
**THE CORPORATION OF
THE VILLAGE OF BURK'S FALLS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS
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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Village of Burk's Falls

We have audited the accompanying consolidated financial statements of The Corporation of the Village of Burk's Falls which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, accumulated surplus, change in net financial assets 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 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Burk's Falls 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.

As part of our audit of the 2010 financial statements, we also audited the adjustments described in Note 2 that were applied to amend the 2009 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of The Corporation of the Village of Burk's Falls other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

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 consolidated financial statements of The Corporation of the Village of Burk's Falls for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on those statements dated March 11, 2010.



North Bay, Canada
August 24, 2011

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	2010	2009 <i>(Restated - see Note 2)</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 302,223	\$ 405,018
Taxes receivable	143,204	111,184
Accounts receivable	201,262	284,522
Long-term receivable	4,710	5,730
Investment in Lakeland Holding Ltd. <i>(Note 5)</i>	898,737	859,881
Inventories held for resale	1,715	1,715
	1,551,851	1,668,050
LIABILITIES		
Accounts payable and accrued liabilities	208,934	369,310
Deferred revenue-general	5,890	1,036
Deferred revenue-obligatory reserve funds <i>(Note 6)</i>	60,417	3,292
Municipal debt <i>(Note 7)</i>	320,269	406,414
Tangible capital leases <i>(Note 9)</i>	44,078	56,142
Employee benefits payable <i>(Note 10)</i>	3,684	3,886
Landfill closure and post-closure liability <i>(Note 11)</i>	146,325	171,300
	789,597	1,011,380
NET FINANCIAL ASSETS	762,254	656,670
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 13)</i>	14,116,970	14,304,569
Inventories of supplies	28,374	14,500
Prepaid expenses	10,945	9,871
	14,156,289	14,328,940
ACCUMULATED SURPLUS <i>(Note 14)</i>	\$ 14,918,543	\$ 14,985,610

Contingencies *(Notes 3 and 12)*

APPROVED ON BEHALF OF COUNCIL:

_____ Reeve

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget 2010 <i>(Unaudited - see Note 17)</i>	Actual 2010	Actual 2009 <i>(Restated - see Note 2)</i>
REVENUE			
Property taxes	\$ 770,290	\$ 791,041	\$ 809,655
User charges	437,360	446,464	422,817
Government transfers	807,867	761,605	820,330
Change in equity of Lakeland Holding Ltd. <i>(Note 5)</i>	-	38,856	49,397
Other	92,684	99,932	89,039
TOTAL REVENUE	2,108,201	2,137,898	2,191,238
EXPENSES			
General government	340,842	338,666	337,088
Protection to persons and property	395,776	390,233	328,699
Transportation services	450,411	415,303	449,781
Environmental services	659,794	663,710	625,466
Health services	44,954	49,037	186,660
Social and family services	58,215	67,148	59,266
Recreation and cultural services	229,334	220,418	229,812
Planning and development	75,600	60,450	48,128
TOTAL EXPENSES	2,254,926	2,204,965	2,264,900
ANNUAL DEFICIT <i>(Note 14)</i>	(146,725)	(67,067)	(73,662)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,985,610	14,985,610	15,059,272
ACCUMULATED SURPLUS, END OF YEAR	\$ 14,838,885	\$ 14,918,543	\$ 14,985,610

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget 2010 <i>(Unaudited - see Note 17)</i>	Actual 2010	Actual 2009 <i>(Restated - see Note 2)</i>
Annual deficit	\$ (146,725)	\$ (67,067)	\$ (73,662)
Acquisition of tangible capital assets	(388,661)	(374,481)	(525,085)
Contributed tangible capital assets	-	(5,120)	-
Amortization of tangible capital assets	444,000	497,165	443,265
Loss on disposal of tangible capital assets	-	62,035	17,781
Proceeds from disposal of tangible capital assets	-	8,000	-
Change in supplies inventories	-	(13,874)	(1,400)
Change in prepaid expenses	-	(1,074)	2,416
Increase (decrease) in net financial assets	(91,386)	105,584	(136,685)
Net financial assets, beginning of year	656,670	656,670	793,355
Net financial assets, end of year	\$ 565,284	\$ 762,254	\$ 656,670

