

**Corporation of the Municipality
of Red Lake**
Consolidated Financial Statements
For the year ended December 31, 2024

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Management's Responsibility for the Financial Statements

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 established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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.

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

Michelle Hendry, Chief Administrative Officer
June 18, 2025

To the Mayor and Council Members of Corporation of the Municipality of Red Lake:

Opinion

We have audited the consolidated financial statements of Corporation of the Municipality of Red Lake and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, accumulated surplus, changes in net debt 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality 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 opinion.

Other Matter

The consolidated financial statements of the Corporation of the Municipality of Red Lake for the year ended December 31, 2023 were audited by BDO Canada LLP of Fort Frances, Ontario, Canada, prior to its merger with MNP LLP. BDO Canada LLP expressed an unmodified opinion on those statements on July 15, 2024.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality'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 Municipality 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Fort Frances, Ontario
June 18, 2025

MNP **LLP**
Chartered Professional Accountants
Licensed Public Accountants

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

December 31	2024	2023
Financial assets		
Cash and bank (Note 1)	\$ 9,372,248	\$ 8,373,943
Investments (Note 2)	148,781	1,623,999
Taxes receivable	727,610	453,305
Trade and other receivables	2,181,048	3,310,255
	<u>12,429,687</u>	<u>13,761,502</u>
 Financial liabilities		
Accounts payable and accrued liabilities	2,148,330	1,714,401
Deferred revenue (Note 4)	1,478,225	991,980
Asset retirement obligation (Note 5)	760,606	780,192
Long term liabilities (Note 6)	12,392,662	14,385,409
	<u>16,779,823</u>	<u>17,871,982</u>
 Net debt	<u>(4,350,136)</u>	<u>(4,110,480)</u>
 Non-financial assets		
Prepaid expenses and other assets	278,709	366,090
Tangible capital assets (Note 7)	67,400,757	68,721,678
	<u>67,679,466</u>	<u>69,087,768</u>
 Accumulated surplus (Note 10)	<u>\$ 63,329,330</u>	<u>\$ 64,977,288</u>
 Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 63,329,330	\$ 64,875,102
Accumulated remeasurement gains (losses)	<u>-</u>	<u>102,186</u>
	<u>\$ 63,329,330</u>	<u>\$ 64,977,288</u>

Approved by:

_____ Mayor

_____ Treasurer

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 Operations

For the year ended December 31	Budget	2024	2023
Revenue			
Taxation	\$ 10,651,340	\$ 10,746,666	\$ 10,191,432
Fees and user charges	5,547,017	5,114,066	5,152,814
Canada grants	903,292	376,980	2,361,681
Ontario grants	2,145,319	1,526,806	4,239,092
Other income (Note 12)	510,991	1,203,162	1,633,974
	<u>19,757,959</u>	<u>18,967,680</u>	<u>23,578,993</u>
Expenses			
General government	2,348,251	2,937,700	2,510,894
Protection services	2,283,194	2,176,481	2,049,498
Transportation services	5,708,649	5,572,799	5,518,218
Environmental services	4,512,934	4,733,880	4,803,072
Health services	968,469	964,862	1,032,645
Social and family services	1,183,433	1,207,605	1,112,941
Recreation and cultural services	2,505,912	2,617,821	2,549,418
Planning and development	578,833	404,490	399,516
	<u>20,089,675</u>	<u>20,615,638</u>	<u>19,976,202</u>
Total expenses			
	<u>20,089,675</u>	<u>20,615,638</u>	<u>19,976,202</u>
Annual surplus (deficit)	(331,716)	(1,647,958)	3,602,791
Accumulated surplus, beginning of year	64,875,102	64,875,102	61,272,311
Realized gain on disposal of investments		102,186	-
		<u>102,186</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 64,543,386</u>	<u>\$ 63,329,330</u>	<u>\$ 64,875,102</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

For the year ended December 31	Budget	2024	2023
Annual surplus	\$ (331,716)	\$ (1,647,958)	\$ 3,602,791
Acquisition of tangible capital assets	(5,054,284)	(2,766,793)	(7,160,633)
Amortization of tangible capital assets	3,849,010	4,027,841	3,832,454
Loss (gain) on disposal of tangible capital assets	-	44,937	(28,621)
Proceeds on sale of tangible capital assets	-	14,936	55,000
Net change in prepaid expenses	-	87,381	(14,651)
	(1,536,990)	(239,656)	286,340
Net remeasurement gains (losses)		-	102,186
Net change in net debt	(1,536,990)	(239,656)	388,526
Net debt, beginning of year	(4,110,480)	(4,110,480)	(4,499,006)
Net debt, end of year	\$ (5,647,470)	\$ (4,350,136)	\$ (4,110,480)

