
BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

FINANCIAL STATEMENTS

DECEMBER 31, 2021

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

CONTENTS

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statements of Operations and Accumulated Deficit	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14

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, 2021, 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, 2021, 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.

Grant Thornton LLP

North Bay, Canada
October 25, 2022

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Accounts receivable	\$ 16,282	\$ 3,794
	16,282	3,794
LIABILITIES		
Accounts payable and accrued liabilities	19,805	8,269
Landfill closure and post-closure liability (Note 2)	443,711	489,916
	463,516	498,185
NET DEBT	(447,234)	(494,391)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 3)	309,012	322,274
Inventories of supplies	3,523	4,475
	312,535	326,749
ACCUMULATED DEFICIT (Note 4)	\$ (134,699)	\$ (167,642)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget 2021 (see Note 5)	Actual 2021	Actual 2020
REVENUE			
Municipal contributions - Township of Armour	\$ 116,339	\$ 83,449	\$ 87,805
- Township of Ryerson	70,668	50,896	53,335
- Village of Burk's Falls	36,488	27,381	27,539
Other government transfers	42,930	46,331	49,820
User charges	130,000	176,864	149,958
Other	8,750	44,482	10,840
Writedown of landfill closure and post-closure liability	-	46,205	-
TOTAL REVENUE	405,175	475,608	379,297
EXPENSES			
Salaries, wages and benefits	238,000	264,221	223,129
Materials and supplies	76,595	58,776	65,041
Contracted services	71,080	81,342	181,978
Rents and financial expenses	4,500	13,673	5,717
Amortization	24,700	24,653	62,861
TOTAL EXPENSES	414,875	442,665	538,726
ANNUAL SURLUS (DEFICIT) (Note 4)	(9,700)	32,943	(159,429)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(167,642)	(167,642)	(8,213)
ACCUMULATED DEFICIT, END OF YEAR	\$ (177,342)	\$ (134,699)	\$ (167,642)

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, 2021

	Budget 2021 (see Note 5)	Actual 2021	Actual 2020
Annual surplus (deficit)	\$ (9,700)	\$ 32,943	\$ (159,429)
Acquisition of tangible capital assets	(15,000)	(11,391)	(47,640)
Amortization of tangible capital assets	24,700	24,653	62,861
Change in supplies inventories	-	952	406
Decrease (increase) in net debt	-	47,157	(143,802)
Net debt, beginning of year	(494,391)	(494,391)	(350,589)
Net debt, end of year	\$ (494,391)	\$ (447,234)	\$ (494,391)

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, 2021

	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ 32,943	\$ (159,429)
Non-cash charges to operations:		
Amortization	24,653	62,861
Change in landfill closure and post-closure liability	(46,205)	144,208
	11,391	47,640
Changes in non-cash items:		
Accounts receivable	(12,488)	6,028
Accounts payable and accrued liabilities	11,536	(6,434)
Inventories of supplies	952	406
Cash provided by operating transactions	11,391	47,640
Capital transactions		
Acquisition of tangible capital assets	(11,391)	(47,640)
Cash applied to capital transactions	(11,391)	(47,640)
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, 2021

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 net expenditures of the organization in the following proportions: Burk's Falls - 16.93%; Armour - 51.60%; Ryerson - 31.47% (2020 Burk's Falls - 16.33%; Armour - 52.05%; Ryerson - 31.62%).

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 COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2021

(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 - 10 to 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 COMMITTEE**NOTES TO THE FINANCIAL STATEMENTS**Year Ended December 31, 2021

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 from 58,800 cubic metres by an additional 27,700 cubic metres was approved.

The liability for the landfill site is recorded at \$443,711 (2020 \$489,916) and represents the present value of closure and post-closure costs for 100% of the original approved site area and 44% of the 27,700 cubic metre area, using an estimated long-term borrowing rate of 2.28% (2020 1.32%) and inflation rate of 1.8% (2020 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$550,096 (2020 \$619,904), leaving an amount to be recognized of \$106,385 (2020 \$129,988). The estimated remaining capacity of the approved site is 15,554 cubic metres (2020 16,954), estimated to be filled in 11 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, 2021

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.