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009 (Restated - see Note 2)
Operating transactions		
Annual deficit	\$ (67,067)	\$ (73,662)
Non-cash charges to operations:		
Amortization	497,165	443,265
Loss on disposal of tangible capital assets	62,035	17,781
Change in employee benefits payable	(202)	(595)
Change in landfill closure and post-closure liability	(24,975)	(5,700)
	466,956	381,089
Changes in non-cash items:		
Taxes receivable	(32,020)	3,236
Accounts receivable	83,260	152,580
Long-term receivable	1,020	(5,730)
Accounts payable and accrued liabilities	(160,376)	(173,168)
Deferred revenue-general	4,854	-
Deferred revenue-obligatory reserve funds	57,125	1,782
Inventories of supplies	(13,874)	(1,400)
Prepaid expenses	(1,074)	2,416
	(61,085)	(20,284)
Cash provided by operating transactions	405,871	360,805
Capital transactions		
Acquisition of tangible capital assets	(374,481)	(525,085)
Contributed tangible capital assets	(5,120)	-
Proceeds from disposal of tangible capital assets	8,000	-
Cash applied to capital transactions	(371,601)	(525,085)
Investing transactions		
Change in investment in Lakeland Holding Ltd.	(38,856)	(49,397)
Cash applied to investing transactions	(38,856)	(49,397)
Financing transactions		
Proceeds from municipal debt	-	178,571
Debt principal repayments	(86,145)	(62,702)
Increase (decrease) in tangible capital leases	(12,064)	56,142
Payment of long-term commitments	-	(6,000)
Cash provided by (applied to) financing transactions	(98,209)	166,011
Net change in cash and cash equivalents	(102,795)	(47,666)
Cash and cash equivalents, beginning of year	405,018	452,684
Cash and cash equivalents, end of year	\$ 302,223	\$ 405,018
Cash flow supplementary information:		
Cash paid for interest	\$ 25,075	\$ 27,840

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Village of Burk's Falls (the "Municipality") 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 aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Cemetery

The following joint boards and committees are proportionally consolidated:

Fire
TRI R
Arena and Community Centre
Library
Building Committee

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit
Parry Sound District Social Services Administration Board
District of Parry Sound (East) Home for the Aged

(iv) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(v) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

(b) 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) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal 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. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 40 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 15 years
Roads - 8 to 75 years
Bridges - 60 years
Water and wastewater infrastructure - 20 to 75 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.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites and related land improvements are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, 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.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

- (v) 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.
- (vi) Deferred revenue - general
The Municipality defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.
- (vii) Deferred revenue-obligatory reserve funds
The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland and building permit fees under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue.
- (viii) Taxation and related revenues
Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Municipality 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 Municipality's employ.
- (x) 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 Municipality may undertake in the future. Significant accounting estimates include valuation allowances for accounts receivable, estimated useful lives of tangible capital assets and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

2. CORRECTION OF PRIOR PERIOD

- (a) In 2009, the Municipality expensed tangible capital assets in the amount of \$17,319 that should have been capitalized.
- (b) In 2009, the Municipality did not record grants receivable of \$1,405 and incorrectly recorded an expense recovery of \$377 with respect to the Burk's Falls, Armour and Ryerson Union Public Library.
- (c) In prior years, the Municipality did not record snack bar inventory in the amount of \$1,715 related to the Armour, Ryerson and Burk's Falls Memorial Arena and Community Centre.

