
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2016

BURK'S FALLS, ARMOUR AND RYERSON TRILLIUM COMMITTEE
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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Contributing Municipalities of The Village of Burk's Falls,
The Township of Armour and The Township of Ryerson

We have audited the accompanying financial statements of the Burk's Falls, Armour and Ryerson TRI R Committee which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Burk's Falls, Armour and Ryerson TRI R Committee as at December 31, 2016, and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
May 23, 2017

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

| | 2016 | 2015 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Accounts receivable | \$ 13,093 | \$ 15,303 |
| | 13,093 | 15,303 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 14,369 | 16,325 |
| Landfill closure and post-closure liability <i>(Note 2)</i> | 688,233 | 679,771 |
| | 702,602 | 696,096 |
| NET DEBT | (689,509) | (680,793) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - net <i>(Note 3)</i> | 283,701 | 302,463 |
| Inventories of supplies | 1,276 | 1,022 |
| | 284,977 | 303,485 |
| ACCUMULATED DEFICIT <i>(Note 4)</i> | \$ (404,532) | \$ (377,308) |

APPROVED ON BEHALF OF COUNCIL:

_____ Reeve

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budget 2016 <i>(see Note 5)</i> | Actual 2016 | Actual 2015 |
|---|---------------------------------------|---------------------|---------------------|
| REVENUE | | | |
| Municipal contributions - Armour | \$ 154,126 | \$ 178,975 | \$ 139,752 |
| - Burk's Falls | 77,062 | 89,487 | 69,876 |
| - Ryerson | 77,062 | 89,487 | 69,876 |
| Other government transfers | 60,000 | 68,710 | 60,844 |
| User charges | 20,000 | 24,978 | 23,916 |
| Other | 25,250 | 27,092 | 27,831 |
| Loss on disposal of tangible capital assets | - | (16,908) | - |
| TOTAL REVENUE | 413,500 | 461,821 | 392,095 |
| EXPENSES | | | |
| Salaries, wages and benefits | 255,000 | 267,419 | 258,552 |
| Materials and supplies | 47,140 | 52,875 | 78,726 |
| Contracted services | 63,000 | 82,398 | 4,703 |
| Rents and financial expenses <i>(Note 6)</i> | 2,360 | 2,357 | 3,534 |
| Amortization | 84,000 | 83,996 | 123,419 |
| TOTAL EXPENSES | 451,500 | 489,045 | 468,934 |
| ANNUAL DEFICIT <i>(Note 4)</i> | (38,000) | (27,224) | (76,839) |
| ACCUMULATED DEFICIT, BEGINNING OF YEAR | (377,308) | (377,308) | (300,469) |
| ACCUMULATED DEFICIT, END OF YEAR | \$ (415,308) | \$ (404,532) | \$ (377,308) |

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRILLIUM COMMITTEE
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budget 2016 <i>(see Note 5)</i> | Actual 2016 | Actual 2015 |
|---|---------------------------------------|---------------------|---------------------|
| Annual deficit | \$ (38,000) | \$ (27,224) | \$ (76,839) |
| Acquisition of tangible capital assets | (46,000) | (82,142) | (74,720) |
| Amortization of tangible capital assets | 84,000 | 83,996 | 123,419 |
| Loss on disposal of tangible capital assets | - | 16,908 | - |
| Change in supplies inventories | - | (254) | 207 |
| Increase in net debt | - | (8,716) | (27,933) |
| Net debt, beginning of year | (680,793) | (680,793) | (652,860) |
| Net debt, end of year | \$ (680,793) | \$ (689,509) | \$ (680,793) |

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | 2016 | 2015 |
|---|-----------------|-----------------|
| Operating transactions | | |
| Annual deficit | \$ (27,224) | \$ (76,839) |
| Non-cash charges to operations: | | |
| Amortization | 83,996 | 123,419 |
| Loss on disposal of tangible capital assets | 16,908 | - |
| Change in employee benefits payable | - | (1,486) |
| Change in landfill closure and post-closure liability | 8,462 | 29,626 |
| | <u>82,142</u> | <u>74,720</u> |
| Changes in non-cash items: | | |
| Accounts receivable | 2,210 | (5,930) |
| Accounts payable and accrued liabilities | (1,956) | 5,723 |
| Inventories of supplies | (254) | 207 |
| Cash provided by operating transactions | <u>82,142</u> | <u>74,720</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (82,142) | (74,720) |
| Cash applied to capital transactions | <u>(82,142)</u> | <u>(74,720)</u> |
| Net change in cash and cash equivalents | - | - |
| Cash and cash equivalents, beginning of year | - | - |
| Cash and cash equivalents, end of year | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

