
BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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, 2010 and the statements of operations, 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, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Without modifying our report, we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The financial statements of the Burk's Falls and District Fire Department for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements date February 5, 2010.

Grant Thornton LLP

North Bay, Canada
August 16, 2011

Chartered Accountants
Licensed Public Accountants

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	2010	2009
FINANCIAL ASSETS		
Accounts receivable	\$ 6,635	\$ -
LIABILITIES		
Accounts payable and accrued liabilities	6,635	-
Employee benefits payable <i>(Note 2)</i>	561	577
	7,196	577
NET DEBT	(561)	(577)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 3)</i>	383,111	348,350
ACCUMULATED SURPLUS <i>(Note 4)</i>	\$ 382,550	\$ 347,773

APPROVED ON BEHALF OF THE COMMITTEE:

_____ Chairperson

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget 2010 <i>(Unaudited - see Note 5)</i>	Actual 2010	Actual 2009
REVENUE			
Municipal contributions - Armour	\$ 132,933	\$ 135,567	\$ 72,847
Municipal contributions - Burk's Falls	90,636	92,432	49,668
Municipal contributions - Ryerson	78,551	80,108	43,046
Other government transfers	23,185	37,038	20,336
Other	4,100	15,883	7,655
Loss on disposal of capital assets	-	(28,678)	-
TOTAL REVENUE	329,405	332,350	193,552
EXPENSES			
Salaries, wages and benefits	111,900	108,608	65,433
Materials and supplies	97,905	81,782	58,519
Contracted services	77,500	62,189	62,738
Rent <i>(Note 6)</i>	1,200	1,200	1,200
Amortization	45,000	43,794	44,889
TOTAL EXPENSES	333,505	297,573	232,779
ANNUAL SURPLUS (DEFICIT) <i>(Note 4)</i>	(4,100)	34,777	(39,227)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	347,773	347,773	387,000
ACCUMULATED SURPLUS, END OF YEAR	\$ 343,673	\$ 382,550	\$ 347,773

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, 2010

	Budget 2010 <i>(Unaudited - see Note 5)</i>	Actual 2010	Actual 2009
Annual surplus (deficit)	\$ (4,100)	\$ 34,777	\$ (39,227)
Acquisition of tangible capital assets	(40,900)	(96,533)	(4,635)
Contributed tangible capital assets	-	(11,200)	-
Amortization of tangible capital assets	45,000	43,794	44,889
Loss on disposal of tangible capital assets	-	28,678	-
Proceeds from disposal of tangible capital assets	-	500	-
Decrease in net debt	-	16	1,027
Net debt, beginning of year	(577)	(577)	(1,604)
Net debt, end of year	\$ (577)	\$ (561)	\$ (577)

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, 2010

	2010	2009
Operating transactions		
Annual surplus (deficit)	\$ 34,777	\$ (39,227)
Non-cash charges to operations:		
Amortization	43,794	44,889
Loss on disposal of tangible capital assets	28,678	-
Change in employee benefits payable	(16)	(1,027)
	107,233	4,635
Changes in non-cash items:		
Accounts receivable	(6,635)	-
Accounts payable and accrued liabilities	6,635	-
Cash provided by operating transactions	107,233	4,635
Capital transactions		
Acquisition of tangible capital assets	(96,533)	(4,635)
Contributed tangible capital assets	(11,200)	-
Proceeds from disposal of tangible capital assets	500	-
Cash applied to capital transactions	(107,233)	(4,635)
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, 2010

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. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the organization's employ.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2010

M (v) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. 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 liability for these accumulated days amounted to \$561 (2009 \$577) at the end of the year.

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2010

3. TANGIBLE CAPITAL ASSETS

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

2010						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 9,035	\$ 38,127	\$ 88,127	\$ 518,215	\$ 653,504	
Additions and betterments	-	-	31,714	64,819	96,533	
Contributed capital assets	-	-	-	11,200	11,200	
Disposals and writedowns	-	-	-	(106,522)	(106,522)	
BALANCE, END OF YEAR	9,035	38,127	119,841	487,712	654,715	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	35,744	42,703	226,707	305,154	
Annual amortization	-	953	5,934	36,907	43,794	
Amortization disposals	-	-	-	(77,344)	(77,344)	
BALANCE, END OF YEAR	-	36,697	48,637	186,270	271,604	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 1,430	\$ 71,204	\$ 301,442	\$ 383,111	
2009						
	Land	Buildings	Machinery and Equipment	Vehicles	TOTAL	
COST						
Balance, beginning of year	\$ 9,035	\$ 38,127	\$ 88,992	\$ 533,215	\$ 669,369	
Additions and betterments	-	-	4,635	-	4,635	
Disposals and writedowns	-	-	(5,500)	(15,000)	(20,500)	
BALANCE, END OF YEAR	9,035	38,127	88,127	518,215	653,504	
ACCUMULATED AMORTIZATION						
Balance, beginning of year	-	34,791	44,086	201,888	280,765	
Annual amortization	-	953	4,117	39,819	44,889	
Amortization disposals	-	-	(5,500)	(15,000)	(20,500)	
BALANCE, END OF YEAR	-	35,744	42,703	226,707	305,154	
TANGIBLE CAPITAL ASSETS-NET	\$ 9,035	\$ 2,383	\$ 45,424	\$ 291,508	\$ 348,350	

BURK'S FALLS AND DISTRICT FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2010

4. ACCUMULATED SURPLUS

The 2010 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus	Balance End of Year
Tangible capital assets	\$ 348,350	\$ 34,761	\$ 383,111
Unfunded employee benefits payable	(577)	16	(561)
	\$ 347,773	\$ 34,777	\$ 382,550

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
ADOPTED BUDGET:	
Change in general operating surplus	\$ -
ADJUSTMENTS:	
Budgeted acquisition of tangible capital assets	40,900
Amortization of tangible capital assets	(45,000)
ANNUAL SURPLUS	\$ (4,100)

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 DEPARTMENTNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2010

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 2010 was \$6,480 (2009 \$2,917) for current service and is included as an expense on the Statement of Operations.