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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019, 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

North Bay, Canada
May 26, 2020

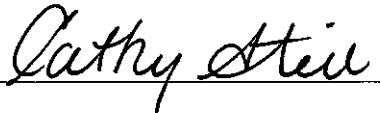
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,602,806	\$ 526,102
Investments (Note 5)	16,356	23,476
Taxes receivable (Note 6)	308,712	199,988
Accounts receivable	255,251	752,886
Long-term receivable (Note 7)	2,011,358	-
Investment in Lakeland Holding Ltd. (Note 8)	1,874,888	1,803,622
Inventories held for resale	1,200	201,178
	6,070,571	3,507,252
LIABILITIES		
Accounts payable and accrued liabilities	543,278	665,540
Accrued interest on long-term debt	14,037	2,770
Deferred revenue-general (Note 9)	44,615	18,441
Deferred revenue-obligatory reserve funds (Note 10)	338,564	84,051
Municipal debt (Note 11)	2,777,081	879,394
Tangible capital leases (Note 12)	76,128	90,243
Employee benefits payable (Note 13)	16,412	13,575
Landfill closure and post-closure liability (Note 14)	56,402	52,708
	3,866,517	1,806,722
NET FINANCIAL ASSETS	2,204,054	1,700,530
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 18)	21,364,500	21,754,646
Inventories of supplies	37,797	15,538
Prepaid expenses	6,189	11,499
	21,408,486	21,781,683
ACCUMULATED SURPLUS (Note 19)	\$ 23,612,540	\$ 23,482,213

Contingencies (Notes 2 and 17)
Contractual obligations (Note 15)
Commitments (Note 16)

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, 2019

	Budget 2019 (see Note 23)	Actual 2019	Actual 2018
REVENUE			
Property taxes	\$ 1,252,471	\$ 1,302,789	\$ 1,243,141
User charges	671,115	677,154	637,211
Government transfers	2,021,652	983,693	2,453,679
Lakeland Holding Ltd. - share of income, net of dividends (Note 8)	-	72,445	138,840
Loss on disposal of tangible capital assets	-	(27,014)	(108,597)
Other	325,311	350,671	479,317
TOTAL REVENUE	4,270,549	3,359,738	4,843,591
EXPENSES			
General government	509,375	462,867	450,255
Protection to persons and property	480,261	463,860	425,747
Transportation services	675,194	593,682	564,254
Environmental services	825,215	821,215	832,516
Health services	305,441	296,393	303,478
Social and family services	69,105	68,345	78,597
Recreation and cultural services	388,114	384,242	315,996
Planning and development (Note 21)	248,294	137,628	148,132
TOTAL EXPENSES	3,500,999	3,228,232	3,118,975
ANNUAL SURPLUS	\$ 769,550	\$ 131,506	\$ 1,724,616

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, 2019

	Budget 2019 <i>(see Note 23)</i>	Actual 2019	Actual 2018
Accumulated surplus, beginning of year	23,482,213	23,482,213	21,756,486
Annual surplus	769,550	131,506	1,724,616
Lakeland Holding Ltd. - share of remeasurement of defined benefit plan <i>(Note 8)</i>	-	(2,290)	-
Lakeland Holding Ltd. - share of amortization of change in fair value of interest rate swap <i>(Note 8)</i>	-	1,111	1,111
ACCUMULATED SURPLUS, END OF YEAR	\$ 24,251,763	\$ 23,612,540	\$ 23,482,213

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, 2019

	Budget 2019 (see Note 23)	Actual 2019	Actual 2018
Annual surplus	\$ 769,550	\$ 131,506	\$ 1,724,616
Lakeland Holding Ltd. -share of remeasurement of defined benefit plan	-	(2,290)	-
Lakeland Holding Ltd. - share of amortization of change in fair value of interest rate swap	-	1,111	1,111
Acquisition of tangible capital assets	(1,309,632)	(347,897)	(2,098,289)
Shared services tangible capital assets transfer - net	-	16,226	(122,046)
Amortization of tangible capital assets	694,927	694,803	674,047
Loss on disposal of tangible capital assets	-	27,014	108,597
Change in supplies inventories	-	(22,259)	3,235
Change in prepaid expenses	-	5,310	(965)
Increase in net financial assets	154,845	503,524	290,306
Net financial assets, beginning of year	1,700,530	1,700,530	1,410,224
Net financial assets, end of year	\$ 1,855,375	\$ 2,204,054	\$ 1,700,530

