
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014 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, 2014, 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 9, 2015

Chartered Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Long-term receivable	\$ -	\$ 1,569
	-	1,569
LIABILITIES		
Accounts payable and accrued liabilities	1,229	1,305
Tangible capital lease <i>(Note 2)</i>	-	15,643
Employee benefits payable <i>(Note 3)</i>	1,486	1,524
Landfill closure and post-closure liability <i>(Note 4)</i>	650,145	475,644
	652,860	494,116
NET DEBT	(652,860)	(492,547)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 5)</i>	351,162	332,837
Inventories of supplies	1,229	1,305
	352,391	334,142
ACCUMULATED DEFICIT <i>(Note 6)</i>	\$ (300,469)	\$ (158,405)

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, 2014

	Budget 2014 <i>(see Note 7)</i>	Actual 2014	Actual 2013
REVENUE			
Municipal contributions - Armour	\$ 142,169	\$ 123,222	\$ 111,780
- Burk's Falls	83,448	72,326	65,610
- Ryerson	83,448	72,326	65,610
Other government transfers	50,000	58,854	63,813
User charges	30,000	44,572	32,502
Other	15,350	28,141	27,799
Loss on disposal of tangible capital assets	-	(8,693)	-
TOTAL REVENUE	404,415	390,748	367,114
EXPENSES			
Salaries, wages and benefits	225,000	225,176	212,002
Long-term debt charges (interest)	140	139	1,726
Materials and supplies	68,760	61,736	61,139
Contracted services	35,000	168,303	38,849
Rents and financial expenses <i>(Note 8)</i>	1,440	1,440	1,440
Amortization	76,000	76,018	81,084
TOTAL EXPENSES	406,340	532,812	396,240
ANNUAL DEFICIT <i>(Note 6)</i>	(1,925)	(142,064)	(29,126)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(158,405)	(158,405)	(129,279)
ACCUMULATED DEFICIT, END OF YEAR	\$ (160,330)	\$ (300,469)	\$ (158,405)

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, 2014

	Budget 2014 <i>(see Note 7)</i>	Actual 2014	Actual 2013
Annual deficit	\$ (1,925)	\$ (142,064)	\$ (29,126)
Acquisition of tangible capital assets	(70,000)	(125,519)	(38,561)
Amortization of tangible capital assets	76,000	76,018	81,084
Loss on disposal of tangible capital assets	-	8,693	-
Proceeds from disposal of tangible capital assets	10,000	22,483	-
Change in supplies inventories	-	76	(539)
(Increase) decrease in net debt	14,075	(160,313)	12,858
Net debt, beginning of year	(492,547)	(492,547)	(505,405)
Net debt, end of year	\$ (478,472)	\$ (652,860)	\$ (492,547)

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, 2014

	2014	2013
Operating transactions		
Annual deficit	\$ (142,064)	\$ (29,126)
Non-cash charges to operations:		
Amortization	76,018	81,084
Loss on disposal of tangible capital assets	8,693	-
Change in employee benefits payable	(38)	(161)
Change in landfill closure and post-closure liability	174,501	27,675
	117,110	79,472
Changes in non-cash items:		
Long-term receivable	1,569	4,710
Accounts payable and accrued liabilities	(76)	540
Inventories of supplies	76	(539)
	1,569	4,711
Cash provided by operating transactions	118,679	84,183
Capital transactions		
Acquisition of tangible capital assets	(125,519)	(38,561)
Proceeds from disposal of tangible capital assets	22,483	-
Cash applied to capital transactions	(103,036)	(38,561)
Financing transactions		
Decrease in tangible capital lease	(15,643)	(45,622)
Cash applied to financing transactions	(15,643)	(45,622)
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 COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS**
Year Ended December 31, 2014

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 - 27%; Armour - 46%; Ryerson - 27% (2013 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 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
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.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2014

(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 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.

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20142. TANGIBLE CAPITAL LEASE

During the year, the organization repaid a capital lease related to landfill equipment. Total charges for the year related to the capital lease are as follows:

	2014		2013	
Principal payments	\$	15,643	\$	45,622
Interest		139		1,726
	\$	15,782	\$	47,348

3. 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 \$1,486 (2013 \$1,524) 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 \$650,145 (2013 \$475,644) and represents the present value of closure and post-closure costs for 100% of the closed site area and 50% of the open site area, using an estimated long-term borrowing rate of 1.41% (2013 4.8%) and inflation rate of 1.7% (2013 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$755,300 (2013 \$572,108), leaving an amount to be recognized of \$105,155 (2013 \$96,464). The estimated remaining capacity of the site is approximately 5,000 cubic metres, estimated to be filled in 2.5 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 changes made in the underlying factors, the estimated liability has been increased by approximately \$138,832.

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

Year Ended December 31, 2014

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.

2014						
	Land and Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	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	

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

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEENOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20146. ACCUMULATED DEFICIT

The 2014 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	\$ 332,837	\$ 18,325	\$ 351,162
Unfunded amounts:			
Landfill closure and post-closure costs	(475,644)	(174,501)	(650,145)
Tangible capital leases	(14,074)	14,074	-
Employee benefits	(1,524)	38	(1,486)
	\$ (158,405)	\$ (142,064)	\$ (300,469)

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	\$ -
Proceeds from disposal of tangible capital assets	(10,000)
ADJUSTMENTS:	
Acquisition of tangible capital assets	70,000
Amortization of tangible capital assets	(76,000)
Decrease in tangible capital leases	14,075
ANNUAL DEFICIT	\$ (1,925)

8. MUNICIPAL TRANSACTIONS

During the normal course of operations, the organization rents office space from the Township of Armour at an annual cost of \$1,440 (2013 \$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, 2014

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, 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)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
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
TOTAL REVENUE	106,946	90,948	169,220	367,114
EXPENSES				
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
TOTAL EXPENSES	131,610	36,182	228,448	396,240
ANNUAL SURPLUS (DEFICIT)	\$ (24,664)	\$ 54,766	\$ (59,228)	\$ (29,126)

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million with respect to benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 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 2014 was \$15,291 (2013 \$13,245) for current service and is included as an expense on the Statement of Operations.