
BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Burk's Falls and District Fire Department

Opinion

We have audited the financial statements of the Burk's Falls and District Fire Department ("the Fire Department"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Burk's Falls and District Fire Department as at December 31, 2021, and its results of operations, its changes in its net debt, and its 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 Financial Statements* section of our report. We are independent of the Fire Department in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Fire Department's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Fire Department or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fire Department's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Fire Department'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 Fire Department'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 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 Fire Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton LLP

North Bay, Canada
October 18, 2022

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Accounts receivable	17,302	13,689
	17,302	13,689
LIABILITIES		
Accounts payable and accrued liabilities	11,557	7,605
Accrued interest on long-term debt	2,673	3,012
Long-term debt (Note 2)	197,182	222,173
Employee benefits payable (Note 3)	2,820	1,235
	214,232	234,025
NET DEBT	(196,930)	(220,336)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 4)	378,157	428,218
ACCUMULATED SURPLUS (Note 5)	\$ 181,227	\$ 207,882

APPROVED ON BEHALF OF COUNCIL:

Original signed by Mayor _____ Mayor

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget 2021 (see Note 6)	Actual 2021	Actual 2020
REVENUE			
Municipal contributions - Township of Armour	\$ 221,844	\$ 199,585	\$ 165,023
Municipal contributions - Village of Burk's Falls	132,624	119,317	98,655
Municipal contributions - Township of Ryerson	109,252	98,291	81,270
Other government transfers	7,150	8,035	3,440
Other	600	7,212	3,679
Gain (Loss) on disposal of capital assets	-	1,688	(2,544)
TOTAL REVENUE	471,470	434,128	349,523
EXPENSES			
Salaries, wages and benefits	265,000	253,165	198,642
Interest on long-term debt	6,076	6,076	6,811
Materials and supplies	151,210	141,635	105,930
Contracted services	8,900	7,611	7,355
Rent	3,242	3,242	3,242
External transfers	50	50	50
Amortization	49,000	49,004	51,538
TOTAL EXPENSES	483,478	460,783	373,568
ANNUAL DEFICIT (Note 5)	(12,008)	(26,655)	(24,045)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	207,882	207,882	231,927
ACCUMULATED SURPLUS, END OF YEAR	\$ 195,874	\$ 181,227	\$ 207,882

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, 2021

	Budget 2021 <i>(see Note 6)</i>	Actual 2021	Actual 2020
Annual deficit	\$ (12,008)	\$ (26,655)	\$ (24,045)
Acquisition of tangible capital assets	(12,000)	-	(15,173)
Amortization of tangible capital assets	49,000	49,004	51,538
Loss (Gain) on disposal of tangible capital assets	-	(1,688)	2,544
Proceeds from disposal of tangible capital assets	-	2,745	1,560
Decrease in net debt	24,992	23,406	16,424
Net debt, beginning of year	(220,336)	(220,336)	(236,760)
Net debt, end of year	\$ (195,344)	\$ (196,930)	\$ (220,336)

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, 2021

	2021	2020
Operating transactions		
Annual deficit	\$ (26,655)	\$ (24,045)
Non-cash charges to operations:		
Amortization	49,004	51,538
Loss on disposal of tangible capital assets	(1,688)	2,544
Change in employee benefits payable	1,585	342
	22,246	30,379
Changes in non-cash items:		
Accounts receivable	(3,613)	11,371
Accounts payable and accrued liabilities	3,952	(3,542)
Accrued interest on long-term debt	(339)	(329)
	-	7,500
Cash provided by operating transactions	22,246	37,879
Capital transactions		
Acquisition of tangible capital assets	-	(15,173)
Proceeds from disposal of tangible capital assets	2,745	1,560
Cash provided by (applied to) capital transactions	2,745	(13,613)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Debt principal repayments	(24,991)	(24,266)
Cash applied to financing transactions	(24,991)	(24,266)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Cash flow supplementary information:		
Interest paid	\$ 6,415	\$ 7,140

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, 2021

The Burk's Falls and District Fire Department (the "organization") is a joint committee of the Corporation of the Municipality of the Village of Burk's Falls, the Municipal 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 - 28.60%; Armour - 47.84%; Ryerson - 23.56%

MANAGEMENT RESPONSIBILITY

The financial statements of the organization are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the organization are as follows:

Basis of Accounting

- (i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.
- (ii) Investments
Investments are recorded at cost plus accrued interest.
- (iii) 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.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

(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 - 5 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.

(iv) Reserves and reserve funds

Certain amounts, as approved by the organization, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(vi) 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.