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	2024	2023
Operating transactions		
Annual surplus	\$ (1,647,958)	\$ 3,602,791
Adjustments for		
Accretion of asset retirement obligation	(19,586)	(15,206)
Amortization	4,027,841	3,832,454
Loss on disposal of capital assets	44,937	(28,621)
Changes in non-cash operating balances		
Taxes receivable	(274,305)	137,720
Trade and other receivables	1,129,207	(132,687)
Accounts payable and accrued liabilities	433,929	479,700
Prepaid expenses and other assets	87,381	(14,651)
Deferred revenue	486,245	(995,241)
	<u>4,267,691</u>	<u>6,866,259</u>
Financing transactions		
Proceeds of long term debt	-	1,402,953
Long term debt repaid	(1,992,747)	(1,889,111)
	<u>(1,992,747)</u>	<u>(486,158)</u>
Investing transactions		
Net proceeds(purchase) of investments	<u>1,475,218</u>	<u>(4,423)</u>
Capital transactions		
Acquisition of tangible capital assets	(2,766,793)	(7,160,633)
Proceeds from sale of capital assets	14,936	55,000
	<u>(2,751,857)</u>	<u>(7,105,633)</u>
Net change in cash and bank	998,305	(729,955)
Cash and bank, beginning of year	<u>8,373,943</u>	<u>9,103,898</u>
Cash and bank, end of year	<u>\$ 9,372,248</u>	<u>\$ 8,373,943</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 Remeasurement Gains and Losses

For the year ended December 31	2024	2023
<hr/>		
Accumulated remeasurement gains (losses), beginning of year	\$ 102,186	\$ 102,186
Unrealized gains (losses) attributable to:		
Portfolio investments	-	-
Amounts reclassified to the statement of operations:		
Portfolio investments	(102,186)	-
	<hr/>	
Accumulated remeasurement gains (losses), end of year	\$ -	\$ 102,186
<hr/>		

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, 2024

Management Responsibility	The consolidated financial statements of the Corporation of the Municipality of Red Lake are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.
Basis of Consolidation	<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">- Red Lake Public Library Board- Red Lake Regional Heritage Centre Board- Red Lake Airport
Basis of Accounting	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.
Government Transfers	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.
Revenue Recognition	<p>Revenues are recognized as follows:</p> <ul style="list-style-type: none">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.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	<p>Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.</p> <p>Portfolio investments are recorded at amortized cost unless there is a loss in value that is other than a temporary decline. Gains and losses on investments are recorded in the statement of operations once realized.</p> <p>Investment income earned on current fund, reserves and reserve fund are reported as revenue in the period earned.</p>

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

December 31, 2024

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, expenses, 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 position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

Tangible Capital Assets 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:

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

Works of art and cultural and historic assets are not recorded as assets in these consolidated statements.

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

December 31, 2024

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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 Asset Retirement Obligation 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, tax revenue due to reassessments and appeals, accounts receivable and contaminated sites. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

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

December 31, 2024

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 per employee.

Vacation

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

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives beyond the current year and are not intended for sale in the ordinary course of operations.

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

December 31, 2024

1. Cash and Bank

	2024	2023
Unrestricted Cash	\$ 2,863,036	\$ 1,801,256
Restricted Cash for Reserves	6,509,212	6,572,687
	\$ 9,372,248	\$ 8,373,943

2. Investments

	2024	2023
<u>Restricted</u>		
Red Lake Regional Heritage Centre Board - CIBC Canadian T-Bill fund (market value \$56,219)	\$ 56,219	\$ 53,851
Red Lake Public Library Board - GICs (market value \$92,562)	92,562	89,926
ONE Funds - gas tax, airport improvement and airport parking investments	-	1,480,222
	\$ 148,781	\$ 1,623,999

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.