The Burk's Falls, Armour and Ryerson TRI R Committee (the "organization") is a joint committee of the Corporation of the Village of Burk's Falls, the Municipal Corporation of the Township of Armour, and the Corporation of the Township of Ryerson, who contribute towards the organization in the following proportions: Burk's Falls - 25%; Armour - 50%; Ryerson - 25% (2015 Burk's Falls - 25%; Armour - 50%; Ryerson - 25%).

The financial statements of the organization are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the organization are as follows:

Basis of Accounting**(i) Accrual basis of accounting**

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash and cash equivalents

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

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 40 years
Machinery and equipment - 20 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.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(b) Inventories of supplies

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

(iv) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(v) Pensions

The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

(vi) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

2. 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.

This site has been operating under an Emergency Certificate of Approval and in 2011 an application to expand the existing site to accept an additional 4,800 cubic metres of waste was approved. In 2011 an estimated 48,800 cubic metres of the original design capacity was closed, and an estimated 10,000 cubic metre area remains open.

In 2016 an application to expand the site capacity by an additional 27,700 cubic metres was filed. The expansion was approved in March 2017.

The liability for the landfill site is recorded at \$688,233 (2015 \$679,771) and represents the present value of closure and post-closure costs for 100% of the 2016 approved site area, using an estimated long-term borrowing rate of 2.02% (2015 1.64%) and inflation rate of 1.6% (2015 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$688,233 (2015 \$721,224), leaving an amount to be recognized of NIL (2015 \$41,453). The estimated remaining capacity of the approved site is NIL. Post-closure care is estimated to be required for a period of 25 years.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended December 31, 2016

3. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the organization by major asset class are outlined below. Landfill closure-related transactions and balances are reported as land and land improvements.

| 2016 | | | | |
|------------------------------------|----------------------------|------------------|-------------------------|-------------------|
| | Land and Land Improvements | Buildings | Machinery and Equipment | TOTAL |
| COST | | | | |
| Balance, beginning of year | \$ 541,692 | \$ 27,626 | \$ 339,414 | \$ 908,732 |
| Additions and betterments | 40,692 | 19,183 | 22,267 | 82,142 |
| Disposals and writedowns | - | (7,560) | (19,907) | (27,467) |
| BALANCE, END OF YEAR | 582,384 | 39,249 | 341,774 | 963,407 |
| ACCUMULATED AMORTIZATION | | | | |
| Balance, beginning of year | 491,931 | 5,426 | 108,912 | 606,269 |
| Annual amortization | 67,199 | 836 | 15,961 | 83,996 |
| Amortization disposals | - | (3,591) | (6,968) | (10,559) |
| BALANCE, END OF YEAR | 559,130 | 2,671 | 117,905 | 679,706 |
| TANGIBLE CAPITAL ASSETS-NET | \$ 23,254 | \$ 36,578 | \$ 223,869 | \$ 283,701 |

| 2015 | | | | |
|------------------------------------|----------------------------|------------------|-------------------------|-------------------|
| | Land and Land Improvements | Buildings | Machinery and Equipment | TOTAL |
| COST | | | | |
| Balance, beginning of year | \$ 466,972 | \$ 27,626 | \$ 339,414 | \$ 834,012 |
| Additions and betterments | 74,720 | - | - | 74,720 |
| BALANCE, END OF YEAR | 541,692 | 27,626 | 339,414 | 908,732 |
| ACCUMULATED AMORTIZATION | | | | |
| Balance, beginning of year | 384,549 | 4,735 | 93,566 | 482,850 |
| Annual amortization | 107,382 | 691 | 15,346 | 123,419 |
| BALANCE, END OF YEAR | 491,931 | 5,426 | 108,912 | 606,269 |
| TANGIBLE CAPITAL ASSETS-NET | \$ 49,761 | \$ 22,200 | \$ 230,502 | \$ 302,463 |