(vii) 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 revenue 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.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20212. LONG-TERM DEBT

(a) The balance of the long-term debt reported on the Statement of Financial Position is made up of the following:

	2021	2020
Ontario Infrastructure and Lands Corporation amortizing debenture, due July 2028, repayable in semi-annual payments of \$15,703 including interest calculated at 2.97%, secured by future Provincial funding	\$ 197,182	\$ 222,173

(b) Future estimated principal and interest payments on the long-term debt are as follows:

	Principal	Interest
2022	\$ 25,740	\$ 5,667
2023	26,510	4,896
2024	27,303	4,103
2025	28,120	3,286
2026	28,961	2,445
2027 onwards	60,548	2,264
	\$ 197,182	\$ 22,661

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

	2021	2020
Principal payments	\$ 24,991	\$ 24,266
Interest	6,076	6,811
	\$ 31,067	\$ 31,077

3. 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 2% per annum. The liability for these accumulated days amounted to \$2,820 (2020 \$1,235) at the end of the year.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20214. TANGIBLE CAPITAL ASSETS

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

2021							
	Land	Buildings	Machinery and Equipment	Vehicles	Construction in Progress	TOTAL	
COST							
Balance, beginning of year	\$ 9,035	\$ 77,531	\$ 216,816	\$ 769,323	\$ -	\$ 1,072,705	
Disposals and writedowns	-	-	(5,286)	(9,871)	-	(15,157)	
BALANCE, END OF YEAR	9,035	77,531	211,530	759,452	-	1,057,548	
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	39,452	141,379	463,656	-	644,487	
Annual amortization	-	1,061	11,133	36,810	-	49,004	
Amortization disposals	-	-	(4,229)	(9,871)	-	(14,100)	
BALANCE, END OF YEAR	-	40,513	148,283	490,595	-	679,391	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 37,018	\$ 63,247	\$ 268,857	\$ -	\$ 378,157	
2020							
	Land	Buildings	Machinery and Equipment	Vehicles	Construction in Progress	TOTAL	
COST							
Balance, beginning of year	\$ 9,035	\$ 77,531	\$ 227,721	\$ 769,323	\$ -	\$ 1,083,610	
Additions and betterments	-	-	15,173	-	-	15,173	
Disposals and writedowns	-	-	(26,078)	-	-	(26,078)	
BALANCE, END OF YEAR	\$ 9,035	\$ 77,531	\$ 216,816	\$ 769,323	\$ -	\$ 1,072,705	
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	38,391	149,686	426,846	-	614,923	
Annual amortization	-	1,061	13,667	36,810	-	51,538	
Amortization disposals	-	-	(21,974)	-	-	(21,974)	
BALANCE, END OF YEAR	-	39,452	141,379	463,656	-	644,487	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 38,079	\$ 75,437	\$ 305,667	\$ -	\$ 428,218	

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20215. ACCUMULATED SURPLUS

The 2021 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	\$ 428,218	\$ (50,061)	\$ 378,157
Reserves	3,072	-	3,072
Unfunded employee benefits payable	(1,235)	(1,585)	(2,820)
Unfunded long-term debt	(222,173)	24,991	(197,182)
	\$ 207,882	\$ (26,655)	\$ 181,227

6. 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
ADOPTED BUDGET:	
Change in general operating surplus	\$ -
ADJUSTMENTS:	
Acquisition of tangible capital assets	12,000
Amortization of tangible capital assets	(49,000)
Decrease in long-term debt	24,992
ANNUAL DEFICIT	\$ (12,008)

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2021

7. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the organization's related party transactions with its contributing municipalities during the year:

	2021	2020
Municipal contributions		
Township of Armour	\$ 199,585	\$ 165,023
Village of Burk's Falls	119,317	98,655
Township of Ryerson	98,291	81,270
Expenses		
Village of Burk's Falls		
Rent	3,242	3,242
At the end of the year, amounts due from contributing municipalities are as follows:		
Township of Ryerson	17,302	13,689

The amounts due from contributing municipalities are reported in accounts receivable on the Statement of Financial Position. These amounts are non interest bearing, with no specific terms of repayment.

8. 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.

9. 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million with respect to benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the organization does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2021 was \$12,870 (2020 \$10,045) for current service and is included as an expense on the Statement of Operations.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

10. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The organization experienced an increase in personal protective equipment costs as a direct result of the pandemic. In the 2021 fiscal year, approximately \$3,438 was spent on additional supplies that were required to safely operate throughout the year.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.