
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 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, 2015, 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 24, 2016

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Accounts receivable	\$ 15,303	\$ 9,373
	15,303	9,373
LIABILITIES		
Accounts payable and accrued liabilities	16,325	10,602
Employee benefits payable <i>(Note 3)</i>	-	1,486
Landfill closure and post-closure liability <i>(Note 4)</i>	679,771	650,145
	696,096	662,233
NET DEBT	(680,793)	(652,860)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 5)</i>	302,463	351,162
Inventories of supplies	1,022	1,229
	303,485	352,391
ACCUMULATED DEFICIT <i>(Note 6)</i>	\$ (377,308)	\$ (300,469)

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, 2015

	Budget 2015 <i>(see Note 7)</i>	Actual 2015	Actual 2014
REVENUE			
Municipal contributions - Armour	\$ 138,124	\$ 139,752	\$ 123,222
- Burk's Falls	69,063	69,876	72,326
- Ryerson	69,063	69,876	72,326
Other government transfers	52,000	60,844	58,854
User charges	30,000	23,916	44,572
Other	20,350	27,831	28,141
Loss on disposal of tangible capital assets	-	-	(8,693)
TOTAL REVENUE	378,600	392,095	390,748
EXPENSES			
Salaries, wages and benefits	248,000	258,552	225,176
Long-term debt charges (interest)	-	-	139
Materials and supplies	74,300	78,726	61,736
Contracted services	33,200	4,703	168,303
Rents and financial expenses <i>(Note 8)</i>	3,100	3,534	1,440
Amortization	123,400	123,419	76,018
TOTAL EXPENSES	482,000	468,934	532,812
ANNUAL DEFICIT <i>(Note 6)</i>	(103,400)	(76,839)	(142,064)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(300,469)	(300,469)	(158,405)
ACCUMULATED DEFICIT, END OF YEAR	\$ (403,869)	\$ (377,308)	\$ (300,469)

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, 2015

	Budget 2015 <i>(see Note 7)</i>	Actual 2015	Actual 2014
Annual deficit	\$ (103,400)	\$ (76,839)	\$ (142,064)
Acquisition of tangible capital assets	(20,000)	(74,720)	(125,519)
Amortization of tangible capital assets	123,400	123,419	76,018
Loss on disposal of tangible capital assets	-	-	8,693
Proceeds from disposal of tangible capital assets	-	-	22,483
Change in supplies inventories	-	207	76
Increase in net debt	-	(27,933)	(160,313)
Net debt, beginning of year	(652,860)	(652,860)	(492,547)
Net debt, end of year	\$ (652,860)	\$ (680,793)	\$ (652,860)

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRIM COMMITTEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Operating transactions		
Annual deficit	\$ (76,839)	\$ (142,064)
Non-cash charges to operations:		
Amortization	123,419	76,018
Loss on disposal of tangible capital assets	-	8,693
Change in employee benefits payable	(1,486)	(38)
Change in landfill closure and post-closure liability	29,626	174,501
	<u>74,720</u>	<u>117,110</u>
Changes in non-cash items:		
Accounts receivable	(5,930)	(2,848)
Long-term receivable	-	1,569
Accounts payable and accrued liabilities	5,723	2,772
Inventories of supplies	207	76
	<u>-</u>	<u>1,569</u>
Cash provided by operating transactions	<u>74,720</u>	<u>118,679</u>
Capital transactions		
Acquisition of tangible capital assets	(74,720)	(125,519)
Proceeds from disposal of tangible capital assets	-	22,483
Cash applied to capital transactions	<u>(74,720)</u>	<u>(103,036)</u>
Financing transactions		
Decrease in tangible capital lease	-	(15,643)
Cash applied to financing transactions	<u>-</u>	<u>(15,643)</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
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, 2015

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 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% (2014 Burk's Falls - 27%; Armour - 46%; Ryerson - 27%).