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

December 31, 2024

4. Deferred Revenue

	CCBF	OCIF	Other	2024	2023
Opening balance	\$ 806,282	\$ 12,743	\$ 172,955	\$ 991,980	\$ 1,987,222
Add:					
Amounts received in the year	261,490	650,310	35,504	947,304	888,583
Externally restricted interest earned	46,807	9,107	-	55,914	89,989
Less:					
Project expenses	(310,271)	(162,523)	(44,179)	(516,973)	(1,973,814)
Closing balance	\$ 804,308	\$ 509,637	\$ 164,280	\$ 1,478,225	\$ 991,980

Canada Community-Building Fund (CCBF) revenue is provided by the Government of Canada. The use of the funding is established by funding agreement. CCBF funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

5. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the closure and post closure costs of the Municipality's solid waste landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 5.01% (2023 - 5.01%). The estimated total undiscounted future expenditures are \$720,057, which are to be incurred over 25 years. The liability is expected to be settled in 14 years.

The carrying amount of the liabilities are as follows:

Asset retirement obligation as at December 31, 2023	\$ 780,192
(Decrease) due to liability settled during the current year	(59,310)
Increase due to accretion expense	39,724
Asset retirement obligation as at December 31, 2024	<u>\$ 760,606</u>

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

December 31, 2024

6. Long Term Liabilities

	2024	2023
Ontario Municipal Economic Infrastructure Financing Authority advance, repayable semi-annually at blended principal and interest instalments of \$160,094 at 3.52%, maturing November 2026	\$ 613,161	\$ 904,063
CIBC demand instalment loan, repayable \$6,886 monthly plus interest payable at prime, maturing December 2026	292,252	356,627
Federation of Canadian Municipalities loan, repayable \$121,827 semi-annually in June and December including interest at 2%, maturing June 2032	1,689,167	1,895,923
CIBC demand instalment loan, repayable \$11,651 monthly plus interest payable at prime, maturing November 2032	1,146,392	1,259,609
CIBC demand instalment loan, repayable \$6,812 monthly plus interest at prime, maturing February 2032	607,550	674,746
CIBC demand instalment loan, repayable monthly at \$6,094 plus interest at prime, maturing February 2027	162,236	233,445
CIBC demand instalment loan, repayable \$1,258 monthly at prime rate, maturing October 2027	45,603	59,772
CIBC demand instalment loan, repayable \$2,896.18 monthly plus interest payable at prime, maturing December 2026	240,817	261,468
CIBC demand instalment loan, repayable \$3,246 monthly plus interest at prime, maturing November 2025	36,557	75,342
CIBC demand instalment loan, repayable \$16,857 monthly plus interest at prime, maturing September 2025	157,467	358,907
CIBC demand instalment loan, repayable quarterly at \$97,841 plus interest at prime, maturing May 2030	2,204,739	2,545,615
CIBC demand instalment loan, repayable in monthly payments of \$15,773, including interest at 6.123%, maturing October 2034	1,307,056	1,412,765
CIBC demand instalment loan, repayable monthly at \$15,166 including interest at 5.931%, maturing October 2029	739,371	883,966
CIBC demand instalment loan, repayable \$6,601 monthly plus interest payable at 5.948%, maturing December 2038	748,674	784,859
Carried Forward	\$ 9,991,042	\$ 11,707,107

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

6. Long Term Liabilities (continued)

	2024	2023
Brought Forward	\$ 9,991,042	\$ 11,707,107
CIBC demand instalment loan, repayable monthly at \$2,275 plus interest at prime, maturing July 2025	8,580	36,538
CIBC demand instalment loan, repayable monthly at \$1,407 plus interest at prime, maturing July 2030	93,265	108,071
CIBC demand instalment loan, repayable monthly at \$2,121 plus interest at prime, maturing July 2035	272,201	291,407
CIBC demand instalment loan, repayable in monthly payments of \$233 plus interest at prime, maturing May 2026	3,970	6,452
CIBC demand instalment loan, repayable in monthly payments of \$1,581 plus interest at prime, maturing May 2031	127,901	143,892
CIBC demand instalment loan, repayable in monthly payments of \$4,094 plus interest at prime, maturing May 2036	584,651	620,292
CIBC demand instalment loan, repayable in monthly payments of \$8,519 plus interest at prime, maturing September 2027	308,698	404,605
CIBC demand instalment loan, repayable in monthly payments of \$2,718 plus interest at prime, maturing September 2032	267,394	293,801
CIBC demand instalment loan, repayable in monthly payments of \$4,585 plus interest at prime, maturing September 2037	734,960	773,244
	<u>\$ 12,392,662</u>	<u>\$ 14,385,409</u>

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

2025	\$ 1,996,460
2026	1,881,664
2027	1,560,112
2028	1,511,188
2029	1,445,014
Thereafter	<u>3,998,224</u>
Total	<u>\$ 12,392,662</u>

