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**THE CORPORATION OF THE MUNICIPALITY OF  
THE VILLAGE OF BURK'S FALLS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
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## Independent auditor's report

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

### Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of the Village of Burk's Falls ("the Village"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of the Village of Burk's Falls as at December 31, 2018, and its results of operations, its changes in its net financial assets, 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 Consolidated Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Village'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 Village'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 consolidated 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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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  
May 21, 2019


Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 526,102	\$ 1,177,833
Investments (Note 5)	23,476	13,740
Taxes receivable (Note 6)	199,988	193,858
Accounts receivable	752,886	877,624
Investment in Lakeland Holding Ltd. (Note 7)	1,803,622	1,663,671
Inventories held for resale	201,178	598
	<b>3,507,252</b>	<b>3,927,324</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	665,540	525,912
Deferred revenue-general (Note 8)	18,441	795,168
Deferred revenue-obligatory reserve funds (Note 9)	84,051	116,287
Municipal debt (Note 10)	879,394	894,900
Accrued interest on long-term debt	2,770	1,820
Tangible capital leases (Note 11)	90,243	103,643
Employee benefits payable (Note 12)	13,575	12,901
Landfill closure and post-closure liability (Note 13)	52,708	66,469
	<b>1,806,722</b>	<b>2,517,100</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,700,530</b>	<b>1,410,224</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 17)	21,754,646	20,316,955
Inventories of supplies	15,538	18,773
Prepaid expenses	11,499	10,534
	<b>21,781,683</b>	<b>20,346,262</b>
<b>ACCUMULATED SURPLUS (Note 18)</b>	<b>\$ 23,482,213</b>	<b>\$ 21,756,486</b>

Contingencies (Notes 2 and 16)  
 Contractual obligations (Note 14)  
 Commitments (Note 15)

APPROVED ON BEHALF OF COUNCIL:

 Mayor

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 (see Note 22)	Actual 2018	Actual 2017
<b>REVENUE</b>			
Property taxes	\$ 1,237,896	\$ 1,243,141	\$ 1,172,553
User charges	627,606	637,211	601,648
Government transfers	2,520,173	2,453,679	1,963,290
Lakeland Holding Ltd. - share of income, net of dividends (Note 7)	-	138,840	159,494
Lakeland Holding Ltd. - loss on redistribution of shares (Note 7)	-	-	(40,570)
Shared services opening surplus redistribution (Note 20)	134,775	136,389	-
Loss on disposal of tangible capital assets	-	(108,597)	(557,268)
Other	343,821	342,928	442,333
<b>TOTAL REVENUE</b>	<b>4,864,271</b>	<b>4,843,591</b>	<b>3,741,480</b>
<b>EXPENSES</b>			
General government	478,864	450,255	443,649
Protection to persons and property	469,829	425,747	419,418
Transportation services	629,099	564,254	537,177
Environmental services	837,886	832,516	950,799
Health services	301,477	303,478	291,775
Social and family services	66,200	78,597	65,482
Recreation and cultural services	345,759	315,996	234,421
Planning and development	151,572	148,132	138,834
<b>TOTAL EXPENSES</b>	<b>3,280,686</b>	<b>3,118,975</b>	<b>3,081,555</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 1,583,585</b>	<b>\$ 1,724,616</b>	<b>\$ 659,925</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 <i>(see Note 22)</i>	Actual 2018	Actual 2017
Accumulated surplus, beginning of year	21,756,486	21,756,486	21,095,382
Annual surplus	1,583,585	1,724,616	659,925
Lakeland Holding Ltd. - gain on redistribution of shares relating to other comprehensive loss <i>(Note 7)</i>	-	-	68
Lakeland Holding Ltd. - share of change in other comprehensive income <i>(Note 7)</i>	-	1,111	1,111
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 23,340,071</b>	<b>\$ 23,482,213</b>	<b>\$ 21,756,486</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018 (see Note 22)	Actual 2018	Actual 2017
Annual surplus	\$ 1,583,585	\$ 1,724,616	\$ 659,925
Lakeland Holding Ltd. - gain on redistribution of shares relating to other comprehensive loss	-	-	68
Lakeland Holding Ltd. - share of change in other comprehensive income	-	1,111	1,111
Acquisition of tangible capital assets	(2,435,976)	(2,098,289)	(1,725,855)
Shared services tangible capital assets transfer - net	(117,122)	(122,046)	-
Amortization of tangible capital assets	674,258	674,047	627,948
Loss on disposal of tangible capital assets	-	108,597	557,268
Proceeds from disposal of tangible capital assets	-	-	38
Change in supplies inventories	-	3,235	3,758
Change in prepaid expenses	-	(965)	61
<b>Increase (decrease) in net financial assets</b>	<b>(295,255)</b>	<b>290,306</b>	<b>124,322</b>
<b>Net financial assets, beginning of year</b>	<b>1,410,224</b>	<b>1,410,224</b>	<b>1,285,902</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,114,969</b>	<b>\$ 1,700,530</b>	<b>\$ 1,410,224</b>