These errors were discovered in the current year and have been corrected retroactively. As a result, the December 31, 2009 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As Previously Reported	Restated	Increase (Decrease)
STATEMENT OF FINANCIAL POSITION			
Accounts receivable	\$ 283,494	\$ 284,522	\$ 1,028
Inventories held for resale	-	1,715	1,715
Net financial assets	653,927	656,670	2,743
Tangible capital assets - net	14,287,488	14,304,569	17,081
Accumulated surplus	14,965,786	14,985,610	19,824
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS			
Government transfers	818,925	820,330	1,405
Expenses-			
Recreation and cultural services	238,716	229,812	(8,904)
Planning and development	55,928	48,128	(7,800)
Annual deficit	(91,771)	(73,662)	(18,109)
Accumulated surplus, beginning of year	15,057,557	15,059,272	1,715

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(iii), the following contributions were made by the Municipality to these boards:

	2010	2009
District of Parry Sound Social Services Administration Board	\$ 38,640	\$ 44,354
North Bay Parry Sound District Health Unit	22,144	21,803
District of Parry Sound (East) Home for the Aged	14,575	9,979
	\$ 75,359	\$ 76,136

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

4. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$244,252 of taxation was collected on behalf of school boards (2009 \$224,674).

(b) Trust funds administered by the Municipality amounting to \$90,607 (2009 \$86,267) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

5. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. It's subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2010	2009
Consolidated Balance Sheet		
Assets		
Current assets	\$ 6,621,003	\$ 5,452,693
Property and equipment	27,434,460	21,518,937
Regulatory assets	2,178,990	2,046,327
Intangible assets	941,222	907,272
Future income tax assets	1,044,074	1,111,241
Total Assets	\$ 38,219,749	\$ 31,036,470
Liabilities		
Current liabilities	\$ 10,963,360	\$ 4,943,388
Long-term liabilities	4,561,018	4,378,915
Total Liabilities	15,524,378	9,322,303
Equity		
Share capital	12,609,650	12,609,650
Retained earnings	10,085,721	9,104,517
Total Equity	22,695,371	21,714,167
Total Liabilities and Equity	\$ 38,219,749	\$ 31,036,470
Municipality's share of equity (3.96% ownership)	\$ 898,737	\$ 859,881
Consolidated Statements of Earnings and Retained Earnings		
Total Revenues	\$ 25,178,039	\$ 23,810,341
Total Expenses	23,403,854	22,407,609
Payments in lieu of income taxes	292,981	573,859
Net earnings	1,481,204	828,873
Less: dividends	(500,000)	(500,008)
Add: 2008 opening surplus restatement	-	918,536
Increase in equity	\$ 981,204	\$ 1,247,401
Municipality's share of increase in equity (3.96% ownership)	\$ 38,856	\$ 49,397

6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The balance of deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	2010	2009
Building Code Act	\$ 5,327	\$ 3,292
Federal Gas Tax	55,090	-
	\$ 60,417	\$ 3,292

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

7. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2010	2009
Royal Bank of Canada term loan, due January 2013, repayable in monthly payments of \$1,575 including interest calculated at 5.31%	\$ 68,911	\$ 83,721
Royal Bank of Canada term loan, due March 2014, repayable in monthly payments of \$2,381 plus interest calculated at 5.10%	150,000	178,571
Ontario Clean Water Agency capital loan, due January 2013, repayable in monthly payments of \$4,431, including interest calculated at 8.34%	101,358	144,122
	\$ 320,269	\$ 406,414

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

	Principal	Interest
2011	\$ 90,656	\$ 16,965
2012	95,524	10,640
2013	69,805	3,870
2014	64,284	789
	\$ 320,269	\$ 32,264

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

	2010	2009
Principal payments	\$ 86,145	\$ 62,702
Interest	22,935	26,139
	\$ 109,080	\$ 88,841

The annual principal and interest payments required to service the Municipality's debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

8. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of \$250,000 (2009 \$250,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

9. TANGIBLE CAPITAL LEASES

In conjunction with the other members of the TRI R Committee, the Municipality leases landfill equipment, for which the liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2010	2009
2010	\$ -	\$ 14,204
2011	14,204	14,204
2012	14,204	14,204
2013	14,204	14,204
2014	4,735	4,736
Total minimum lease payments	47,347	61,552
Less amount representing interest (4.829% per terms of contract)	(3,269)	(5,410)
Present value of future minimum capital lease payments	\$ 44,078	\$ 56,142

Interest of \$2,140 (2009 \$1,701) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

10. 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 Municipality's employment. The liability for these accumulated days amounted to \$3,684 (2009 \$3,886) at the end of the year.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection. Estimated expenditures related to the closure and subsequent maintenance of this site are recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity.