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, 2019

	2019	2018
Operating transactions		
Annual surplus	\$ 131,506	\$ 1,724,616
Non-cash charges to operations:		
Amortization	694,803	674,047
Loss on disposal of tangible capital assets	27,014	108,597
Change in employee benefits payable	2,837	674
Change in landfill closure and post-closure liability	3,694	(13,761)
Lakeland Holding Ltd. - share of income net of dividends	(72,445)	(138,840)
	<u>787,409</u>	<u>2,355,333</u>
Changes in non-cash items:		
Taxes receivable	(108,724)	(6,130)
Accounts receivable	497,635	124,738
Long-term receivable	(2,011,358)	-
Inventories held for resale	199,978	(200,580)
Accounts payable and accrued liabilities	(122,262)	139,628
Accrued interest on long-term debt	11,267	950
Deferred revenue-general	26,174	(776,727)
Deferred revenue-obligatory reserve funds	254,513	(32,236)
Inventories of supplies	(22,259)	3,235
Prepaid expenses	5,310	(965)
	<u>(1,269,726)</u>	<u>(748,087)</u>
Cash provided by (applied to) operating transactions	<u>(482,317)</u>	<u>1,607,246</u>
Capital transactions		
Acquisition of tangible capital assets	(347,897)	(2,098,289)
Shared services tangible capital assets - net	16,226	(122,046)
Cash applied to capital transactions	<u>(331,671)</u>	<u>(2,220,335)</u>
Investing transactions		
Increase in investments	7,120	(9,736)
Cash provided by (applied to) investing transactions	<u>7,120</u>	<u>(9,736)</u>
Financing transactions		
Proceeds from municipal debt	1,999,900	77,220
Debt principal repayments	(102,213)	(92,726)
Tangible capital leases repayments	(14,115)	(13,400)
Cash provided by (applied to) financing transactions	<u>1,883,572</u>	<u>(28,906)</u>
Net change in cash	1,076,704	(651,731)
Cash, beginning of year	526,102	1,177,833
Cash, end of year	\$ 1,602,806	\$ 526,102
Cash flow supplementary information:		
Cash paid for interest	\$ 28,170	\$ 20,946

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, 2019

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 board is consolidated:
Cemetery

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 FALLSNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

- (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, 2019

(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
 Leasehold 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, 2019

(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:

	2019	2018
District of Parry Sound Social Services Administration Board	\$ 34,496	\$ 34,063
North Bay Parry Sound District Health Unit	26,341	27,251
District of Parry Sound (East) Home for the Aged	24,389	22,137
	\$ 85,226	\$ 83,451

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, 2019

3. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$250,178 of taxation was collected on behalf of school boards (2018 \$249,707).
- (b) The Municipality administers care and maintenance trust funds totalling \$114,857 (2018 \$112,607) 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:

	2019	2018
Unrestricted cash	\$ 1,264,242	\$ 442,051
Restricted cash	338,564	84,051
	\$ 1,602,806	\$ 526,102

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 10, may be used.