The accompanying notes are an integral part of these financial statements



**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Annual surplus	\$ 1,724,616	\$ 659,925
Non-cash charges to operations:		
Amortization	674,047	627,948
Loss on disposal of tangible capital assets	108,597	557,268
Change in employee benefits payable	674	1,806
Change in landfill closure and post-closure liability	(13,761)	(105,589)
Lakeland Holding Ltd. - share of income net of dividends	(138,840)	(159,494)
Lakeland Holding Ltd. - loss on redistribution of shares	-	40,570
	<u>2,355,333</u>	<u>1,622,434</u>
Changes in non-cash items:		
Taxes receivable	(6,130)	31,450
Accounts receivable	124,738	770,902
Inventories held for resale	(200,580)	159
Accounts payable and accrued liabilities	139,628	(292,274)
Accrued interest on long-term debt	950	1,820
Deferred revenue-general	(776,727)	278,239
Deferred revenue-obligatory reserve funds	(32,236)	58,424
Inventories of supplies	3,235	3,758
Prepaid expenses	(965)	61
	<u>(748,087)</u>	<u>852,539</u>
Cash provided by operating transactions	1,607,246	2,474,973
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,098,289	(1,725,855
Shared services tangible capital assets - net	) (122,046	) -
Proceeds from disposal of tangible capital assets	) -	) 3
	8	
Cash applied to capital transactions	(2,220,335	(1,725,817
	)	)
<b>Investing transactions</b>		
Increase in investments	(9,736)	(6,242)
Cash applied to investing transactions	(9,736)	(6,242)
<b>Financing transactions</b>		
Decrease in temporary borrowing	-	(261,722)
Proceeds from municipal debt	77,220	700,000
Debt principal repayments	(92,726)	(67,593)
Tangible capital leases repayments	(13,400)	(13,280)
Cash provided by (applied to) financing transactions	(28,906)	357,405
<b>Net change in cash</b>	<b>(651,731)</b>	<b>1,100,319</b>
<b>Cash, beginning of year</b>	<b>1,177,833</b>	<b>77,514</b>
<b>Cash, end of year</b>	<b>\$ 526,102</b>	<b>\$ 1,177,833</b>
<b>Cash flow supplementary information:</b>		
Cash paid for interest	\$ 29,046	\$ 16,489

The accompanying notes are an integral part of these financial statements

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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### Management Responsibility

The consolidated financial statements of the Corporation of the Municipality of the Village of Burk's Falls (the "Municipality") 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 consolidated financial statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus 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 boards and corporations are consolidated:

Cemetery  
Almaguin Manor Residence

The following joint boards and committees are proportionally consolidated:

Fire  
TRI R  
Arena and Community Centre  
Library  
Building Committee  
Economic Development

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

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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- (iv) Accounting for school board transactions  
The taxation, other revenue, 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.
- (b) 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) Cash  
Cash includes cash on hand and balances held at financial institutions.
  - (iii) Investments  
Investments are recorded at cost plus accrued interest.
  - (iv) 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.

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

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(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 - 10 to 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.

(v) 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.