The Township of Armour, the Village of Burk's Falls and the Township of Ryerson jointly operate a landfill site through the TRI R Committee. The site is currently operating under an Emergency Certificate of Approval and an application to expand the existing site is ongoing. In 2009, an application for expansion and an emergency extension were filed.

The liability for the landfill site is recorded at \$487,749 (2009 \$571,000) and represents the present value of closure and post-closure costs for 100% of the approved site area, using an estimated long-term borrowing rate of 4.8% (2009 2.0%) and inflation rate of 2.1% (2009 2.0%). Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$146,325 (2009 \$171,300) in the financial statements related to its proportionate share of this liability.

As a result of changes to assumptions made in 2010 relating to the borrowing rate and the inflation rate underlying the estimated liability, the estimated liability recorded by the Municipality has been reduced by approximately \$33,600.

The Municipality has reserves and reserve funds of \$69,867 (2009 \$33,826) related to the landfill site that could be used to fund this liability.

12. CONTINGENCIES

The Municipality has entered into an agreement with the Association of Municipalities of Ontario with respect to the transfer of federal gas tax revenues. The agreement contains specific provisions for the utilization of the funds, including a provision for repayment of a proportionate amount of funds in the event that, any time within 10 years from the date of completion of the eligible project the Municipality sells, leases, encumbers or otherwise disposes of, directly or indirectly any asset constructed, rehabilitated or improved, in whole or in part, with the financial assistance received under the terms of the agreement. At December 31, 2010, the Municipality has received a total of \$207,707 for the years 2005 to 2010, and has expended \$155,050 for the years 2005 to 2010.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

13. TANGIBLE CAPITAL ASSETS

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

2010

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,316,569	\$ 1,398,086	\$ 382,130	\$ 321,781	\$ 12,948,864	\$ 4,104,867	\$ 7,819	\$ 20,480,116
Additions and betterments	65,479	110,633	76,879	21,694	99,796	-	-	374,481
Contributed assets	1,120	-	640	3,360	-	-	-	5,120
Disposals and writedowns	(29,866)	(3,000)	(9,413)	(62,193)	(65,774)	-	-	(170,246)
Transfer between classes	-	7,819	-	-	-	-	(7,819)	-
BALANCE, END OF YEAR	1,353,302	1,513,538	450,236	284,642	12,982,886	4,104,867	-	20,689,471
ACCUMULATED AMORTIZATION								
Balance, beginning of year	856,903	563,327	151,639	140,472	3,165,172	1,298,034	-	6,175,547
Annual amortization	64,775	36,111	38,382	23,299	251,844	82,754	-	497,165
Amortization disposals	(24,974)	(2,850)	(5,330)	(49,486)	(17,571)	-	-	(100,211)
BALANCE, END OF YEAR	896,704	596,588	184,691	114,285	3,399,445	1,380,788	-	6,572,501
TANGIBLE CAPITAL ASSETS-NET	\$ 456,598	\$ 916,950	\$ 265,545	\$ 170,357	\$ 9,583,441	\$ 2,724,079	-	\$ 14,116,970

