
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017 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, 2017, 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 22, 2018

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Accounts receivable	\$ 13,560	\$ 13,093
	13,560	13,093
LIABILITIES		
Accounts payable and accrued liabilities	14,598	14,369
Landfill closure and post-closure liability <i>(Note 2)</i>	265,876	688,233
	280,474	702,602
NET DEBT	(266,914)	(689,509)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 3)</i>	314,131	283,701
Inventories of supplies	1,038	1,276
	315,169	284,977
ACCUMULATED SURPLUS (DEFICIT) <i>(Note 4)</i>	\$ 48,255	\$ (404,532)

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, 2017

	Budget 2017 <i>(see Note 5)</i>	Actual 2017	Actual 2016
REVENUE			
Municipal contributions - Armour	\$ 133,524	\$ 140,773	\$ 178,975
- Burk's Falls	66,763	70,387	89,487
- Ryerson	66,763	70,387	89,487
Other government transfers	67,000	92,778	68,710
User charges	20,000	27,912	24,978
Other	25,250	42,663	27,092
Writedown of landfill closure and post-closure liability <i>(Note 2)</i>	-	422,357	-
Loss on disposal of tangible capital assets	-	-	(16,908)
TOTAL REVENUE	379,300	867,257	461,821
EXPENSES			
Salaries, wages and benefits	235,000	232,875	267,419
Materials and supplies	85,700	75,444	52,875
Contracted services	51,800	69,761	82,398
Rents and financial expenses <i>(Note 6)</i>	1,800	1,800	2,357
Amortization	34,600	34,590	83,996
TOTAL EXPENSES	408,900	414,470	489,045
ANNUAL SURPLUS (DEFICIT) <i>(Note 4)</i>	(29,600)	452,787	(27,224)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(404,532)	(404,532)	(377,308)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ (434,132)	\$ 48,255	\$ (404,532)

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, 2017

	Budget 2017 <i>(see Note 5)</i>	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ (29,600)	\$ 452,787	\$ (27,224)
Acquisition of tangible capital assets	(5,000)	(65,020)	(82,142)
Amortization of tangible capital assets	34,600	34,590	83,996
Loss on disposal of tangible capital assets	-	-	16,908
Change in supplies inventories	-	238	(254)
Decrease (increase) in net debt	-	422,595	(8,716)
Net debt, beginning of year	(689,509)	(689,509)	(680,793)
Net debt, end of year	\$ (689,509)	\$ (266,914)	\$ (689,509)

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, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 452,787	\$ (27,224)
Non-cash charges to operations:		
Amortization	34,590	83,996
Loss on disposal of tangible capital assets	-	16,908
Change in landfill closure and post-closure liability	(422,357)	8,462
	65,020	82,142
Changes in non-cash items:		
Accounts receivable	(467)	2,210
Accounts payable and accrued liabilities	229	(1,956)
Inventories of supplies	238	(254)
Cash provided by operating transactions	65,020	82,142
Capital transactions		
Acquisition of tangible capital assets	(65,020)	(82,142)
Cash applied to capital transactions	(65,020)	(82,142)
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, 2017

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 - 25%; Armour - 50%; Ryerson - 25% (2016 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, 2017

(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, 2017

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 \$265,876 (2016 \$688,233) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 8% of the newly-approved 27,700 cubic metre area, using an estimated long-term borrowing rate of 3.08% (2016 2.02%) and inflation rate of 1.6% (2016 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$445,664 (2016 \$688,233), leaving an amount to be recognized of \$179,788 (2016 NIL). The estimated remaining capacity of the approved site is 25,516 cubic metres (2016 NIL), estimated to be filled in 17 years. Post-closure care is estimated to be required for a period of 25 years.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. As a result of the approval of additional site capacity in the year, and changes made in the underlying factors, the estimated liability has been reduced by \$422,357 in the year.

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

Year Ended December 31, 2017

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.

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

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

BURK'S FALLS, ARMOUR AND RYERSON TOWNSHIPS COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20174. ACCUMULATED SURPLUS (DEFICIT)

The 2017 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus	Balance End of Year
Tangible capital assets	\$ 283,701	\$ 30,430	\$ 314,131
Unfunded amounts:			
Landfill closure and post-closure costs	(688,233)	422,357	(265,876)
	\$ (404,532)	\$ 452,787	\$ 48,255

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	5,000
Amortization of tangible capital assets	(34,600)
ANNUAL DEFICIT	\$ (29,600)

6. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization rents office space from the Township of Armour at an annual cost of \$1,800 (2016 \$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 COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

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, 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

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)

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million with respect to benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 was \$14,461 (2016 \$16,057) for current service and is included as an expense on the Statement of Operations.