5. INVESTMENTS

Investments are comprised of redeemable investment certificates, bearing interest at 1.0% to 1.1% and maturing between September 19, 2020 and October 25, 2020.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2019	2018
Taxes receivable	\$ 312,712	\$ 203,988
Valuation allowance	(4,000)	(4,000)
	\$ 308,712	\$ 199,988

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

7. LONG-TERM RECEIVABLE

In 2019, the Municipality entered into a financing agreement with the Ontario Infrastructure and Lands Corporation for the purposes of borrowing \$1,999,900 which was loaned to Almaguin Manor Residence to assist with financing the construction of a 32-suite affordable housing complex. Almaguin Manor Residence is responsible for payments of principal and interest to the Municipality on the amount borrowed. As of the balance sheet date, the balance of the receivable is \$2,011,358 (2018 NIL), comprised of \$1,999,900 loan principal and \$11,458 accrued interest. The future estimated repayment schedule is as follows:

	Principal	Interest	Total
2020	\$ 43,634	\$ 54,699	\$ 98,333
2021	44,842	53,491	98,333
2022	46,083	52,250	98,333
2023	47,360	50,973	98,333
2024	48,671	49,662	98,333
2025 onwards	1,769,310	689,020	2,458,330
	\$ 1,999,900	\$ 950,095	\$ 2,949,995

The related loan is included in the municipal debt reported in Note 11.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2019

8. 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.

	2019	2018
Consolidated Statement of Financial Position		
Assets		
Current Assets	\$ 23,456,958	\$ 22,850,090
Non-Current Assets	108,600,755	101,824,230
Total Assets	132,057,713	124,674,320
Regulatory Deferral Account Balances and Related Deferred Taxes	176,009	806,197
Total Assets and Regulatory Deferral Account Balances	132,233,722	125,480,517
Liabilities		
Current Liabilities	11,918,082	10,081,537
Non-Current Liabilities	64,181,254	61,398,336
Total Liabilities	76,099,336	71,479,873
Shareholder's Equity	56,134,386	54,000,644
Total Liabilities and Equity	\$ 132,233,722	\$ 125,480,517
Municipality's investment	\$ 1,874,888	\$ 1,803,622
Consolidated Statement of Comprehensive Income		
Total operating revenue	\$ 59,977,517	\$ 57,777,128
Total operating expenses	(52,547,733)	(48,633,067)
Other income and expenses	(1,314,759)	(1,249,085)
Provision for payments in lieu of taxes	(1,567,002)	(2,006,235)
Net movement in regulatory deferral account balances	(378,981)	164,169
Profit for the year and net movements in regulatory deferral account balances	4,169,042	6,052,910
Other comprehensive income, net of income tax		
Amortization of change in fair value of interest rate swap	33,257	33,257
Remeasurement of defined benefit plan	(68,557)	-
Total comprehensive income for the year	\$ 4,133,742	\$ 6,086,167
Municipality's share of profit for the year and net movements in regulatory deferral account balances	\$ 139,245	\$ 202,212
Less: dividends received from Lakeland Holding Ltd.	(66,800)	(63,372)
Municipality's share of income, net of dividends	72,445	138,840
Add:		
Municipality's share of amortization of change in fair value of interest rate swap	1,111	1,111
Municipality's share of remeasurement of defined benefit plan	(2,290)	-
Increase in Municipality's investment	\$ 71,266	\$ 139,951

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

9. DEFERRED REVENUE-GENERAL

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:

	2019	2018
Balance, beginning of year:		
Ontario Street	\$ -	\$ 792,345
Other deferred revenue	18,441	2,823
	18,441	795,168
Received or receivable during the year:		
Ontario Street	-	727,555
Ontario Cannabis Legalization Implementation Fund	15,000	-
Enabling Accessibility Fund	18,568	-
Other funding	33,937	35,840
Interest earned	-	9,013
	67,505	772,408
Recognized in revenue during the year	(41,331)	(1,549,135)
Balance, end of year	\$ 44,615	\$ 18,441
Ontario Cannabis Legalization Implementation Fund	\$ 15,000	\$ -
Enabling Accessibility Fund	14,752	-
Other deferred revenue	14,863	18,441
Balance, end of year	\$ 44,615	\$ 18,441

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

10. 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, federal gas tax funding and provincial Main Street revitalization funding under agreements with the Association of Municipalities of Ontario and Ontario Community Infrastructure Fund revenue under an agreement with the Ministry of Infrastructure. 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, Main Street revitalization and Ontario Community Infrastructure Fund 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:

	2019	2018
Balance, beginning of year:		
Building Code Act	\$ 3,806	\$ 6,171
Federal Gas Tax	41,651	110,116
Main Street revitalization	38,594	-
	<u>84,051</u>	<u>116,287</u>
Received during the year:		
Building Code Act	41,274	-
Federal Gas Tax	122,267	61,600
Main Street revitalization	-	38,513
Ontario Community Infrastructure Fund	118,359	76,373
Interest earned	1,939	1,085
	<u>283,839</u>	<u>177,571</u>
Recognized in revenue during the year	<u>(29,326)</u>	<u>(209,807)</u>
Balance, end of year	\$ 338,564	\$ 84,051
Building Code Act	\$ 45,080	\$ 3,806
Federal Gas Tax	164,832	41,651
Main Street revitalization	9,581	38,594
Ontario Community Infrastructure Fund	119,071	-
Balance, end of year	\$ 338,564	\$ 84,051

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

11. MUNICIPAL DEBT

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

	2019	2018
Ontario Infrastructure and Lands Corporation amortizing debenture, due October 15, 2049, repayable in semi-annual payments of \$49,167, including interest calculated at 2.75%. Secured by future provincial funding	\$ 1,999,900	\$ -
Royal Bank of Canada term loan, due October 2022, repayable in monthly payments of \$2,448, including interest calculated at 2.98%	79,774	106,344
Royal Bank of Canada term loan, due January 2020, repayable in monthly payments of \$2,584, including interest calculated at 2.66%	2,576	33,070
Ontario Infrastructure and Lands Corporation amortizing debenture, due December 2032, repayable in semi-annual payments of \$29,396, including interest calculated at 3.12%. Secured by future Provincial funding	624,349	662,760
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	70,482	77,220
	\$ 2,777,081	\$ 879,394

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

	Principal	Interest
2020	\$ 120,139	\$ 77,928
2021	121,052	74,431
2022	119,800	70,845
2023	98,417	67,691
2024	101,322	64,786
2025 onwards	2,216,351	748,242
	\$ 2,777,081	\$ 1,103,923

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

	2019	2018
Principal payments	\$ 102,213	\$ 92,726
Interest	25,750	27,397
	\$ 127,963	\$ 120,123

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

12. 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:

	2019	2018
2019	\$ -	\$ 16,344
2020	16,344	16,344
2021	14,364	14,364
2022	13,968	13,968
2023	13,969	13,969
2024	13,969	13,969
2025 onwards	9,312	9,312
Total minimum lease payments	81,926	98,270
Less amount representing interest	(5,798)	(8,027)
Present value of future minimum capital lease payments	\$ 76,128	\$ 90,243

Interest of \$2,229 (2018 \$2,599) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

13. 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 \$15,406 (2018 \$13,296) 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 \$1,006 (2018 \$279) 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, 2019

14. 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 \$345,708 (2018 \$271,969) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 19% of the 27,700 cubic metre area, using an estimated long-term borrowing rate of 2.69% (2018 3.29%) and inflation rate of 1.7% (2018 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$532,141 (2018 \$439,275), leaving an amount to be recognized of \$186,433 (2018 \$167,306). The estimated remaining capacity of the approved site is 22,436 cubic metres (2018 23,976), estimated to be filled in 15 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$56,402 (2018 \$52,708) in the financial statements related to its proportionate share of this liability.

The Municipality has reserves of \$99,792 (2018 \$94,295) related to the landfill site that could be used to fund this liability.

15. 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 12) and \$105,316 relates to maintenance and other services to be provided under the agreement. To the end of the year \$37,800, (2018 \$28,072) of maintenance payments have been made, leaving an amount outstanding of \$67,516 (2018 \$77,244). As security for the future payments, the Municipality has pledged its streetlight assets and energy conservation equipment.