BURK'S FALLS, ARMOUR AND RYERSON TOWNSHIPS COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

4. ACCUMULATED DEFICIT

The 2016 continuity of accumulated deficit reported on the Statement of Financial Position is as follows:

| | Balance Beginning of Year | Annual Deficit | Balance End of Year |
|---|---------------------------------|--------------------|------------------------|
| Tangible capital assets | \$ 302,463 | \$ (18,762) | \$ 283,701 |
| Unfunded amounts: | | | |
| Landfill closure and post-closure costs | (679,771) | (8,462) | (688,233) |
| | \$ (377,308) | \$ (27,224) | \$ (404,532) |

5. BUDGET FIGURES

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

| | Budget |
|---|--------------------|
| ADOPTED BUDGET: | |
| Change in general operating surplus | \$ - |
| ADJUSTMENTS: | |
| Acquisition of tangible capital assets | 46,000 |
| Amortization of tangible capital assets | (84,000) |
| ANNUAL DEFICIT | \$ (38,000) |

6. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization rents office space from the Township of Armour at an annual cost of \$1,600 (2015 \$1,600). This expense is included in rents and financial expenses on the Statement of Operations. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20167. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

The schedule of segment disclosure and expenses by object provides a breakdown of the annual surplus reported on the Statement of Operations between waste disposal and recycling activities. Items are recorded as unallocated amounts when there is no reasonable basis for allocating them between the two segments. Major items included in this category are employee wages, insurance, winter maintenance, utilities, office rent, audit expense and the municipal contributions available to pay for these items.

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Waste Disposal | Recycling | Unallocated Amounts | Total |
|------------------------------------|--------------------|------------------|------------------------|--------------------|
| REVENUE | | | | |
| Municipal contributions - | | | | |
| Armour | \$ 51,619 | \$ - | \$ 127,356 | \$ 178,975 |
| Burk's Falls | 25,810 | - | 63,677 | 89,487 |
| Ryerson | 25,810 | - | 63,677 | 89,487 |
| Other Government transfers - | | | | |
| Ontario | - | 68,710 | - | 68,710 |
| User charges | 24,978 | - | - | 24,978 |
| Loss on disposal of capital assets | (12,939) | (3,969) | - | (16,908) |
| Other | - | 27,092 | - | 27,092 |
| TOTAL REVENUE | 115,278 | 91,833 | 254,710 | 461,821 |
| EXPENSES | | | | |
| Salaries, wages and benefits | - | - | 267,419 | 267,419 |
| Materials | 22,201 | 24,039 | 6,635 | 52,875 |
| Contracted services | 51,518 | 22,837 | 8,043 | 82,398 |
| Rents and financial expenses | - | - | 2,357 | 2,357 |
| Amortization | 81,032 | 2,964 | - | 83,996 |
| TOTAL EXPENSES | 154,751 | 49,840 | 284,454 | 489,045 |
| ANNUAL SURPLUS (DEFICIT) | \$ (39,473) | \$ 41,993 | \$ (29,744) | \$ (27,224) |

FOR THE YEAR ENDED DECEMBER 31, 2015

| | Waste Disposal | Recycling | Unallocated Amounts | Total |
|---------------------------------|--------------------|------------------|------------------------|--------------------|
| REVENUE | | | | |
| Municipal contributions - | | | | |
| Armour | \$ 29,001 | \$ - | \$ 110,751 | \$ 139,752 |
| Burk's Falls | 14,500 | - | 55,376 | 69,876 |
| Ryerson | 14,500 | - | 55,376 | 69,876 |
| Other Government transfers - | | | | |
| Ontario | - | 60,844 | - | 60,844 |
| User charges | 23,916 | - | - | 23,916 |
| Other | - | 27,831 | - | 27,831 |
| TOTAL REVENUE | 81,917 | 88,675 | 221,503 | 392,095 |
| EXPENSES | | | | |
| Salaries, wages and benefits | - | - | 258,552 | 258,552 |
| Materials | 37,208 | 24,449 | 17,069 | 78,726 |
| Contracted services | (2,007) | 110 | 6,600 | 4,703 |
| Rents and financial expenses | 1,623 | 310 | 1,601 | 3,534 |
| Amortization | 120,600 | 2,819 | - | 123,419 |
| TOTAL EXPENSES | 157,424 | 27,688 | 283,822 | 468,934 |
| ANNUAL SURPLUS (DEFICIT) | \$ (75,507) | \$ 60,987 | \$ (62,319) | \$ (76,839) |

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

8. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million with respect to benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the organization does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2016 was \$16,057 (2015 \$17,783) for current service and is included as an expense on the Statement of Operations.