2009

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,307,527	\$ 1,366,678	\$ 314,548	\$ 279,078	\$ 12,780,076	\$ 2,948,128	\$ 1,049,074	\$ 20,045,109
Additions and betterments	14,742	31,408	73,336	47,203	219,026	131,551	7,819	525,085
Disposals and writedowns	(5,700)	-	(5,754)	(4,500)	(50,238)	(23,886)	-	(90,078)
Transfer between classes	-	-	-	-	-	1,049,074	(1,049,074)	-
BALANCE, END OF YEAR	1,316,569	1,398,086	382,130	321,781	12,948,864	4,104,867	7,819	20,480,116
ACCUMULATED AMORTIZATION								
Balance, beginning of year	830,044	528,911	123,522	122,436	2,962,523	1,237,143	-	5,804,579
Annual amortization	32,559	34,416	33,871	22,536	251,631	68,252	-	443,265
Amortization disposals	(5,700)	-	(5,754)	(4,500)	(48,982)	(7,361)	-	(72,297)
BALANCE, END OF YEAR	856,903	563,327	151,639	140,472	3,165,172	1,298,034	-	6,175,547
TANGIBLE CAPITAL ASSETS-NET	\$ 459,666	\$ 834,759	\$ 230,491	\$ 181,309	\$ 9,783,692	\$ 2,806,833	7,819	\$ 14,304,569

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

14. ACCUMULATED SURPLUS

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

	Balance Beginning of Year <i>(Restated - see Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	\$ 231,790	\$ (68,956)	\$ 162,834
General government	5,000	-	5,000
Fire	17,218	(6,404)	10,814
Roads	3,000	5,000	8,000
Waste disposal	16,095	32,976	49,071
Recycling	25,860	8,500	34,360
TRI R	17,731	3,065	20,796
Hazardous waste	6,000	500	6,500
Water	-	15,255	15,255
Cemetery	3,171	-	3,171
Arena	-	7,180	7,180
	325,865	(2,884)	322,981
OTHER			
Consolidated tangible capital assets	14,304,569	(187,599)	14,116,970
General operating surplus (deficit) -			
Municipality	117,442	(34,272)	83,170
Water	(7,403)	7,403	-
Cemetery	2,073	2,292	4,365
Library	(734)	985	251
Arena	1,715	-	1,715
Dedicated capital funding	14,214	(14,214)	-
Equity in Lakeland Holding Ltd.	859,881	38,856	898,737
Unfunded amounts -			
Municipal debt	(406,414)	86,145	(320,269)
Tangible capital leases	(50,412)	11,044	(39,368)
Employee benefits payable	(3,886)	202	(3,684)
Landfill closure and post-closure liabilities	(171,300)	24,975	(146,325)
	\$ 14,985,610	\$ (67,067)	\$ 14,918,543

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes sanitary sewers, waterworks and solid waste management.

Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent to specific segments.

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 21,766	\$ -	\$ -	\$ -	\$ -	\$ 769,275	\$ 791,041
User charges	-	175	920	413,973	-	-	31,396	-	-	446,464
Government transfers -										
Canada	-	-	(1,106)	26,863	-	-	119,182	-	-	144,939
Ontario	-	8,966	(1,106)	61,674	-	9,241	12,427	7,655	496,200	595,057
Other municipalities	-	17,132	-	-	200	-	4,277	-	-	21,609
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	38,856	38,856
Gain (loss) on disposal of capital assets	609	(8,603)	(48,923)	(4,736)	-	-	(382)	-	-	(62,035)
Other	7,905	12,944	600	53,613	7,738	-	40,637	-	38,530	161,967
TOTAL REVENUE	8,514	30,614	(49,615)	573,153	7,938	9,241	207,537	7,655	1,342,861	2,137,898
EXPENSES										
Salaries, wages and benefits	201,612	46,715	26,512	215,777	-	-	97,681	-	-	588,297
Long-term debt charges (interest)	-	-	-	20,985	-	-	4,090	-	-	25,075
Materials	71,103	34,473	74,428	126,057	2,553	12,519	72,987	10,281	-	404,401
Contracted services	36,522	293,701	54,173	154,257	22,282	1,414	10,444	36,714	-	609,507
Rents and financial expenses	3,911	38	-	15	-	-	1,197	-	-	5,161
External transfers	-	-	-	-	22,144	53,215	-	-	-	75,359
Interfunctional adjustments	(1,890)	360	-	-	-	-	-	-	-	-
Amortization	27,408	14,946	260,190	146,619	2,058	-	32,489	13,455	-	497,165
TOTAL EXPENSES	338,666	390,233	415,303	663,710	49,037	67,148	220,418	60,450	-	2,204,965
ANNUAL SURPLUS (DEFICIT)	\$ (330,152)	\$ (359,619)	\$ (464,918)	\$ (90,557)	\$ (41,099)	\$ (57,907)	\$ (12,881)	\$ (52,795)	\$ 1,342,861	\$ (67,067)

