
**ARMOUR, RYERSON AND BURK'S FALLS
MEMORIAL ARENA AND COMMUNITY CENTRE**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

CONTENTS

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statements of Operations and Accumulated Surplus	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

Independent Auditor's Report

Grant Thornton LLP
Suite 200
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T (705) 472-6500
F (705) 472-7760
www.GrantThornton.ca

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 Armour, Ryerson and Burk's Falls Memorial Arena and Community Centre 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 Armour, Ryerson and Burk's Falls Memorial Arena and Community Centre 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

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Inventory held for resale	\$ 3,027	\$ 3,565
LIABILITIES		
Accounts payable and accrued liabilities	3,027	3,565
Tangible capital lease (Note 2)	5,390	6,597
Employee benefits payable (Note 3)	715	3,447
NET DEBT	(6,105)	(10,044)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 4)	1,341,144	1,393,046
ACCUMULATED SURPLUS (Note 5)	\$ 1,335,039	\$ 1,383,002

APPROVED ON BEHALF OF COUNCIL:

 Reeve

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 <i>(see Note 6)</i>	Actual 2016	Actual 2015
REVENUE			
User fees	\$ 97,900	\$ 104,595	\$ 97,650
Municipal contributions - Armour	96,363	97,739	101,196
Municipal contributions - Burk's Falls	48,182	48,869	50,598
Municipal contributions - Ryerson	48,182	48,869	50,598
Trillium Foundation grant	-	-	39,900
Other	22,099	18,270	28,260
Loss on disposal of capital assets	-	(71)	(3,510)
TOTAL REVENUE	312,726	318,271	364,692
EXPENSES			
Salaries and wages	157,700	149,181	165,404
Long-term debt charges (interest)	-	161	61
Materials and supplies	125,650	135,294	134,382
Contracted services	13,550	15,590	15,064
Rents and financial expenses	-	3,351	-
Amortization	62,700	62,657	60,923
TOTAL EXPENSES	359,600	366,234	375,834
ANNUAL DEFICIT <i>(Note 5)</i>	(46,874)	(47,963)	(11,142)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,383,002	1,383,002	1,394,144
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,336,128	\$ 1,335,039	\$ 1,383,002

The accompanying notes are an integral part of these financial statements

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 <i>(see Note 6)</i>	Actual 2016	Actual 2015
Annual deficit	\$ (46,874)	\$ (47,963)	\$ (11,142)
Acquisition of tangible capital assets	(15,826)	(10,826)	(61,023)
Amortization of tangible capital assets	62,700	62,657	60,923
Loss on disposal of tangible capital assets	-	71	3,510
Decrease (increase) in net debt	-	3,939	(7,732)
Net debt, beginning of year	(10,044)	(10,044)	(2,312)
Net debt, end of year	\$ (10,044)	\$ (6,105)	\$ (10,044)

The accompanying notes are an integral part of these financial statements

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating transactions		
Annual deficit	\$ (47,963)	\$ (11,142)
Non-cash charges to operations:		
Amortization	62,657	60,923
Loss on disposal of tangible capital assets	71	3,510
Change in employee benefits payable	(2,732)	1,135
Changes in non-cash items:		
Inventory held for resale	538	1,346
Accounts payable and accrued liabilities	(538)	(1,346)
Cash provided by operating transactions	12,033	54,426
Capital transactions		
Acquisition of tangible capital assets	(10,826)	(54,031)
Cash applied to capital transactions	(10,826)	(54,031)
Financing transactions		
Tangible capital lease repayments	(1,207)	(395)
Cash applied to financing transactions	(1,207)	(395)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Cash flow supplementary information:		
Interest paid	\$ 161	\$ 61
Non-cash capital and financing transactions:		
Capital lease	\$ -	\$ 6,992

The accompanying notes are an integral part of these financial statements

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2016

The Armour, Ryerson and Burk's Falls Memorial Arena and Community Centre (the "organization") is a joint board of the Municipal Corporation of the Township of Armour, the Corporation of the Village of Burk's Falls and the Corporation of the Township of Ryerson, who contribute towards the organization in the following proportions: Armour 50%; Burk's Falls 25%; Ryerson 25% (2015 Armour 50%; Burk's Falls 25%; 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) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

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

Land improvements - 20 years
Buildings - 10 to 40 years
Machinery, equipment and furniture - 10 to 20 years
Vehicles - 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.

