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**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**  
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# Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
The Village of Burk's Falls, The Township of Ryerson and The Township of Armour

We have audited the accompanying financial statements of the Burk's Falls and District Fire Department which comprise the statement of financial position as at December 31, 2012 and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Burk's Falls and District Fire Department as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

North Bay, Canada  
May 21, 2013

Chartered Accountants  
Licensed Public Accountants

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012**

	2012	2011
<b>FINANCIAL ASSETS</b>		
Accounts receivable	\$ 8,057	\$ 7,217
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,057	7,217
Employee benefits payable <i>(Note 2)</i>	3,442	1,871
	<b>11,499</b>	<b>9,088</b>
<b>NET DEBT</b>	<b>(3,442)</b>	<b>(1,871)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 3)</i>	420,507	356,866
<b>ACCUMULATED SURPLUS <i>(Note 4)</i></b>	<b>\$ 417,065</b>	<b>\$ 354,995</b>

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Reeve

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**  
**STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget 2012 (see Note 5)	Actual 2012	Actual 2011
<b>REVENUE</b>			
Municipal contributions - Armour	\$ 198,636	\$ 170,680	\$ 133,667
Municipal contributions - Burk's Falls	135,433	116,373	91,136
Municipal contributions - Ryerson	117,376	100,857	78,985
Other government transfers	22,600	32,709	20,190
Other	3,400	2,913	475
Loss on disposal of capital assets	-	(2,536)	-
<b>TOTAL REVENUE</b>	<b>477,445</b>	<b>420,996</b>	<b>324,453</b>
<b>EXPENSES</b>			
Salaries, wages and benefits	141,740	137,309	125,119
Materials and supplies	114,905	96,475	90,014
Contracted services	98,700	77,090	92,355
Rent (Note 6)	1,200	1,200	1,200
Amortization	47,000	46,852	43,320
<b>TOTAL EXPENSES</b>	<b>403,545</b>	<b>358,926</b>	<b>352,008</b>
<b>ANNUAL SURPLUS (DEFICIT) (Note 4)</b>	<b>73,900</b>	<b>62,070</b>	<b>(27,555)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>354,995</b>	<b>354,995</b>	<b>382,550</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 428,895</b>	<b>\$ 417,065</b>	<b>\$ 354,995</b>

The accompanying notes are an integral part of these financial statements

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**  
**STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget 2012 (see Note 5)	Actual 2012	Actual 2011
Annual surplus (deficit)	\$ 73,900	\$ 62,070	\$ (27,555)
Acquisition of tangible capital assets	(120,900)	(115,493)	(17,075)
Amortization of tangible capital assets	47,000	46,852	43,320
Loss on disposal of tangible capital assets	-	2,536	-
Proceeds from disposal of tangible capital assets	-	2,464	-
<b>Increase in net debt</b>	-	(1,571)	(1,310)
<b>Net debt, beginning of year</b>	(1,871)	(1,871)	(561)
<b>Net debt, end of year</b>	<b>\$ (1,871)</b>	<b>\$ (3,442)</b>	<b>\$ (1,871)</b>

The accompanying notes are an integral part of these financial statements

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 62,070	\$ (27,555)
Non-cash charges to operations:		
Amortization	46,852	43,320
Loss on disposal of tangible capital assets	2,536	-
Change in employee benefits payable	1,571	1,310
	113,029	17,075
Changes in non-cash items:		
Accounts receivable	(840)	(582)
Accounts payable and accrued liabilities	840	582
Cash provided by operating transactions	113,029	17,075
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(115,493)	(17,075)
Proceeds from disposal of tangible capital assets	2,464	-
Cash applied to capital transactions	(113,029)	(17,075)
<b>Net change in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents, beginning of year</b>	-	-
<b>Cash and cash equivalents, end of year</b>	\$ -	\$ -

The accompanying notes are an integral part of these financial statements



## BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

### NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2012

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The Burk's Falls and District Fire Department is a joint committee of the Corporation of the Village of Burk's Falls, the Corporation of the Township of Armour and the Corporation of the Township of Ryerson, who contribute towards the organization in the following proportions: Burk's Falls - 30%; Armour - 44%; Ryerson - 26%.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burk's Falls and District Fire Department (the "organization") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the organization are as follows:

##### Basis of Accounting

##### (i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned 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.

##### (ii) Non-financial assets

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

##### (a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings - 40 years  
Machinery and equipment - 10 to 20 years  
Vehicles - 8 to 15 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

##### (iii) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

##### (iv) Pensions and employee benefits

The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2012

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(v) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

2. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the organization's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 3% per annum. The liability for these accumulated days amounted to \$3,442 (2011 \$1,871) at the end of the year.

## BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

### NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2012

#### 3. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below.

<b>2012</b>						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
<b>COST</b>						
Balance, beginning of year	\$ 9,035	\$ 38,127	\$ 136,916	\$ 487,712	\$ 671,790	
Additions and betterments	-	5,505	15,184	94,804	115,493	
Disposals and writedowns	-	(990)	-	(25,000)	(25,990)	
<b>BALANCE, END OF YEAR</b>	<b>9,035</b>	<b>42,642</b>	<b>152,100</b>	<b>557,516</b>	<b>761,293</b>	
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	-	37,650	57,010	220,264	314,924	
Annual amortization	-	546	9,986	36,320	46,852	
Amortization disposals	-	(990)	-	(20,000)	(20,990)	
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>37,206</b>	<b>66,996</b>	<b>236,584</b>	<b>340,786</b>	
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 9,035</b>	<b>\$ 5,436</b>	<b>\$ 85,104</b>	<b>\$ 320,932</b>	<b>\$ 420,507</b>	

<b>2011</b>						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
<b>COST</b>						
Balance, beginning of year	\$ 9,035	\$ 38,127	\$ 119,841	\$ 487,712	\$ 654,715	
Additions and betterments	-	-	17,075	-	17,075	
<b>BALANCE, END OF YEAR</b>	<b>9,035</b>	<b>38,127</b>	<b>136,916</b>	<b>487,712</b>	<b>671,790</b>	
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	-	36,697	48,637	186,270	271,604	
Annual amortization	-	953	8,373	33,994	43,320	
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>37,650</b>	<b>57,010</b>	<b>220,264</b>	<b>314,924</b>	
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 9,035</b>	<b>\$ 477</b>	<b>\$ 79,906</b>	<b>\$ 267,448</b>	<b>\$ 356,866</b>	

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20124. ACCUMULATED SURPLUS

The 2012 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus ( Deficit)	Balance End of Year
Tangible capital assets	\$ 356,866	\$ 63,641	\$ 420,507
Unfunded employee benefits payable	(1,871)	(1,571)	(3,442)
	<b>\$ 354,995</b>	<b>\$ 62,070</b>	<b>\$ 417,065</b>

5. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Change in general operating surplus	\$ -
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	120,900
Amortization of tangible capital assets	(47,000)
<b>ANNUAL DEFICIT</b>	<b>\$ 73,900</b>

6. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization rents office space from the Village of Burk's Falls at an annual cost of \$1,200. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. In addition, supplementary expenses by object information has been omitted as it would not provide additional meaningful information not readily determinable from the Statement of Operations.

**BURK'S FALLS AND DISTRICT FIRE DEPARTMENT**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2012

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8. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2012 was \$9,753 (2011 \$8,211) for current service and is included as an expense on the Statement of Operations.