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2010

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2009 (Restated - see Note 2)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,655	\$ 809,655
User charges	-	759	919	363,262	200	-	57,677	-	-	422,817
Government transfers -										
Canada	-	-	-	64,473	-	-	12,237	7,800	-	84,510
Ontario	-	5,012	-	49,428	140,172	1,466	13,302	8,444	498,600	716,424
Other municipalities	-	18,419	-	-	200	-	777	-	-	19,396
Change in equity of Lakeland Holding Ltd.	-	-	-	-	-	-	-	-	49,397	49,397
Loss on disposal of capital assets	-	-	(1,256)	(16,525)	-	-	-	-	-	(17,781)
Other	7,856	10,846	-	7,007	4,972	-	24,944	-	51,195	106,820
TOTAL REVENUE	7,856	35,036	(337)	467,645	145,544	1,466	108,937	16,244	1,408,847	2,191,238
EXPENSES										
Salaries, wages and benefits	181,813	27,197	37,836	213,574	406	-	99,031	-	-	559,857
Long-term debt charges (interest)	-	-	-	22,836	-	151	4,853	-	-	27,840
Materials	64,642	24,326	82,925	157,200	2,352	-	89,219	11,190	-	431,854
Contracted services	59,357	262,885	52,265	150,393	5,476	1,876	7,987	23,483	-	563,722
Rents and financial expenses	4,261	360	-	-	-	-	135	-	-	4,756
External transfers	-	-	-	-	176,367	57,239	-	-	-	233,606
Amortization	27,015	13,931	276,755	81,463	2,059	-	28,587	13,455	-	443,265
TOTAL EXPENSES	337,088	328,699	449,781	625,466	186,660	59,266	229,812	48,128	-	2,264,900
ANNUAL SURPLUS (DEFICIT)	\$ (329,232)	\$ (293,663)	\$ (450,118)	\$ (157,821)	\$ (41,116)	\$ (57,800)	\$ (120,875)	\$ (31,884)	\$ 1,408,847	\$ (73,662)

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

16. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value.

- (a) In 2010, the Municipality received dividends of \$19,800 (2009 \$19,800), made sales of \$1,033 (2009 \$1,071) and purchased power in the amount of \$114,925 (2009 \$123,705) from Lakeland Holding Ltd., a government business enterprise of the Municipality.
- (b) The Municipality has an ongoing contract for garbage pickup with a company owned by a Councillor at an annual cost of \$32,500 plus applicable taxes.

17. 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:	
Decrease in general municipal operating surplus	\$ (117,442)
Increase in water surplus	7,403
Decrease in municipal reserves and reserve funds	(3,803)
Decrease in board and joint board general operating surplus, dedicated capital funding and reserves and reserve funds	(7,237)
ADJUSTMENTS:	
Budgeted acquisition of tangible capital assets	388,661
Amortization of tangible capital assets	(444,000)
Budgeted decrease in municipal debt	24,853
Budgeted decrease in tangible capital leases	11,100
Budgeted increase in employee benefits payable	(6,260)
ANNUAL DEFICIT	\$ (146,725)

THE CORPORATION OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2010

18. PENSION AGREEMENTS

The Municipality 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 \$22,785 (2009 \$21,957) for current service and is included as an expense on the Consolidated Statement of Operations.

19. COMPARATIVE FIGURES

Certain prior year figures presented for comparative comparative purposes have been reclassified to conform to the presentation adopted in the current year.