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

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

- (iii) 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.
- (iv) Pensions and employee benefits
The organization accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (v) 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 employee benefits payable. Actual results could differ from these estimates.

2. TANGIBLE CAPITAL LEASES

The organization leases telephone equipment, which is accounted for on the Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2016	2015
2016	\$ -	\$ 1,368
2017	1,368	1,368
2018	1,368	1,368
2019	1,368	1,368
2020	1,368	1,368
2021	228	228
Total minimum lease payments	5,700	7,068
Less amount representing interest (2.66% incremental borrowing rate)	(310)	(471)
Present value of future minimum capital lease payments	\$ 5,390	\$ 6,597

Interest of \$161 (2015 \$61) relating to capital lease obligations has been reported on the Statement of Operations.

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate at a rate of 1/2 day per month to a maximum of 18 days and employees are entitled to a cash payment equal to 1/2 of their banked time when they leave the organization'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 \$715 (2015 \$3,447) at the end of the year.

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

4. **TANGIBLE CAPITAL ASSETS**

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

2016					
	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	TOTAL
COST					
Balance, beginning of year	\$ 135,369	\$ 1,951,692	\$ 112,245	\$ 107,641	\$ 2,306,947
Additions and betterments	-	-	10,826	-	10,826
Disposals and writedowns	-	(2,847)	-	-	(2,847)
BALANCE, END OF YEAR	135,369	1,948,845	123,071	107,641	2,314,926
ACCUMULATED AMORTIZATION					
Balance, beginning of year	15,455	781,104	61,777	55,565	913,901
Annual amortization	1,098	51,909	5,793	3,857	62,657
Amortization disposals	-	(2,776)	-	-	(2,776)
BALANCE, END OF YEAR	16,553	830,237	67,570	59,422	973,782
TANGIBLE CAPITAL ASSETS-NET	\$ 118,816	\$ 1,118,608	\$ 55,501	\$ 48,219	\$ 1,341,144

2015					
	Land and Land Improvements	Buildings	Machinery, Equipment and Furniture	Vehicles	TOTAL
COST					
Balance, beginning of year	\$ 135,369	\$ 1,911,544	\$ 105,995	\$ 107,641	\$ 2,260,549
Additions and betterments	-	54,773	6,250	-	61,023
Disposals and writedowns	-	(14,625)	-	-	(14,625)
BALANCE, END OF YEAR	135,369	1,951,692	112,245	107,641	2,306,947
ACCUMULATED AMORTIZATION					
Balance, beginning of year	14,356	741,462	56,567	51,708	864,093
Annual amortization	1,099	50,757	5,210	3,857	60,923
Amortization disposals	-	(11,115)	-	-	(11,115)
BALANCE, END OF YEAR	15,455	781,104	61,777	55,565	913,901
TANGIBLE CAPITAL ASSETS-NET	\$ 119,914	\$ 1,170,588	\$ 50,468	\$ 52,076	\$ 1,393,046

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

5. ACCUMULATED SURPLUS

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

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Tangible capital assets	\$ 1,393,046	\$ (51,902)	\$ 1,341,144
Unfunded amounts			
Employee benefits	(3,447)	2,732	(715)
Tangible capital lease	(6,597)	1,207	(5,390)
	\$ 1,383,002	\$ (47,963)	\$ 1,335,039

6. 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	15,826
Amortization of tangible capital assets	(62,700)
ANNUAL DEFICIT	\$ (46,874)

7. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. Supplementary expenses by object information has been omitted as it would not provide additional information not readily determinable from the financial information provided on the Statement of Operations.

ARMOUR, RYERSON AND BURK'S FALLS MEMORIAL ARENA AND COMMUNITY CENTRE

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 \$8,475 (2015 \$8,436) for current service and is included as an expense on the Statement of Operations.