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

December 31, 2023

7. Tangible Capital Assets

2024

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks, Bridges and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,389,210	\$ 48,884,201	\$ 15,408,265	\$ 849,853	\$ 27,409,096	\$ 22,451,666	\$ 16,051,569	\$ 132,443,860
Additions	54,812	128,228	1,564,412	169,064	514,359	-	335,918	2,766,793
Disposals	(43,651)	(75,736)	(2,890,177)	(56,904)	(27,427)	-	(572,807)	(3,666,702)
Cost, End of Year	1,400,371	48,936,693	14,082,500	962,013	27,896,028	22,451,666	15,814,680	131,543,951
Accumulated Amortization, Beginning of Year	-	18,439,956	8,714,861	495,246	16,037,798	13,113,460	6,920,861	63,722,182
Amortization	-	1,019,254	739,364	76,678	951,250	470,723	770,572	4,027,841
Disposals	-	(75,736)	(2,873,955)	(56,904)	(27,427)	-	(572,807)	(3,606,829)
Accumulated Amortization, End of Year	-	19,383,474	6,580,270	515,020	16,961,621	13,584,183	7,118,626	64,143,194
Net Carrying Amount, End of Year	\$ 1,400,371	\$ 29,553,219	\$ 7,502,230	\$ 446,993	\$ 10,934,407	\$ 8,867,483	\$ 8,696,054	\$ 67,400,757

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

December 31, 2023

7. Tangible Capital Assets (continued)

2023

	Land	Buildings	Machinery, Furniture and Equipment	Vehicles	Roads, Sidewalks and Streetlights	Water and Sewer	Land Improvements and Leaseholds	Total
Cost, Beginning of Year	\$ 1,401,330	\$ 48,480,973	\$ 13,752,721	\$ 676,532	\$ 25,393,470	\$ 19,895,075	\$ 15,821,560	\$ 125,421,661
Additions	1,808	403,228	1,780,050	173,321	2,015,626	2,556,591	230,009	7,160,633
Disposals	(13,928)	-	(124,506)	-	-	-	-	(138,434)
Cost, End of Year	1,389,210	48,884,201	15,408,265	849,853	27,409,096	22,451,666	16,051,569	132,443,860
Accumulated Amortization, Beginning of Year	-	17,422,630	8,131,069	446,228	15,147,736	12,692,936	6,161,184	60,001,783
Amortization	-	1,017,326	695,847	49,018	890,062	420,524	759,677	3,832,454
Disposals	-	-	(112,055)	-	-	-	-	(112,055)
Accumulated Amortization, End of Year	-	18,439,956	8,714,861	495,246	16,037,798	13,113,460	6,920,861	63,722,182
Net Carrying Amount, End of Year	\$ 1,389,210	\$ 30,444,245	\$ 6,693,404	\$ 354,607	\$ 11,371,298	\$ 9,338,206	\$ 9,130,708	\$ 68,721,678

The net book value of tangible capital assets not being amortized because they are under construction is \$1,304,759. (2023 - \$1,047,665). 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.

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

8. Budget Amounts

The Financial Plan (Budget) By-Law 12-2022 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 (Deficit) per Bylaw	\$ -
Add:	
Capital Expenditures	5,054,284
Budgeted Payments of Long Term Debt	1,968,877
Budget Transfers to Reserves	55,100
Less:	
Budgeted Transfers from Reserve	(1,626,446)
Budgeted Proceeds from Long-Term Debt	(1,934,521)
Amortization	(3,849,010)
	-
	-
Budget per Statement of Operations	<u>\$ (331,716)</u>

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

9. Government Transfers

	Budget	2024	2023
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 859,700	\$ 859,700	\$ 849,700
Conditional - Protection	77,932	47,762	81,832
- Transportation	266,000	252,983	361,699
- Ministry of Municipal Affairs and Housing	200,000	-	433,623
- Other	22,500	73,987	315,161
	1,426,132	1,234,432	2,042,015
Government of Canada - other	11,500	5,000	99,590
Total Operating Transfers	1,437,632	1,239,432	2,141,605
Tangible Capital Asset			
Province of Ontario			
- Northern Ontario Resource Development Support	129,859	129,851	129,851
- Investing in Canada Infrastructure Program - Roads project	-	-	1,008,037
- Ontario Community Infrastructure Fund	539,328	162,523	1,034,850
- Other	50,000	-	24,339
	719,187	292,374	2,197,077
Government of Canada			
- Canada Community-Building Fund	760,013	310,272	935,031
- Investing in Canada Infrastructure Program - Green Stream	-	-	1,209,765
- Community Resilience	-	-	100,000
- Federal Economic Development Agency for Northern Ontario			
- Airports Capital Assistance Program	131,779	17,529	17,295
- Agriculture and Agri-Food Canada	-	44,179	-
	891,792	371,980	2,262,091
Total Tangible Capital Asset Transfers	1,610,979	664,354	4,459,168
Total Transfers	\$ 3,048,611	\$ 1,903,786	\$ 6,600,773