16. COMMITMENTS

In 2019 the Municipality entered into a Memorandum of Understanding with Kawartha Credit Union regarding the creation of an artisanal market on credit union property in the Village of Burk's Falls. The Municipality will contribute \$200,000 towards this project, with federal and provincial assistance providing the balance of the funding. The project and corresponding Memorandum of Understanding will not continue should complete funding not be received.

17. CONTINGENCIES

The Municipality has provided RBC Life Insurance Company with a guarantee in respect of the debt of Almaguin Manor Residence. As at the statement of financial position date, the outstanding amount on this debt is \$4,527,366.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2019

18. TANGIBLE CAPITAL ASSETS

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

2019								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,335,274	\$ 4,510,037	\$ 825,629	\$ 343,234	\$ 16,458,803	\$ 7,977,286	\$ 23,613	\$ 31,473,876
Additions and betterments	79,227	123,664	32,536	-	58,401	7,779	46,290	347,897
Shared services assets redistribution	(19,169)	(1,203)	(9,764)	-	-	-	-	(30,136)
Disposals and writedowns	-	(37,724)	(19,203)	-	-	(5,064)	(4,393)	(66,384)
Transfer between classes	19,220	-	-	-	-	-	(19,220)	-
BALANCE, END OF YEAR	1,414,552	4,594,774	829,198	343,234	16,517,204	7,980,001	46,290	31,725,253
ACCUMULATED AMORTIZATION								
Balance, beginning of year	593,326	1,333,685	357,319	165,560	5,019,820	2,249,520	-	9,719,230
Annual amortization	35,693	113,424	43,960	20,169	299,511	182,046	-	694,803
Shared services accumulated amortization redistribution	(10,284)	(142)	(3,484)	-	-	-	-	(13,910)
Amortization disposals	-	(22,386)	(14,984)	-	-	(2,000)	-	(39,370)
BALANCE, END OF YEAR	618,735	1,424,581	382,811	185,729	5,319,331	2,429,566	-	10,360,753
TANGIBLE CAPITAL ASSETS-NET	\$ 795,817	\$ 3,170,193	\$ 446,387	\$ 157,505	\$ 11,197,873	\$ 5,550,435	\$ 46,290	\$ 21,364,500
2018								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,155,253	\$ 4,115,223	\$ 726,307	\$ 303,261	\$ 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	31,777	21,278	-	-	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)	-
BALANCE, END OF YEAR	1,335,274	4,510,037	825,629	343,234	16,458,803	7,977,286	23,613	31,473,876
ACCUMULATED AMORTIZATION								
Balance, beginning of year	649,048	1,155,613	302,080	183,947	4,870,553	2,099,634	-	9,260,875
Annual amortization	28,068	108,850	43,324	19,284	299,870	174,651	-	674,047
Shared services accumulated amortization redistribution	(16,060)	74,524	21,345	15,214	-	-	-	95,023
Amortization disposals	(67,730)	(5,302)	(9,430)	(52,885)	(150,603)	(24,765)	-	(310,715)
BALANCE, END OF YEAR	593,326	1,333,685	357,319	165,560	5,019,820	2,249,520	-	9,719,230
TANGIBLE CAPITAL ASSETS-NET	\$ 741,948	\$ 3,176,352	\$ 468,310	\$ 177,674	\$ 11,438,983	\$ 5,727,766	\$ 23,613	\$ 21,754,646

Included in tangible capital assets are leased tangible capital assets with a cost of \$156,495 (2018 \$156,495) and accumulated amortization of \$37,688 (2018 \$29,313).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2019