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, 2015

(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 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.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

(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.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2015 the organization adopted Public Sector Accounting Standards section 3260 "Liability for contaminated sites". This new standard establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with remediation of contaminated sites. The organization's adoption of this new standard has not resulted in any significant changes in liability recognition.

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, employees may become entitled to a cash payment for accumulated unused sick leave. Effective January 1, 2016, employees cannot carry forward unused sick leave to a subsequent year. Employee entitlements at December 31, 2015 are included in accounts payable and accrued liabilities on the Statement of Financial Position. The unfunded liability for these accumulated days amounted to NIL (2014 \$1,486) at the end of the year.

4. 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 \$679,771 (2014 \$650,145) and represents the present value of closure and post-closure costs for 100% of the closed site area and 80% of the open site area, using an estimated long-term borrowing rate of 1.64% (2014 1.41%) and inflation rate of 1.6% (2014 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$721,224 (2014 \$755,300), leaving an amount to be recognized of \$41,453 (2014 \$105,155). The estimated remaining capacity of the site is approximately 2,000 cubic metres, estimated to be filled in 2016. 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, 2015

5. 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.

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

2014				
	Land and Land Improvements	Buildings	Machinery and Equipment	TOTAL
COST				
Balance, beginning of year	\$ 420,301	\$ 26,441	\$ 301,619	\$ 748,361
Additions and betterments	46,671	4,375	74,473	125,519
Disposals and writedowns	-	(3,190)	(36,678)	(39,868)
BALANCE, END OF YEAR	466,972	27,626	339,414	834,012
ACCUMULATED AMORTIZATION				
Balance, beginning of year	323,608	5,415	86,501	415,524
Annual amortization	60,941	676	14,401	76,018
Amortization disposals	-	(1,356)	(7,336)	(8,692)
BALANCE, END OF YEAR	384,549	4,735	93,566	482,850
TANGIBLE CAPITAL ASSETS-NET	\$ 82,423	\$ 22,891	\$ 245,848	\$ 351,162

BURK'S FALLS, ARMOUR AND RYERSON TOWNSHIPSNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20156. ACCUMULATED DEFICIT

The 2015 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	\$ 351,162	\$ (48,699)	\$ 302,463
Unfunded amounts:			
Landfill closure and post-closure costs	(650,145)	(29,626)	(679,771)
Employee benefits	(1,486)	1,486	-
	\$ (300,469)	\$ (76,839)	\$ (377,308)

7. 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	20,000
Amortization of tangible capital assets	(123,400)
ANNUAL DEFICIT	\$ (103,400)

8. 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 (2014 \$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, 2015

9. 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, 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)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
Municipal contributions -				
Armour	\$ 8,136	\$ 2,118	\$ 112,968	\$ 123,222
Burk's Falls	4,776	1,243	66,307	72,326
Ryerson	4,776	1,243	66,307	72,326
Other Government transfers -				
Ontario	-	58,854	-	58,854
User charges	44,572	-	-	44,572
Loss on disposal of capital assets	-	(8,693)	-	(8,693)
Other	-	28,141	-	28,141
TOTAL REVENUE	62,260	82,906	245,582	390,748
EXPENSES				
Salaries, wages and benefits	-	-	225,176	225,176
Long-term debt charges (interest)	139	-	-	139
Materials	25,450	25,036	11,250	61,736
Contracted services	150,427	10,196	7,680	168,303
Rents and financial expenses	-	-	1,440	1,440
Amortization	70,435	5,583	-	76,018
TOTAL EXPENSES	246,451	40,815	245,546	532,812
ANNUAL SURPLUS (DEFICIT)	\$ (184,191)	\$ 42,091	\$ 36	\$ (142,064)

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

10. 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 million with respect to benefits accrued for service with actuarial assets at that date of \$74,947 million indicating an actuarial deficit of \$6,977 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 2015 was \$17,783 (2014 \$15,291) for current service and is included as an expense on the Statement of Operations.

11. COMPARATIVE FIGURES

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