(vi) 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 Consolidated Statement of Operations as the stipulation liabilities are settled.

(vii) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

- (viii) Taxation and related revenue  
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. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is 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. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (x) 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 Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2018	2017
District of Parry Sound Social Services Administration Board	\$ 34,063	\$ 33,840
North Bay Parry Sound District Health Unit	27,251	27,251
District of Parry Sound (East) Home for the Aged	22,137	21,870
	<b>\$ 83,451</b>	<b>\$ 82,961</b>

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.

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

### 3. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$249,707 of taxation was collected on behalf of school boards (2017 \$254,424).
- (b) The Municipality administers care and maintenance trust funds totalling \$112,607 (2017 \$108,407) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

### 4. CASH

Cash is comprised of:

	2018	2017
Unrestricted cash	\$ 442,051	\$ 1,061,546
Restricted cash	84,051	116,287
	<b>\$ 526,102</b>	<b>\$ 1,177,833</b>

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 9, may be used.

### 5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at 1.3% to 2.5% and maturing between September 19, 2019 and September 21, 2019.

### 6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2018	2017
Taxes receivable	\$ 203,988	\$ 197,858
Valuation allowance	(4,000)	(4,000)
	<b>\$ 199,988</b>	<b>\$ 193,858</b>

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

### 7. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Two of its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls, Magnetawan and Parry Sound. A third subsidiary sells utility related products and services. The Municipality holds a 3.34% ownership stake in the common shares of Lakeland Holding Ltd.

Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2018	2017
<b>Consolidated Statement of Financial Position</b>		
Assets		
Current Assets	\$ 22,850,090	\$ 20,853,543
Non-Current Assets	101,824,230	96,309,173
<b>Total Assets</b>	<b>124,674,320</b>	<b>117,162,716</b>
Regulatory Deferral Account Balances and Related Deferred Taxes	806,197	867,316
<b>Total Assets and Regulatory Deferral Account Balances</b>	<b>125,480,517</b>	<b>118,030,032</b>
Liabilities		
Current Liabilities	10,081,537	22,844,422
Non-Current Liabilities	61,398,336	45,375,100
<b>Total Liabilities</b>	<b>71,479,873</b>	<b>68,219,522</b>
Shareholder's Equity	54,000,644	49,810,510
<b>Total Liabilities and Equity</b>	<b>\$ 125,480,517</b>	<b>\$ 118,030,032</b>
 Municipality's investment	 \$ 1,803,622	 \$ 1,663,671
<b>Consolidated Statement of Comprehensive Income</b>		
Total operating revenue	\$ 57,777,128	\$ 57,112,196
Total operating expenses	(48,633,067)	(47,839,985)
Other income and expenses	(1,249,085)	(476,812)
Provision for payments in lieu of taxes	(2,006,235)	(2,117,457)
<b>Net movement in regulatory deferral account balances</b>	<b>164,169</b>	<b>(152,658)</b>
Profit for the year and net movements in regulatory deferral account balances	6,052,910	6,525,284
Other comprehensive income, net of income tax	33,257	33,257
<b>Total comprehensive income for the year</b>	<b>\$ 6,086,167</b>	<b>\$ 6,558,541</b>
 Municipality's share of profit for the year and net movements in regulatory deferral account balances	 \$ 202,212	 \$ 219,437
Less: dividends received from Lakeland Holding Ltd.	(63,372)	(59,943)
Municipality's share of income, net of dividends	138,840	159,494
Add:		
Loss on redistribution of shares excluding gain on other comprehensive loss	-	(40,570)
Gain on redistribution of shares relating to other comprehensive loss	-	68
Municipality's share of other comprehensive income, net of income tax	1,111	1,111
<b>Increase in Municipality's investment</b>	<b>\$ 139,951</b>	<b>\$ 120,103</b>

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

#### 8. DEFERRED REVENUE-GENERAL

In 2016 the Municipality entered into an agreement with the Ministry of Transportation under the Connecting Links Program to obtain funding for the rehabilitation of the Armstrong bridge. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding under this agreement is \$1,053,218 and expired in March 2018. The project was completed in 2017.