19. ACCUMULATED SURPLUS

The 2019 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
RESERVES AND RESERVE FUNDS			
Working capital	\$ 162,834	\$ -	\$ 162,834
Modernization funding	-	144,000	144,000
General government	5,000	24,740	29,740
Fire	41,367	16,114	57,481
Fire Department	9,179	(6,155)	3,024
Roads	92,046	-	92,046
Public Works garage	-	30,000	30,000
Parabus	34,476	1,650	36,126
Waste disposal	94,295	5,497	99,792
Recycling	43,741	-	43,741
Hazardous waste	8,000	-	8,000
Water	109,356	57,836	167,192
Cemetery	3,171	-	3,171
Playground	15,000	2,500	17,500
Walking bridge	25,000	4,790	29,790
Recreation programs	5,919	(4,924)	995
Arena	38,552	5,015	43,567
Theatre	4,054	-	4,054
Library building	-	1,806	1,806
Library Board	18,760	33	18,793
Steering Committee	240	-	240
Arts Centre	-	1,980	1,980
Community improvement plan	-	40,000	40,000
Kawartha Market	-	103,995	103,995
Waterfront development	-	120,000	120,000
Economic development	1,620	-	1,620
	712,610	548,877	1,261,487
OTHER			
Consolidated tangible capital assets	21,754,646	(390,146)	21,364,500
General operating surplus (deficit)-			
Municipality	246,019	(224,091)	21,928
Cemetery	10,513	2,942	13,455
Almaguin Manor Residence	(11,588)	11,588	-
Library	2,076	329	2,405
Equity in Lakeland Holding Ltd.	1,803,622	71,266	1,874,888
Unfunded amounts -			
Municipal debt	(879,394)	102,213	(777,181)
Tangible capital leases	(90,243)	14,115	(76,128)
Employee benefits payable	(13,340)	(3,072)	(16,412)
Landfill closure and post-closure liabilities	(52,708)	(3,694)	(56,402)
	\$ 23,482,213	\$ 130,327	\$ 23,612,540

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLSNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

20. 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 unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund 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, 2019

20. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,302,789	\$ 1,302,789
User charges	2,038	158	3,495	587,363	3,477	-	78,067	2,556	-	677,154
Government transfers -										
Canada	-	-	25,043	-	-	-	6,427	2,404	-	33,874
Ontario	-	5,846	21,574	73,940	-	-	40,122	32,226	762,800	936,508
Other municipalities	-	5,693	-	-	200	-	2,874	4,544	-	13,311
Lakeland Holding Ltd. - share of income, net of dividends	-	-	-	-	-	-	-	-	72,445	72,445
Shared services opening surplus redistribution	-	3,067	-	-	-	-	1,948	-	-	5,015
Loss on disposal of capital assets	(770)	(4,393)	-	(7,282)	(14,422)	-	(147)	-	-	(27,014)
Other	5,862	33,207	4,603	3,128	156,711	11,588	10,233	3,932	116,392	345,656
TOTAL REVENUE	7,130	43,578	54,715	657,149	145,966	11,588	139,524	45,662	2,254,426	3,359,738
EXPENSES										
Salaries, wages and benefits	319,872	107,888	75,335	203,459	30,978	-	206,697	16,684	-	960,913
Long-term debt charges (interest)	85	2,152	2,226	20,690	2,806	-	20	-	-	27,979
Materials	69,372	44,685	82,020	103,357	108,854	4,119	109,479	45,880	-	567,766
Contracted services	58,496	288,936	101,733	283,982	62,770	3,341	12,995	52,752	-	865,005
Rents and financial expenses	2,557	1,425	947	1,370	-	-	1,816	1,566	-	9,681
External transfers	1,846	-	-	-	26,841	60,885	5,000	-	-	94,572
Interfunctional adjustments	(2,710)	911	(7,169)	7,169	(911)	-	2,654	56	-	-
Restructuring net expense	-	-	-	-	-	-	-	7,513	-	7,513
Amortization	13,349	17,863	338,590	201,188	65,055	-	45,581	13,177	-	694,803
TOTAL EXPENSES	462,867	463,860	593,682	821,215	296,393	68,345	384,242	137,628	-	3,228,232
ANNUAL SURPLUS (DEFICIT)	\$ (455,737)	\$ (420,282)	\$ (538,967)	\$ (164,066)	\$ (150,427)	\$ (56,757)	\$ (244,718)	\$ (91,966)	\$ 2,254,426	\$ 131,506

