
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2018

BURK'S FALLS, ARMOUR AND RYERSON TRILLIUM COMMITTEE

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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Burk's Falls, Armour and Ryerson TRI R Committee

Opinion

We have audited the financial statements of the Burk's Falls, Armour and Ryerson TRI R Committee ("the Committee"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2018, and its results of operations, its changes in its net debt, 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 Financial Statements* section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the 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 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.

In preparing the financial statements, management is responsible for assessing the Committee'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 Committee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Committee'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 Committee'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 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 Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 28, 2019

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Accounts receivable	\$ 7,357	\$ 13,560
	7,357	13,560
LIABILITIES		
Accounts payable and accrued liabilities	13,964	14,598
Landfill closure and post-closure liability <i>(Note 2)</i>	271,969	265,876
	285,933	280,474
NET DEBT	(278,576)	(266,914)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 3)</i>	324,400	314,131
Inventories of supplies	6,607	1,038
	331,007	315,169
ACCUMULATED SURPLUS <i>(Note 4)</i>	\$ 52,431	\$ 48,255

APPROVED ON BEHALF OF COUNCIL:

_____ Reeve

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 5)</i>	Actual 2018	Actual 2017
REVENUE			
Municipal contributions - Armour	\$ 109,120	\$ 102,713	\$ 140,773
- Burk's Falls	44,604	39,721	70,387
- Ryerson	65,326	62,522	70,387
Other government transfers	82,000	84,084	92,778
User charges	30,000	65,167	27,912
Other	38,750	20,849	42,663
Writedown of landfill closure and post-closure liability	-	-	422,357
TOTAL REVENUE	369,800	375,056	867,257
EXPENSES			
Salaries, wages and benefits	200,000	204,656	232,875
Materials and supplies	78,600	59,558	75,444
Contracted services	67,900	70,852	69,761
Rents and financial expenses	3,300	4,235	1,800
Amortization	31,500	31,579	34,590
TOTAL EXPENSES	381,300	370,880	414,470
ANNUAL SURPLUS (DEFICIT) (Note 4)	(11,500)	4,176	452,787
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	48,255	48,255	(404,532)
ACCUMULATED SURPLUS, END OF YEAR	\$ 36,755	\$ 52,431	\$ 48,255

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, 2018

	Budget 2018 <i>(see Note 5)</i>	Actual 2018	Actual 2017
Annual surplus (deficit)	\$ (11,500)	\$ 4,176	\$ 452,787
Acquisition of tangible capital assets	(20,000)	(41,848)	(65,020)
Amortization of tangible capital assets	31,500	31,579	34,590
Change in supplies inventories	-	(5,569)	238
Decrease (increase) in net debt	-	(11,662)	422,595
Net debt, beginning of year	(266,914)	(266,914)	(689,509)
Net debt, end of year	\$ (266,914)	\$ (278,576)	\$ (266,914)

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRILLIUM COMMITTEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ 4,176	\$ 452,787
Non-cash charges to operations:		
Amortization	31,579	34,590
Change in landfill closure and post-closure liability	6,093	(422,357)
	41,848	65,020
Changes in non-cash items:		
Accounts receivable	6,203	(467)
Accounts payable and accrued liabilities	(634)	229
Inventories of supplies	(5,569)	238
Cash provided by operating transactions	41,848	65,020
Capital transactions		
Acquisition of tangible capital assets	(41,848)	(65,020)
Cash applied to capital transactions	(41,848)	(65,020)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

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, 2018

The Burk's Falls, Armour and Ryerson TRI R Committee (the "organization") is a joint committee of the Corporation of the Municipality 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 - 19.38%; Armour - 50.11%; Ryerson - 30.51% (2017 Burk's Falls - 25%; Armour - 50%; Ryerson - 25%).

Management Responsibility

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, 2018

(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, 2018

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.

In March 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 \$271,969 (2017 \$265,876) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 13% of the 27,700 cubic metre area, using an estimated long-term borrowing rate of 3.29% (2017 3.08%) and inflation rate of 1.6% (2017 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$439,275 (2017 \$445,664), leaving an amount to be recognized of \$167,306 (2017 \$179,788). The estimated remaining capacity of the approved site is 23,976 cubic metres (2017 25,516), estimated to be filled in 16 years. Post-closure care is estimated to be required for a period of 25 years.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20183. 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.

