
BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 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, 2015, and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
May 17, 2016

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Accounts receivable	\$ 10,979	\$ 9,718
LIABILITIES		
Accounts payable and accrued liabilities	10,445	9,518
Long-term debt <i>(Note 3)</i>	12,544	25,902
Employee benefits payable <i>(Note 4)</i>	5,281	4,805
	28,270	40,225
NET DEBT	(17,291)	(30,507)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 5)</i>	353,867	396,088
ACCUMULATED SURPLUS <i>(Note 6)</i>	\$ 336,576	\$ 365,581

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, 2015

	Budget 2015 <i>(see Note 7)</i>	Actual 2015	Actual 2014
REVENUE			
Municipal contributions - Armour	\$ 208,573	\$ 176,781	\$ 178,494
Municipal contributions - Burk's Falls	104,286	88,390	104,768
Municipal contributions - Ryerson	104,286	88,390	104,768
Other government transfers	20,100	16,224	19,949
Other	1,100	1,367	3,137
TOTAL REVENUE	438,345	371,152	411,116
EXPENSES			
Salaries, wages and benefits	254,096	228,794	169,758
Interest on long-term debt	590	586	976
Materials and supplies	136,805	102,288	119,813
Contracted services	7,200	6,156	77,495
Rent <i>(Note 8)</i>	3,300	3,242	3,242
External transfers	200	200	75
Amortization	58,900	58,891	55,775
TOTAL EXPENSES	461,091	400,157	427,134
ANNUAL DEFICIT <i>(Note 6)</i>	(22,746)	(29,005)	(16,018)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	365,581	365,581	381,599
ACCUMULATED SURPLUS, END OF YEAR	\$ 342,835	\$ 336,576	\$ 365,581

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, 2015

	Budget 2015 <i>(see Note 7)</i>	Actual 2015	Actual 2014
Annual deficit	\$ (22,746)	\$ (29,005)	\$ (16,018)
Acquisition of tangible capital assets	(23,200)	(16,670)	(28,452)
Amortization of tangible capital assets	58,900	58,891	55,775
Decrease in net debt	12,954	13,216	11,305
Net debt, beginning of year	(30,507)	(30,507)	(41,812)
Net debt, end of year	\$ (17,553)	\$ (17,291)	\$ (30,507)

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, 2015

	2015	2014
Operating transactions		
Annual deficit	\$ (29,005)	\$ (16,018)
Non-cash charges to operations:		
Amortization	58,891	55,775
Change in employee benefits payable	476	1,663
	30,362	41,420
Changes in non-cash items:		
Accounts receivable	(1,261)	2,206
Accounts payable and accrued liabilities	927	(2,206)
	(334)	-
Cash provided by operating transactions	30,028	41,420
Capital transactions		
Acquisition of tangible capital assets	(16,670)	(28,452)
Cash applied to capital transactions	(16,670)	(28,452)
Financing transactions		
Debt principal repayments	(13,358)	(12,968)
Cash applied to financing transactions	(13,358)	(12,968)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

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, 2015

The Burk's Falls and District Fire Department (the "organization") 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. In 2015, the municipalities contributed towards the organization in the following proportions: Burk's Falls - 25%; Armour - 50%; Ryerson - 25% (2014 Burk's Falls - 27%; Armour - 46%; Ryerson - 27%).

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) 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 - 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.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2015

- (iii) 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.
- (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.
- (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 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.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2015 the organization adopted Public Sector Accounting Standards section 3260 "Liability for contaminated sites". This new standard establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with remediation of contaminated sites. The organization's adoption of this new standard has not resulted in any significant changes in liability recognition.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20153. LONG-TERM DEBT

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

	2015	2014
Royal Bank of Canada term loan, due November 2016, repayable in monthly payments of \$1,162 including interest calculated at 2.96%. As security, the organization has pledged the equipment to which the loan relates (carrying value \$29,482)	\$ 12,544	\$ 25,902

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

	Principal	Interest
2016	\$ 12,544	\$ 238

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

	2015	2014
Principal payments	\$ 13,358	\$ 12,968
Interest	586	976
	\$ 13,944	\$ 13,944

4. 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 \$5,281 (2014 \$4,805) at the end of the year.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20155. TANGIBLE CAPITAL ASSETS

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

2015						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 9,035	\$ 42,642	\$ 177,394	\$ 605,302	\$ 834,373	
Additions and betterments	-	11,682	4,988	-	16,670	
Disposals and writedowns	-	(2,040)	-	-	(2,040)	
BALANCE, END OF YEAR	9,035	52,284	182,382	605,302	849,003	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	37,481	83,524	317,280	438,285	
Annual amortization	-	284	13,900	44,707	58,891	
Amortization disposals	-	(2,040)	-	-	(2,040)	
BALANCE, END OF YEAR	-	35,725	97,424	361,987	495,136	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 16,559	\$ 84,958	\$ 243,315	\$ 353,867	

2014						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 9,035	\$ 42,642	\$ 177,394	\$ 576,850	\$ 805,921	
Additions and betterments	-	-	-	28,452	28,452	
BALANCE, END OF YEAR	9,035	42,642	177,394	605,302	834,373	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	37,344	69,749	275,417	382,510	
Annual amortization	-	137	13,775	41,863	55,775	
BALANCE, END OF YEAR	-	37,481	83,524	317,280	438,285	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 5,161	\$ 93,870	\$ 288,022	\$ 396,088	

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20156. ACCUMULATED SURPLUS

The 2015 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	\$ 396,088	\$ (42,221)	\$ 353,867
Reserves	200	334	534
Unfunded employee benefits payable	(4,805)	(476)	(5,281)
Unfunded long-term debt	(25,902)	13,358	(12,544)
	\$ 365,581	\$ (29,005)	\$ 336,576

7. 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	\$ -
Decrease in reserves and reserves funds	(400)
ADJUSTMENTS:	
Acquisition of tangible capital assets	23,200
Amortization of tangible capital assets	(58,900)
Budgeted decrease in long-term debt	13,354
ANNUAL DEFICIT	\$ (22,746)

8. 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 \$3,600 including HST. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. 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 DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2015

10. 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 million with respect to benefits accrued for service with actuarial assets at that date of \$74,947 million indicating an actuarial deficit of \$6,977 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 2015 was \$11,843 (2014 \$11,492) for current service and is included as an expense on the Statement of Operations.