661	1,438,995	5,496,274	4,103,209	280,506	2,216,964	1,814,967	588,428	19,580,004								
Expenditures																	
Wages and Benefits	922,321	282,971	1,004,339	147,452	9,570	1,115,610	934,799	262,450	4,679,512								
Long Term Debt Interest	-	12,331	101,158	113,668	4,168	8,978	1,787	75,780	317,870								
Materials	210,031	137,273	567,970	177,271	46,846	52,271	474,099	35,037	1,700,798								
Contracted Services	407,832	1,810,414	624,073	2,087,132	19,400	95,252	154,188	117,259	5,315,550								
Rents and Financial Expenses	132,750	74,457	80,011	70,240	3,453	34,494	74,376	5,585	1,176,875								
External Transfers	-	-	-	-	425,473	737,983	-	13,419	1,176,875								
Amortization	37,471	95,900	910,698	820,037	30,233	78,291	206,094	30,764	2,209,488								
	1,710,405	2,413,346	3,288,249	3,415,800	539,143	2,122,879	1,845,343	540,294	15,875,459								
Excess net revenue (expense)	\$ 1,930,256	\$ (974,351)	\$ 2,208,025	\$ 687,409	\$ (258,637)	\$ 94,085	\$ (30,376)	\$ 48,134	\$ 3,704,545								
For the year ended December 31, 2009																	
Revenue																	
Taxation	\$ 746,202	\$ 1,075,568	\$ 1,612,377	\$ 276,695	\$ 255,878	\$ 1,052,107	\$ 884,033	\$ 187,306	\$ 6,090,186								
Fees and user charges	200,095	98,479	706,846	1,838,506	23,060	439,520	110,496	9,900	3,426,902								
Canada Grants	-	-	29,002	-	-	-	1,146	380,810	410,958								
Ontario Grants	* 2,000,800	53,364	105,000	1,227,545	-	885,279	109,648	726,043	5,107,679								
Other Income	414,010	-	-	-	-	-	73,357	-	487,367								
	3,361,107	1,227,431	2,453,225	3,342,746	278,938	2,376,906	1,178,680	1,304,059	15,523,092								
Expenditures																	
Wages and Benefits	871,344	265,634	976,311	138,588	29,994	1,087,787	848,786	254,194	4,472,638								
Long Term Debt Interest	-	6,398	35,863	83,000	1,197	2,517	7,888	136,863	1,791,381								
Materials	179,378	136,274	695,199	198,006	16,329	73,331	458,453	34,411	1,791,381								
Contracted Services	287,850	1,634,087	798,711	2,145,518	31,952	113,938	156,675	34,277	5,163,008								
Rents and Financial Expenses	110,348	34,497	84,381	188,820	11,571	65,417	120,318	8,277	623,629								
External Transfers	7,666	-	-	-	385,524	707,556	-	22,254	1,123,000								
Amortization	36,392	75,112	675,527	815,909	35,385	54,476	184,513	13,452	1,890,766								
	1,492,978	2,152,002	3,225,992	3,569,841	511,952	2,105,022	1,768,745	374,753	15,201,285								
Excess net revenue (expense)	\$ 1,868,129	\$ (924,571)	\$ (772,767)	\$ (227,095)	\$ (233,014)	\$ 271,884	\$ (590,065)	\$ 929,306	\$ 321,807								

* Includes revenue from the Ontario Municipal Partnership Fund.