2018				
	Land and Land Improvements	Buildings	Machinery and Equipment	TOTAL
COST				
Balance, beginning of year	\$ 348,466	\$ 39,249	\$ 378,470	\$ 766,185
Additions and betterments	21,373	-	20,475	41,848
Disposals and writedowns	(538)	-	-	(538)
BALANCE, END OF YEAR	369,301	39,249	398,945	807,495
ACCUMULATED AMORTIZATION				
Balance, beginning of year	313,002	3,652	135,400	452,054
Annual amortization	11,674	981	18,924	31,579
Amortization disposals	(538)	-	-	(538)
BALANCE, END OF YEAR	324,138	4,633	154,324	483,095
TANGIBLE CAPITAL ASSETS-NET	\$ 45,163	\$ 34,616	\$ 244,621	\$ 324,400

2017				
	Land and Land Improvements	Buildings	Machinery and Equipment	TOTAL
COST				
Balance, beginning of year	\$ 582,384	\$ 39,249	\$ 341,774	\$ 963,407
Additions and betterments	28,324	-	36,696	65,020
Disposals and writedowns	(262,242)	-	-	(262,242)
BALANCE, END OF YEAR	348,466	39,249	378,470	766,185
ACCUMULATED AMORTIZATION				
Balance, beginning of year	559,130	2,671	117,905	679,706
Annual amortization	16,114	981	17,495	34,590
Amortization disposals	(262,242)	-	-	(262,242)
BALANCE, END OF YEAR	313,002	3,652	135,400	452,054
TANGIBLE CAPITAL ASSETS-NET	\$ 35,464	\$ 35,597	\$ 243,070	\$ 314,131

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20184. ACCUMULATED SURPLUS

The 2018 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	\$ 314,131	\$ 10,269	\$ 324,400
Unfunded amounts:			
Landfill closure and post-closure costs	(265,876)	(6,093)	(271,969)
	\$ 48,255	\$ 4,176	\$ 52,431

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	20,000
Amortization of tangible capital assets	(31,500)
ANNUAL DEFICIT	\$ (11,500)

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

6. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the organization's related party transactions with its contributing municipalities during the year:

	2018		2017
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Municipal contributions			
Township of Armour	\$ 102,713	\$	140,773
Village of Burk's Falls	39,721		70,387
Township of Ryerson	62,522		70,387
Expenses			
Township of Armour			
Payment in lieu of taxes	3,615		3,608
Office rent	1,800		1,800

At the end of the year, amounts due from contributing municipalities are as follows:

Township of Armour	7,357	13,560
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The amounts due from contributing municipalities are reported in accounts receivable. These amounts are non-interest bearing, with no specific terms of repayment.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

7. 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, payments in lieu of taxes and the municipal contributions available to pay for these items.

FOR THE YEAR ENDED DECEMBER 31, 2018

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
Municipal contributions -				
Armour	\$ 12,065	\$ -	\$ 90,648	\$ 102,713
Burk's Falls	4,666	-	35,055	39,721
Ryerson	7,344	-	55,178	62,522
Other Government transfers -				
Ontario	-	84,084	-	84,084
User charges	65,167	-	-	65,167
Other	-	20,849	-	20,849
TOTAL REVENUE	89,242	104,933	180,881	375,056
EXPENSES				
Salaries, wages and benefits	-	-	204,656	204,656
Materials	19,682	30,278	9,598	59,558
Contracted services	31,370	31,250	8,232	70,852
Rents and financial expenses	2,435	-	1,800	4,235
Amortization	26,239	5,340	-	31,579
TOTAL EXPENSES	79,726	66,868	224,286	370,880
ANNUAL SURPLUS (DEFICIT)	\$ 9,516	\$ 38,065	\$ (43,405)	\$ 4,176

FOR THE YEAR ENDED DECEMBER 31, 2017

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
Municipal contributions -				
Armour	\$ 27,792	\$ -	\$ 112,981	\$ 140,773
Burk's Falls	13,896	-	56,491	70,387
Ryerson	13,896	-	56,491	70,387
Other Government transfers -				
Ontario	-	92,778	-	92,778
User charges	27,912	-	-	27,912
Writedown of landfill closure and post-closure liability	422,357	-	-	422,357
Other	-	42,663	-	42,663
TOTAL REVENUE	505,853	135,441	225,963	867,257
EXPENSES				
Salaries, wages and benefits	-	-	232,875	232,875
Materials	37,921	27,730	9,793	75,444
Contracted services	25,181	36,466	8,114	69,761
Rents and financial expenses	-	-	1,800	1,800
Amortization	30,365	4,225	-	34,590
TOTAL EXPENSES	93,467	68,421	252,582	414,470
ANNUAL SURPLUS (DEFICIT)	\$ 412,386	\$ 67,020	\$ (26,619)	\$ 452,787

BURK'S FALLS, ARMOUR AND RYERSON TRIR COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million with respect to benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 was \$10,953 (2017 \$14,461) for current service and is included as an expense on the Statement of Operations.