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

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	2024	2023
Current	\$ 915,591	\$ 176,093	\$ 13,784	\$ 1,105,468	\$ 2,690,989
Reserves and					
Reserve Funds	6,996,910	100,035	118,822	7,215,767	7,847,844
Investment in Capital					
Assets	55,008,095	-	-	55,008,095	54,336,269
	\$ 62,920,596	\$ 276,128	\$ 132,606	\$ 63,329,330	\$ 64,875,102

Reserves Funds set aside for specific purpose by Council:

Working Funds	\$ 81,116	\$ 77,060
Water System	845,943	803,652
Sewer System	324,710	308,476
	1,251,769	1,189,188

Reserves set aside for specific purpose by Council:

Parks	48,996	46,547
Medical Centre and Pharmacy	428,577	396,753
Water	155,784	146,113
Sewer	144,674	137,441
Recreation Facility	1,859	1,766
Fire	238,772	188,455
Sick Leave	26,523	25,197
Norseman Royalties	9,782	9,293
Cemetery Maintenance	1,825	1,734
Waste Disposal	238,024	226,125
Airport	2,481,216	2,422,916
General Government	1,271,856	1,548,945
Public Works	168,499	609,140
Library	180	171
MTO Roads and Bridges	31,506	29,931
Community in Bloom	-	6,576
Museum	18,763	50,559
Planning	12,816	12,176
Elections	18,202	17,293
Accessibility	171,923	163,328
Library	100,035	97,396
Heritage Centre	118,822	118,822
Municipal Accommodation Tax	106,387	241,449
Stabilization	168,977	160,530
	5,963,998	6,658,656

Reserves and Reserve Funds, End of Year

\$ 7,215,767	\$ 7,847,844
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Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

11. Pension Agreements

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan. The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participates in the plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to OMERS during the year was \$242,995 (2023 - \$228,156). The contributions were made for current service and these have been recognized in net income.

As at December 31, 2024, the OMERS plan was 97% funded (December 31, 2023 - 97%). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

12. Other Income

	Budget	2024	2023
Penalties and Interest	\$ 205,200	\$ 234,907	\$ 218,627
Investment Income	95,000	542,949	342,080
Licences and Permits	192,800	283,249	247,647
Donations	-	14,615	14,480
Insurance Proceeds	-	-	538,224
Other Revenues	17,991	217,442	272,916
	<u>\$ 510,991</u>	<u>\$ 1,293,162</u>	<u>\$ 1,633,974</u>

13. Trust Funds

The trust funds administered by the Municipality amounting to \$277,207 (2023 - \$267,790) 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:

	2024	2023
Woodland Cemetery Perpetual Care	\$ 108,281	\$ 105,839
Red Lake Cemetery Perpetual Care	153,969	147,741
Memorial Trust Fund	3,650	3,468
Health Care Trust	8,645	8,213
Election Trust	2,662	2,529
	<u>\$ 277,207</u>	<u>\$ 267,790</u>

Corporation of the Municipality of Red Lake

Notes to Consolidated Financial Statements

December 31, 2024

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 \$1.9 million for 2025.

Waste Collection and Disposal Services

The Municipality is under an agreement with a third party for waste collection and disposal services. The agreement expires September 2030. The 2025 estimated cost is \$189,667.

Waste Disposal Site Services

The Municipality is under an agreement with another municipality for waste disposal services, whereby the Municipality will temporarily utilize the waste disposal site of the other municipality. The agreement expires August 2028. The 2025 costs are based on a set rate of \$44.96 per cubic meter of eligible waste.

Airport Services

The Municipality has an agreement with a company to provide management services for the operation of the Red Lake Airport. The agreement expires December 2027 and 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. The estimated cost for 2025 is approximately \$1,486,085.

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.