In 2017 the Municipality entered into an agreement with the Ministry of Agriculture, Food and Rural Affairs under the Ontario Community Infrastructure (OCIF) Top-Up Application Component to obtain funding for the rehabilitation of Ontario Street. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding under this agreement is \$1,633,936 and expires in March 2020.

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Armstrong Bridge	\$ -	\$ 513,675
Ontario Street	792,345	-
Other deferred revenue	2,823	3,254
	<u>795,168</u>	<u>516,929</u>
Received or receivable during the year:		
Armstrong Bridge	-	404,460
Ontario Street	727,555	898,665
Other funding	35,840	2,823
Interest earned	9,013	6,404
	<u>772,408</u>	<u>1,312,352</u>
Recognized in revenue during the year	<u>(1,549,135)</u>	<u>(1,034,113)</u>
<b>Balance, end of year</b>	<b>\$ 18,441</b>	<b>\$ 795,168</b>
Ontario Street	\$ -	\$ 792,345
Other deferred revenue	18,441	2,823
<b>Balance, end of year</b>	<b>\$ 18,441</b>	<b>\$ 795,168</b>



**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and federal gas tax funding and provincial Main Street revitalization funding under agreements with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax and Main Street revitalization revenue recognition occurs when the Municipality has approved the expenditures for eligible operating expenditures and capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Building Code Act	\$ 6,171	\$ 8,424
Federal Gas Tax	110,116	49,439
	<u>116,287</u>	<u>57,863</u>
Received during the year:		
Federal Gas Tax	61,600	59,841
Main Street revitalization	38,513	-
Interest earned	735	836
	<u>100,848</u>	<u>60,677</u>
Recognized in revenue during the year	<u>(133,084)</u>	<u>(2,253)</u>
<b>Balance, end of year</b>	<b>\$ 84,051</b>	<b>\$ 116,287</b>
Building Code Act	\$ 3,806	\$ 6,171
Federal Gas Tax	41,651	110,116
Main Street revitalization	38,594	-
<b>Balance, end of year</b>	<b>\$ 84,051</b>	<b>\$ 116,287</b>

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

### 10. MUNICIPAL DEBT

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

	2018	2017
Royal Bank of Canada term loan, renewed November 2017. Due October 2022, repayable in monthly payments of \$2,448, including interest calculated at 2.98%	\$ 106,344	\$ 132,135
Royal Bank of Canada term loan, due January 2020, repayable in monthly payments of \$2,584, including interest calculated at 2.66%	33,070	62,765
Ontario Infrastructure and Lands Corporation amortizing debenture, due December 2032, repayable in semi-annual payments of \$29,396, including interest calculated at 3.12%. As security the Municipality has pledged future Provincial funding	662,760	700,000
Proportionate share of Fire Department Ontario Infrastructure and Lands Corporation amortizing debenture, due July 2028, repayable in monthly payments of \$15,703 including interest calculated at 2.97%. Secured by future Provincial funding	77,220	-
	<b>\$ 879,394</b>	<b>\$ 894,900</b>

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

	Principal	Interest
2019	\$ 102,212	\$ 25,943
2020	76,505	23,229
2021	76,210	20,940
2022	73,718	18,596
2023	51,057	16,717
2024 onwards	499,692	74,347
	<b>\$ 879,394</b>	<b>\$ 179,772</b>

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

	2018	2017
Principal payments	\$ 92,726	\$ 67,593
Interest	27,397	8,292
	<b>\$ 120,123</b>	<b>\$ 75,885</b>

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

### 11. TANGIBLE CAPITAL LEASES

The Municipality leases streetlights and telephone equipment. This liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments, using a discount rate of 2.66%. Future minimum lease payments are as follows:

	2018	2017
2018	\$ -	\$ 16,230
2019	16,344	16,230
2020	16,344	16,230
2021	14,364	14,345
2022	13,968	13,968
2023	13,969	13,172
2024 onwards	23,281	24,078
Total minimum lease payments	98,270	114,253
Less amount representing interest	(8,027)	(10,610)
<b>Present value of future minimum capital lease payments</b>	<b>\$ 90,243</b>	<b>\$ 103,643</b>

Interest of \$2,599 (2017 \$2,949) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

### 12. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality'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 \$13,296 (2017 \$12,699) at the end of the year.
- (b) Under the retirement gratuity policy of the Joint Building Committee, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the 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 the retirement gratuity is estimated at \$279 (2017 \$202) at the end of the year.

