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**BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

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# 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, 2013 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, 2013, 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  
June 4, 2014

Chartered Accountants  
Licensed Public Accountants

**BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Long-term receivable	\$ 1,569	\$ 6,279
	<b>1,569</b>	<b>6,279</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,305	765
Tangible capital lease <i>(Note 3)</i>	15,643	61,265
Employee benefits payable <i>(Note 4)</i>	1,524	1,685
Landfill closure and post-closure liability <i>(Note 5)</i>	475,644	447,969
	<b>494,116</b>	<b>511,684</b>
<b>NET DEBT</b>	<b>(492,547)</b>	<b>(505,405)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 6)</i>	332,837	375,360
Inventories of supplies	1,305	766
	<b>334,142</b>	<b>376,126</b>
<b>ACCUMULATED DEFICIT <i>(Note 7)</i></b>	<b>\$ (158,405)</b>	<b>\$ (129,279)</b>

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Reeve

**BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE**  
**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget 2013 <i>(see Note 8)</i>	Actual 2013	Actual 2012
<b>REVENUE</b>			
Municipal contributions - Armour	\$ 149,224	\$ 111,780	\$ 127,962
- Burk's Falls	87,588	65,610	87,247
- Ryerson	87,588	65,610	75,614
Other government transfers	40,500	63,813	42,729
User charges	20,000	32,502	55,143
Other	15,350	27,799	29,661
Writedown of landfill closure and post-closure liability	-	-	73,926
Loss on disposal of tangible capital assets	-	-	(618)
<b>TOTAL REVENUE</b>	<b>400,250</b>	<b>367,114</b>	<b>491,664</b>
<b>EXPENSES</b>			
Salaries, wages and benefits	235,000	212,002	216,087
Long-term debt charges (interest)	1,730	1,726	3,616
Materials and supplies	65,140	61,139	70,965
Contracted services	40,020	38,849	28,304
Rents and financial expenses <i>(Note 9)</i>	1,440	1,440	2,714
Amortization	81,100	81,084	51,535
<b>TOTAL EXPENSES</b>	<b>424,430</b>	<b>396,240</b>	<b>373,221</b>
<b>ANNUAL SURPLUS (DEFICIT) <i>(Note 7)</i></b>	<b>(24,180)</b>	<b>(29,126)</b>	<b>118,443</b>
<b>ACCUMULATED DEFICIT, BEGINNING OF YEAR</b>	<b>(129,279)</b>	<b>(129,279)</b>	<b>(247,722)</b>
<b>ACCUMULATED DEFICIT, END OF YEAR</b>	<b>\$ (153,459)</b>	<b>\$ (158,405)</b>	<b>\$ (129,279)</b>

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, 2013**

	Budget 2013 <i>(see Note 8)</i>	Actual 2013	Actual 2012
Annual surplus (deficit)	\$ (24,180)	\$ (29,126)	\$ 118,443
Acquisition of tangible capital assets	(16,000)	(38,561)	(60,011)
Amortization of tangible capital assets	81,100	81,084	51,535
Loss on disposal of tangible capital assets	-	-	618
Proceeds from disposal of tangible capital assets	-	-	1,812
Change in supplies inventories	-	(539)	55
<b>Decrease in net debt</b>	<b>40,920</b>	<b>12,858</b>	<b>112,452</b>
<b>Net debt, beginning of year</b>	<b>(505,405)</b>	<b>(505,405)</b>	<b>(617,857)</b>
<b>Net debt, end of year</b>	<b>\$ (464,485)</b>	<b>\$ (492,547)</b>	<b>\$ (505,405)</b>

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, 2013**

	2013	2012
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (29,126)	\$ 118,443
Non-cash charges to operations:		
Amortization	81,084	51,535
Loss on disposal of tangible capital assets	-	618
Change in employee benefits payable	(161)	551
Change in landfill closure and post-closure liability	27,675	(73,926)
	79,472	97,221
Changes in non-cash items:		
Long-term receivable	4,710	4,710
Accounts payable and accrued liabilities	540	(56)
Inventories of supplies	(539)	55
	4,711	4,709
<b>Cash provided by operating transactions</b>	<b>84,183</b>	<b>101,930</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(38,561)	(60,011)
Proceeds from disposal of tangible capital assets	-	1,812
<b>Cash applied to capital transactions</b>	<b>(38,561)</b>	<b>(58,199)</b>
<b>Financing transactions</b>		
Decrease in tangible capital lease	(45,622)	(43,731)
<b>Cash applied to financing transactions</b>	<b>(45,622)</b>	<b>(43,731)</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements



## BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

### NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2013

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The Burk's Falls, Armour and Ryerson TRI R Committee is a joint committee of the Corporation of the Village of Burk's Falls, the 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 - 27%; Armour - 46%; Ryerson - 27% (2012 Burk's Falls - 30%; Armour - 44%; Ryerson - 26%).

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burk's Falls, Armour and Ryerson TRI R Committee (the "organization") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the organization are as follows:

##### Basis of Accounting

##### (i) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

##### (ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances 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.

##### (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.

**BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2013(iv) Government transfers

Government transfers are recognized in the financial statements as revenues 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 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.

(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 revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the organization may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2013 the organization adopted Public Sector Accounting Standards section 3410 "Government Transfers". This new standard replaces the existing Section 3410 of the same name and establishes guidance on the recognition, presentation and disclosure of government transfers from the perspective of both transferring governments and recipient governments. The organization has adopted this new standard prospectively.

3. TANGIBLE CAPITAL LEASE

The organization leases landfill equipment, for which the liability 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:

	2013	2012
2013	\$ -	\$ 47,348
2014	15,781	15,781
Total minimum lease payments	15,781	63,129
Less amount representing interest (4.829% per terms of contract)	(138)	(1,864)
<b>Present value of future minimum capital lease payments</b>	<b>\$ 15,643</b>	<b>\$ 61,265</b>

Interest of \$1,726 (2012 \$3,616) relating to capital lease obligations has been reported on the Statement of Operations.

**BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2013

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4. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate without limit at a rate of 1/2 day per month and employees may become entitled to a cash payment of 1/2 of their banked days, to a maximum of 20 days, 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 3% per annum. The liability for these accumulated days amounted to \$1,524 (2012 \$1,685) at the end of the year.

5. 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 is currently 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.

The liability for the landfill site is recorded at \$475,644 (2012 \$447,969) and represents the present value of closure and post-closure costs for 100% of the closed site area and 38% of the open site area, using an estimated long-term borrowing rate of 4.8% (2012 4.8%) and inflation rate of 1.7% (2012 1.8%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$572,108 (2012 \$577,386), leaving an amount to be recognized of \$96,464 (2012 \$129,417). The estimated remaining capacity of the site is approximately 6,200 cubic metres, estimated to be filled in 2.6 years. 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, 2013

6. 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.

<b>2013</b>						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
<b>COST</b>						
Balance, beginning of year	\$ 381,740	\$ 26,441	\$ 301,619	\$ -	\$ 709,800	
Additions and betterments	38,561	-	-	-	38,561	
<b>BALANCE, END OF YEAR</b>	<b>420,301</b>	<b>26,441</b>	<b>301,619</b>	<b>-</b>	<b>748,361</b>	
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	256,642	4,754	73,044	-	334,440	
Annual amortization	66,966	661	13,457	-	81,084	
<b>BALANCE, END OF YEAR</b>	<b>323,608</b>	<b>5,415</b>	<b>86,501</b>	<b>-</b>	<b>415,524</b>	
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 96,693</b>	<b>\$ 21,026</b>	<b>\$ 215,118</b>	<b>\$ -</b>	<b>\$ 332,837</b>	

<b>2012</b>						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	TOTAL	
<b>COST</b>						
Balance, beginning of year	\$ 265,160	\$ 26,441	\$ 290,600	\$ 106,085	\$ 688,286	
Additions and betterments	32,792	-	27,219	-	60,011	
Disposals and writedowns	(22,297)	-	(16,200)	-	(38,497)	
Transfer between classes	106,085	-	-	(106,085)	-	
<b>BALANCE, END OF YEAR</b>	<b>381,740</b>	<b>26,441</b>	<b>301,619</b>	<b>-</b>	<b>709,800</b>	
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	241,245	4,093	73,634	-	318,972	
Annual amortization	37,694	661	13,180	-	51,535	
Amortization disposals	(22,297)	-	(13,770)	-	(36,067)	
<b>BALANCE, END OF YEAR</b>	<b>256,642</b>	<b>4,754</b>	<b>73,044</b>	<b>-</b>	<b>334,440</b>	
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 125,098</b>	<b>\$ 21,687</b>	<b>\$ 228,575</b>	<b>\$ -</b>	<b>\$ 375,360</b>	