16. Operations and School Boards

Taxation, other revenues and requisitions for the school boards amounting to \$1.6 million (2023 - \$1.6 million) are not reflected in these financial statements.

17. Liability for Contaminated Sites

The Corporation has four municipally owned sites with known contamination. The contamination results from previous industry use. No liability has been recorded because it is not expected that economic benefits will be given up by the Municipality.

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

December 31, 2024

18. 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.

Health Services

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

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

December 31, 2024

18. Segmented Information - continued

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

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
For the Year Ended December 31, 2024									
Revenue									
Taxation	\$ 1,478,800	\$ 1,476,251	\$ 3,691,057	\$ 714,683	\$ 626,186	\$ 765,176	\$ 1,620,255	\$ 374,258	\$ 10,746,666
Fees and User Charges	57,973	18,474	1,346,715	3,485,709	38,195	-	156,391	10,609	5,114,066
Canada Grants	-	-	327,801	-	-	-	49,179	-	376,980
Ontario Grants	859,700	47,762	382,833	163,415	-	450	72,646	-	1,526,806
Other Income	1,070,775	36,662	8,005	-	-	-	65,971	21,749	1,203,162
	3,467,248	1,579,149	5,756,411	4,363,807	664,381	765,626	1,964,442	406,616	18,967,680
Expenditures									
Wages and Benefits	1,327,445	303,731	1,071,182	334,458	5,426	-	1,139,465	155,987	4,337,694
Long Term Debt Interest	11,530	25,416	298,077	187,465	2,724	-	67,250	79,435	671,897
Materials	745,835	213,781	794,901	383,498	91,609	24,711	690,438	79,938	3,024,711
Contracted Services	722,640	1,469,736	1,322,831	2,360,603	96,407	-	249,320	6,643	6,228,180
Rents and Financial Expenses	65,861	-	6,202	357,143	521	-	31,907	-	461,634
External Transfers	-	-	-	-	631,295	1,182,894	-	49,492	1,863,681
Amortization	64,389	163,817	2,079,606	1,110,713	136,880	-	439,441	32,995	4,027,841
	2,937,700	2,176,481	5,572,799	4,733,880	964,862	1,207,605	2,617,821	404,490	20,615,638
Excess Net Revenue (Expense)	\$ 529,548	\$ (597,332)	\$ 183,612	\$ (370,073)	\$ (300,481)	\$ (441,979)	\$ (653,379)	\$ 2,126	\$ (1,647,958)
For the Year Ended December 31, 2023									
Revenue									
Taxation	\$ 1,576,505	\$ 1,286,811	\$ 3,464,704	\$ 845,298	\$ 648,363	\$ 698,778	\$ 1,420,130	\$ 250,843	\$ 10,191,432
Fees and User Charges	73,505	30,314	1,368,803	3,458,501	38,081	-	151,254	32,356	5,152,814
Canada Grants	-	-	288,747	1,873,344	-	-	199,590	-	2,361,681
Ontario Grants	1,307,662	81,831	491,550	2,230,264	-	-	127,785	-	4,239,092
Other Income	912,603	47,161	542,680	-	-	-	119,635	11,895	1,633,974
	3,870,275	1,446,117	6,156,484	8,407,407	686,444	698,778	2,018,394	295,094	23,578,993
Expenditures									
Wages and Benefits	1,287,564	346,146	1,045,635	406,524	-	-	1,094,596	112,691	4,293,156
Long Term Debt Interest	12,985	18,891	355,691	191,962	2,789	-	72,905	102,952	758,175
Materials	632,825	176,386	816,683	514,299	99,376	13,491	689,759	74,841	3,017,660
Contracted Services	448,775	1,358,553	1,309,272	2,305,475	133,907	-	239,576	5,690	5,801,248
Rents and Financial Expenses	64,182	-	5,502	345,578	253	-	28,444	-	443,959
External Transfers	-	-	-	-	659,752	1,099,450	-	70,348	1,829,550
Amortization	64,563	149,522	1,985,435	1,039,234	136,568	-	424,138	32,994	3,832,454
	2,510,894	2,049,498	5,518,218	4,803,072	1,032,645	1,112,941	2,549,418	399,516	19,976,202
Excess Net Revenue (Expense)	\$ 1,359,381	\$ (603,381)	\$ 638,266	\$ 3,604,335	\$ (346,201)	\$ (414,163)	\$ (531,024)	\$ (104,422)	\$ 3,602,791