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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**13. 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. In 2017 an application to expand the site capacity by an additional 27,700 cubic metres was approved.

The liability for the landfill site is recorded at \$271,969 (2017 \$265,876) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 13% of the 27,700 cubic metre area, using an estimated long-term borrowing rate of 3.29% (2017 3.08%) and inflation rate of 1.6% (2017 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$439,275 (2017 \$445,664), leaving an amount to be recognized of \$167,306 (2017 \$179,788). The estimated remaining capacity of the approved site is 23,976 cubic metres (2017 25,516), estimated to be filled in 16 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$52,708 (2017 \$66,469) in the financial statements related to its proportionate share of this liability.

The Municipality has reserves of \$94,295 (2017 \$93,403) related to the landfill site that could be used to fund this liability.

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

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**14. CONTRACTUAL OBLIGATIONS**

In 2015 the Municipality entered into an agreement with RealTerm Energy Corp. for the installation and maintenance of LED streetlights within the Municipality. The agreement covers a ten-year period commencing September 1, 2015 and ending August 31, 2025. Total payments under the agreement are \$244,998, of which \$139,682 relates to capital lease repayments with respect to the installation of the streetlights (see Note 11) and \$105,316 relates to maintenance and other services to be provided under the agreement. To the end of the year \$28,072, (2017 \$19,055) of maintenance payments have been made, leaving an amount outstanding of \$77,244 (2017 \$86,261). As security for the future payments, the Municipality has pledged its streetlight assets and energy conservation equipment.

In 2018 the Municipality contracted Fowler Construction Company Limited for the rehabilitation of Ontario Street at an estimated cost of \$1,462,352. To the end of the year, \$1,413,091 of services under this contract were performed. The balance of the work is expected to be completed in 2019.

**15. COMMITMENTS**

In 2018 the Municipality signed an agreement with CGV Development Inc. and Almaguin Manor Residence for the construction of a 32 suite affordable senior's housing complex at 178 Yonge St., a property purchased by the Municipality during the year. The Municipality has provided CGV Developments Inc. with a 50-year ground lease for the property. CGV Development Inc. is to design, construct and finance the complex at a total cost of \$6,284,000 and is to provide the project to Almaguin Manor Residence in a fixed price, turn-key manner. Payment is due by the date of substantial completion, anticipated in 2019. The Municipality has guaranteed payment under this agreement.

In 2017 the Municipality made a commitment to purchase approximately 11 acres of land from the Ministry of Transportation at a price of \$1,320 per acre. The purchase is expected to be finalized in 2019.