THE CORPORATION OF THE MUNICIPALITY VILLAGE OF BURK'S FALLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

20. 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
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 6,186	\$ -	\$ -	\$ -	\$ -	\$ 1,236,955	\$ 1,243,141
User charges	2,808	122	3,265	565,289	1,220	-	64,007	500	-	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 redistribution	-	10,990	-	(2,713)	-	-	127,270	842	-	136,389
Loss on disposal of capital assets	-	(5,148)	(16,424)	(77,340)	(9,589)	-	(96)	-	-	(108,597)
Other	6,777	19,933	24,498	5,529	163,008	360	14,870	6,530	101,423	342,928
TOTAL REVENUE	9,585	31,403	1,086,030	1,174,911	154,839	360	236,755	103,690	2,046,018	4,843,591
EXPENSES										
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
TOTAL EXPENSES	450,255	425,747	564,254	832,516	303,478	78,597	315,996	148,132	-	3,118,975
ANNUAL SURPLUS (DEFICIT)	\$ (440,670)	\$ (394,344)	\$ 521,776	\$ 342,395	\$ (148,639)	\$ (78,237)	\$ (79,241)	\$ (44,442)	\$ 2,046,018	\$ 1,724,616

THE CORPORATION OF THE MUNICIPALITY OF THE VILLAGE OF BURK'S FALLS**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year Ended December 31, 2019

21. RESTRUCTURING NET EXPENSE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement took effect in October 2019, and includes the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

ACED assumed the operating responsibilities of the Central Almaguin Economic Development Association and of the Burk's Falls and Area Community Economic Development. In addition, the tangible capital assets of the Burk's Falls and Area Community Economic Development were transferred to ACED at no cost.

The Municipality recorded net expense of \$7,513 as a result of this restructuring. This net expense is included in planning and development on the Consolidated Statement of Operations. The related reduction of the Municipality's tangible assets is included in the shared services asset and accumulated amortization redistribution in Note 18.

22. 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.

In 2019, the Municipality received dividends of \$66,800 (2018 \$63,372) and purchased power in the amount of \$140,084 (2018 \$149,151) from Lakeland Holding Ltd., a government business enterprise of the Municipality.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

23. 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	\$ (246,020)
Increase in reserves and reserve funds	286,234
Decrease in board and joint board general operating surplus	(1,696)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,309,632
Amortization of tangible capital assets	(694,927)
Decrease in municipal debt	102,212
Tangible capital lease repayment	14,115
ANNUAL SURPLUS	\$ 769,550

24. 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million with respect to benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 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 2019 was \$55,048 (2018 \$49,321) for current service and is included as an expense on the Consolidated Statement of Operations.

25. COMPARATIVE FIGURES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

26. SUBSEQUENT EVENTS

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

To date, the Municipality has taken the following actions in response to the pandemic:

- (a) Between March 13 and March 14, 2020, the Municipality's library and other recreational facilities were closed until further notice and the workforce at these facilities has been temporarily reduced. The Municipality expects the reduction in positions to reduce salaries and benefits expense in 2020 by a net amount of approximately \$2,600 per month. Should the closures continue into peak operating months, the Municipality expects a reduction in user fees of approximately \$8,500 per month.
- (b) On March 24, 2020, the Municipality announced that it would waive interest and penalties on tax and utility arrears until May 31, 2020. As a result, the Municipality expects a decrease in interest and penalties revenue of approximately \$4,500 per month. The Municipality expects that some of its taxpayers will face additional financial pressure that may impact their ability to make their tax and utility payments on a timely basis.
- (c) On March 24, 2020, the Municipality announced that it would waive waste disposal user fees until further notice. A reduction in user fees of approximately \$150 per month is anticipated.
- (d) On March 24, 2020, the Municipality provided a payment deferral to the Almaguin Manor Residence on its loan receivable. The deferral provides for the extension of the original payment due April 1, 2020 to be paid over a 5 month period rather than one lump sum payment on April 1, 2020. The Municipality does not currently expect to provide any deferrals on the next payment which is due in October.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.