**BURK'S FALLS, ARMOUR AND RYERSON TOWNSHIPS COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 20137. ACCUMULATED DEFICIT

The 2013 continuity of accumulated deficit reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Tangible capital assets	\$ 375,360	\$ (42,523)	\$ 332,837
Unfunded amounts:			
Landfill closure and post-closure costs	(447,969)	(27,675)	(475,644)
Tangible capital leases	(54,985)	40,911	(14,074)
Employee benefits	(1,685)	161	(1,524)
	<b>\$ (129,279)</b>	<b>\$ (29,126)</b>	<b>\$ (158,405)</b>

8. BUDGET FIGURES

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

	Budget
<b>ADOPTED BUDGET:</b>	
Change in general operating surplus	\$ -
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	16,000
Amortization of tangible capital assets	(81,100)
Decrease in tangible capital leases	40,920
<b>ANNUAL DEFICIT</b>	<b>\$ (24,180)</b>

9. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization rents office space from the Township of Armour at an annual cost of \$1,440 (2012 \$1,440). 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 COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 201310. 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, 2013

	Waste Disposal	Recycling	Unallocated Amounts	Total
<b>REVENUE</b>				
Municipal contributions -				
Armour	\$ 34,244	\$ -	\$ 77,536	\$ 111,780
Burk's Falls	20,100	-	45,510	65,610
Ryerson	20,100	-	45,510	65,610
Other Government transfers -				
Ontario	-	63,149	664	63,813
User charges	32,502	-	-	32,502
Other	-	27,799	-	27,799
<b>TOTAL REVENUE</b>	<b>106,946</b>	<b>90,948</b>	<b>169,220</b>	<b>367,114</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	-	-	212,002	212,002
Long-term debt charges (interest)	1,726	-	-	1,726
Materials	30,630	23,124	7,385	61,139
Contracted services	22,792	8,436	7,621	38,849
Rents and financial expenses	-	-	1,440	1,440
Amortization	76,462	4,622	-	81,084
<b>TOTAL EXPENSES</b>	<b>131,610</b>	<b>36,182</b>	<b>228,448</b>	<b>396,240</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (24,664)</b>	<b>\$ 54,766</b>	<b>\$ (59,228)</b>	<b>\$ (29,126)</b>

FOR THE YEAR ENDED DECEMBER 31, 2012

	Waste Disposal	Recycling	Unallocated Amounts	Total
<b>REVENUE</b>				
Municipal contributions -				
Armour	\$ 27,449	\$ 123	\$ 100,390	\$ 127,962
Burk's Falls	18,715	84	68,448	87,247
Ryerson	16,220	72	59,322	75,614
Other Government transfers -				
Ontario	-	41,253	1,476	42,729
User charges	55,143	-	-	55,143
Loss on disposal of capital assets	-	(618)	-	(618)
Writedown of landfill closure and post-closure liability	73,926	-	-	73,926
Other	-	29,661	-	29,661
<b>TOTAL REVENUE</b>	<b>191,453</b>	<b>70,575</b>	<b>229,636</b>	<b>491,664</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	-	-	216,087	216,087
Long-term debt charges (interest)	3,616	-	-	3,616
Materials	22,969	40,786	7,210	70,965
Contracted services	17,854	5,000	5,450	28,304
Rents and financial expenses	1,274	-	1,440	2,714
Amortization	47,188	4,347	-	51,535
<b>TOTAL EXPENSES</b>	<b>92,901</b>	<b>50,133</b>	<b>230,187</b>	<b>373,221</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 98,552</b>	<b>\$ 20,442</b>	<b>\$ (551)</b>	<b>\$ 118,443</b>

**BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE**

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

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11. 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.

The amount contributed to OMERS for 2013 was \$13,245 (2012 \$13,324) for current service and is included as an expense on the Statement of Operations.

12. COMPARATIVE FIGURES

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