**16. CONTINGENCIES**

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

#### 17. TANGIBLE CAPITAL ASSETS

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

<b>2018</b>								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
<b>COST</b>								
Balance, beginning of year	\$ 1,155,253	\$ 4,115,223	\$ 699,397	\$ 330,171	\$ 15,746,634	\$ 7,398,206	\$ 132,946	\$ 29,577,830
Additions and betterments	249,005	242,701	75,170	76,728	781,225	659,568	13,892	2,098,289
Shared services assets redistribution	182	163,279	22,807	30,248	-	-	553	217,069
Disposals and writedowns	(71,086)	(14,890)	(9,431)	(58,033)	(163,767)	(102,105)	-	(419,312)
Transfer between classes	1,920	3,724	1,806	-	94,711	21,617	(123,778)	-
<b>BALANCE, END OF YEAR</b>	<b>1,335,274</b>	<b>4,510,037</b>	<b>789,749</b>	<b>379,114</b>	<b>16,458,803</b>	<b>7,977,286</b>	<b>23,613</b>	<b>31,473,876</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	649,048	1,155,613	286,264	199,763	4,870,553	2,099,634	-	9,260,875
Annual amortization	28,068	108,850	42,038	20,570	299,870	174,651	-	674,047
Shared services accumulated amortization redistribution	(16,060)	74,524	16,068	20,491	-	-	-	95,023
Amortization disposals	(67,730)	(5,302)	(9,430)	(52,885)	(150,603)	(24,765)	-	(310,715)
<b>BALANCE, END OF YEAR</b>	<b>593,326</b>	<b>1,333,685</b>	<b>334,940</b>	<b>187,939</b>	<b>5,019,820</b>	<b>2,249,520</b>	<b>-</b>	<b>9,719,230</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 741,948</b>	<b>\$ 3,176,352</b>	<b>\$ 454,809</b>	<b>\$ 191,175</b>	<b>\$ 11,438,983</b>	<b>\$ 5,727,766</b>	<b>\$ 23,613</b>	<b>\$ 21,754,646</b>
<b>2017</b>								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
<b>COST</b>								
Balance, beginning of year	\$ 1,193,076	\$ 4,102,218	\$ 778,577	\$ 330,171	\$ 15,441,907	\$ 5,773,590	\$ 1,210,032	\$ 28,829,571
Additions and betterments	31,434	57,049	17,061	-	1,028,062	466,867	125,382	1,725,855
Disposals and writedowns	(69,257)	(44,044)	(96,241)	-	(737,990)	(30,064)	-	(977,596)
Transfer between classes	-	-	-	-	14,655	1,187,813	(1,202,468)	-
<b>BALANCE, END OF YEAR</b>	<b>1,155,253</b>	<b>4,115,223</b>	<b>699,397</b>	<b>330,171</b>	<b>15,746,634</b>	<b>7,398,206</b>	<b>132,946</b>	<b>29,577,830</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	691,442	1,063,507	344,283	180,664	4,794,006	1,979,315	-	9,053,217
Annual amortization	24,091	101,460	38,222	19,099	298,208	146,868	-	627,948
Amortization disposals	(66,485)	(9,354)	(96,241)	-	(221,661)	(26,549)	-	(420,290)
<b>BALANCE, END OF YEAR</b>	<b>649,048</b>	<b>1,155,613</b>	<b>286,264</b>	<b>199,763</b>	<b>4,870,553</b>	<b>2,099,634</b>	<b>-</b>	<b>9,260,875</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 506,205</b>	<b>\$ 2,959,610</b>	<b>\$ 413,133</b>	<b>\$ 130,408</b>	<b>\$ 10,876,081</b>	<b>\$ 5,298,572</b>	<b>\$ 132,946</b>	<b>\$ 20,316,955</b>

Included in tangible capital assets are leased tangible capital assets with a cost of \$156,495 (2017 \$155,974) and accumulated amortization of \$29,313 (2017 \$20,808).

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2018

18. ACCUMULATED SURPLUS

The 2018 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
<b>RESERVES AND RESERVE FUNDS</b>			
Working capital	\$ 162,834	\$ -	\$ 162,834
General government	5,000	-	5,000
Fire	39,154	2,213	41,367
Fire Department	7,366	1,813	9,179
Roads	141,669	(49,623)	92,046
Parabus	14,020	20,456	34,476
Waste disposal	93,403	892	94,295
Recycling	43,741	-	43,741
Hazardous waste	8,000	-	8,000
Water	115,355	(5,999)	109,356
Cemetery	3,171	-	3,171
Playground	12,500	2,500	15,000
Walking bridge	20,000	5,000	25,000
Recreation programs	5,253	666	5,919
Arena	33,956	4,596	38,552
Theatre	4,054	-	4,054
Library Board	9,214	9,546	18,760
Steering Committee	240	-	240
Economic development	1,620	-	1,620
	<b>720,550</b>	<b>(7,940)</b>	<b>712,610</b>
<b>OTHER</b>			
Consolidated tangible capital assets	20,316,955	1,437,691	21,754,646
General operating surplus (deficit) -			
Municipality	125,194	120,825	246,019
Cemetery	5,719	4,794	10,513
Almaguin Manor Residence	-	(11,588)	(11,588)
Library	2,310	(234)	2,076
Equity in Lakeland Holding Ltd.	1,663,671	139,951	1,803,622
Unfunded amounts -			
Municipal debt	(894,900)	15,506	(879,394)
Tangible capital leases	(103,643)	13,400	(90,243)
Employee benefits payable	(12,901)	(439)	(13,340)
Landfill closure and post-closure liabilities	(66,469)	13,761	(52,708)
	<b>\$ 21,756,486</b>	<b>\$ 1,725,727</b>	<b>\$ 23,482,213</b>

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

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**19. 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 includes Almaguin Manor Residence and 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 and equipment usage to specific segments.



## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

#### 19. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ 6,186	\$ -	\$ -	\$ -	\$ -	\$ 1,236,955	\$ 1,243,141
User charges	2,808	122	3,265	565,289	1,220	-	64,007	-	-	637,211
Government transfers -										
Canada	-	-	127,998	2,721	-	-	3,148	30,762	-	164,629
Ontario	-	2,284	946,693	675,239	-	-	26,510	46,125	568,800	2,265,651
Other municipalities	-	3,222	-	-	200	-	1,046	18,931	-	23,399
Lakeland Holding Ltd. -										
share of income, net of dividends	-	-	-	-	-	-	-	-	138,840	138,840
Shared services opening surplus	-	10,990	-	(2,713)	-	-	127,270	842	-	136,389
redistribution	-	(5,148)	(16,424)	(77,340)	(9,589)	-	(96)	-	-	(108,597)
Loss on disposal of capital assets	-	19,933	24,498	5,529	163,008	-	14,870	-	-	342,928
Other	6,777	19,933	24,498	5,529	163,008	360	14,870	6,530	101,423	342,928
<b>TOTAL REVENUE</b>	<b>9,585</b>	<b>31,403</b>	<b>1,086,030</b>	<b>1,174,911</b>	<b>154,839</b>	<b>360</b>	<b>236,755</b>	<b>103,690</b>	<b>2,046,018</b>	<b>4,843,591</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	309,620	81,326	59,883	225,275	28,330	514	143,055	25,151	-	873,154
Long-term debt charges (interest)	133	1,047	2,696	22,503	3,585	-	32	-	-	29,996
Materials	72,773	32,691	91,451	101,187	110,193	6,088	105,180	21,997	-	541,560
Contracted services	50,328	293,091	87,284	283,403	69,682	8,795	13,214	85,882	-	891,679
Rents and financial expenses	1,853	582	894	821	-	5,000	1,244	1,493	-	11,887
External transfers	5,701	-	-	-	27,751	58,200	5,000	-	-	96,652
Interfunctional adjustments	(2,891)	911	(6,935)	6,935	(911)	-	2,491	400	-	-
Amortization	12,738	16,099	328,981	192,392	64,848	-	45,780	13,209	-	674,047
<b>TOTAL EXPENSES</b>	<b>450,255</b>	<b>425,747</b>	<b>564,254</b>	<b>832,516</b>	<b>303,478</b>	<b>78,597</b>	<b>315,996</b>	<b>148,132</b>	<b>-</b>	<b>3,118,975</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (440,670)</b>	<b>\$ (394,344)</b>	<b>\$ 521,776</b>	<b>\$ 342,395</b>	<b>\$ (148,639)</b>	<b>\$ (78,237)</b>	<b>\$ (79,241)</b>	<b>\$ (44,442)</b>	<b>\$ 2,046,018</b>	<b>\$ 1,724,616</b>

## THE CORPORATION OF THE MUNICIPALITY VILLAGE OF BURK'S FALLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2018

#### 19. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

##### FOR THE YEAR ENDED DECEMBER 31, 2017

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ 2,352	\$ -	\$ -	\$ -	\$ -	\$ 1,170,201	\$ 1,172,553
User charges	2,145	78	3,820	545,214	950	-	49,391	50	-	601,648
Government transfers -										
Canada	-	61	-	127,130	-	-	1,058	26,501	1,764	156,514
Ontario	-	3,210	1,008,997	199,871	-	-	4,572	33,046	537,900	1,787,596
Other municipalities	-	14,542	-	-	200	-	1,197	3,241	-	19,180
Lakeland Holding Ltd. - share of income, net of dividends	-	-	-	-	-	-	-	-	159,494	159,494
Lakeland Holding Ltd. - loss on redistribution of shares	-	-	-	-	-	-	-	-	(40,570)	(40,570)
Gain (loss) on disposal of capital assets	(840)	-	(519,102)	(3,515)	(33,849)	-	38	-	-	(557,268)
Other	7,351	30,368	6,730	117,376	171,468	-	11,849	4,268	92,923	442,333
<b>TOTAL REVENUE</b>	<b>8,656</b>	<b>48,259</b>	<b>500,445</b>	<b>988,428</b>	<b>138,769</b>	<b>-</b>	<b>68,105</b>	<b>67,106</b>	<b>1,921,712</b>	<b>3,741,480</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	281,382	95,549	40,254	272,264	31,349	161	83,793	16,696	-	821,448
Long-term debt charges (interest)	275	-	3,153	3,485	4,296	-	32	-	-	11,241
Materials	71,337	28,903	82,014	153,535	99,378	4,520	69,808	15,064	-	524,559
Contracted services	74,496	279,559	99,295	340,131	65,239	3,091	34,276	90,700	-	986,787
Rents and financial expenses	728	928	1,234	7,551	315	-	1,065	2,110	-	13,931
External transfers	4,614	28	-	-	27,251	57,710	5,000	1,038	-	95,641
Interfunctional adjustments	(1,825)	796	(6,901)	6,901	(796)	-	1,525	300	-	-
Amortization	12,642	13,655	318,128	166,932	64,743	-	38,922	12,926	-	627,948
<b>TOTAL EXPENSES</b>	<b>443,649</b>	<b>419,418</b>	<b>537,177</b>	<b>950,799</b>	<b>291,775</b>	<b>65,482</b>	<b>234,421</b>	<b>138,834</b>	<b>-</b>	<b>3,081,555</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (434,993)</b>	<b>\$ (371,159)</b>	<b>\$ (36,732)</b>	<b>\$ 37,629</b>	<b>\$ (153,006)</b>	<b>\$ (65,482)</b>	<b>\$ (166,316)</b>	<b>\$ (71,728)</b>	<b>\$ 1,921,712</b>	<b>\$ 659,925</b>

## THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

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#### 20. SHARED SERVICES OPENING SURPLUS REDISTRIBUTION

In 2018 the Township of Armour, the Village of Burk's Falls and the Township of Ryerson renegotiated their proportionate contributions to the fire, waste management, arena, library and economic development shared services. As a result of the redistribution, the Municipality recorded a net increase in its surplus of \$136,389 in 2018.

#### 21. 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 2018, the Municipality received dividends of \$63,372 (2017 \$59,943), made sales of NIL (2017 \$1,338) and purchased power in the amount of \$149,151 (2017 \$156,213) from Lakeland Holding Ltd., a government business enterprise of the Municipality.
- (b) The Municipality purchased garbage pickup services from a company owned by a Councillor at a cost of NIL (2017 \$48,700) plus applicable tax.

#### 22. BUDGET FIGURES

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

	Budget
<b>ADOPTED BUDGET:</b>	
Decrease in general municipal operating surplus	\$ (125,194)
Decrease in reserves and reserve funds	(94,317)
Decrease in board and joint board general operating surplus	(1,423)
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	2,435,976
Amortization of tangible capital assets	(674,258)
Increase in municipal debt	(105,719)
Tangible capital lease repayment	13,745
Shared services opening surplus redistribution	134,775
<b>ANNUAL SURPLUS</b>	<b>\$ 1,583,585</b>

**THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

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**23. 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. 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million with respect to benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2018 was \$49,321 (2017 \$44,838) for current service and is included as an expense on the Consolidated Statement of Operations.