2021					
	Land and Land Improvements		Buildings	Machinery and Equipment	TOTAL
COST					
Balance, beginning of year	\$	428,708	\$ 39,249	\$ 408,704	\$ 876,661
Additions and betterments		11,391	-	-	11,391
BALANCE, END OF YEAR		440,099	39,249	408,704	888,052
ACCUMULATED AMORTIZATION					
Balance, beginning of year		378,183	6,596	169,608	554,387
Annual amortization		2,724	981	20,948	24,653
BALANCE, END OF YEAR		380,907	7,577	190,556	579,040
TANGIBLE CAPITAL ASSETS-NET	\$	59,192	\$ 31,672	\$ 218,148	\$ 309,012
2020					
	Land and Land Improvements		Buildings	Machinery and Equipment	TOTAL
COST					
Balance, beginning of year	\$	388,591	\$ 39,249	\$ 408,704	\$ 836,544
Additions and betterments		47,640	-	-	47,640
Disposals and writedowns		(7,523)	-	-	(7,523)
BALANCE, END OF YEAR		428,708	39,249	408,704	876,661
ACCUMULATED AMORTIZATION					
Balance, beginning of year		344,775	5,614	148,660	499,049
Annual amortization		40,931	982	20,948	62,861
Amortization disposals		(7,523)	-	-	(7,523)
BALANCE, END OF YEAR		378,183	6,596	169,608	554,387
TANGIBLE CAPITAL ASSETS-NET	\$	50,525	\$ 32,653	\$ 239,096	\$ 322,274

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

Year Ended December 31, 2021

4. ACCUMULATED DEFICIT

The 2021 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	\$ 322,274	\$ (13,262)	\$ 309,012
Unfunded amounts:			
Landfill closure and post-closure costs	(489,916)	46,205	(443,711)
	\$ (167,642)	\$ 32,943	\$ (134,699)

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	15,000
Amortization of tangible capital assets	(24,700)
ANNUAL DEFICIT	\$ (9,700)

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

Year Ended December 31, 2021

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:

	2021	2020
Municipal contributions		
Township of Armour	\$ 83,449	\$ 87,805
Township of Ryerson	50,896	53,335
Village of Burk's Falls	27,381	27,539
User fees		
Township of Armour	59,334	65,505
Township of Ryerson	30,630	31,145
Expenses		
Township of Armour		
Payment in lieu of taxes	3,564	3,566
Office rent	2,000	2,000

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

Township of Armour	16,282	3,794
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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, 2021

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 received to fund these items. Since municipal contributions are calculated on a modified accrual basis, unallocated items are fully funded in the year, while some segment-specific items such as amortization and changes in the landfill closure and post-closure liability are not.

FOR THE YEAR ENDED DECEMBER 31, 2021

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
Municipal contribution required -				
Township of Armour	\$ (54,683)	\$ (7,653)	\$ 145,785	\$ 83,449
Township of Ryerson	(33,351)	(4,667)	88,914	50,896
Village of Burk's Falls	(17,942)	(2,511)	47,834	27,381
Other Government transfers -				
Ontario	-	46,331	-	46,331
User charges	176,864	-	-	176,864
Writedown of landfill closure and post-closure liability	46,205	-	-	46,205
Other	-	44,482	-	44,482
TOTAL REVENUE	117,093	75,982	282,533	475,608
EXPENSES				
Salaries, wages and benefits	-	-	264,221	264,221
Materials	20,738	28,176	9,862	58,776
Contracted services	27,086	47,806	6,450	81,342
Rents and financial expenses	11,673	-	2,000	13,673
Amortization	18,863	5,790	-	24,653
TOTAL EXPENSES	78,360	81,772	282,533	442,665
ANNUAL SURPLUS (DEFICIT)	\$ 38,733	\$ (5,790)	\$ -	\$ 32,943

FOR THE YEAR ENDED DECEMBER 31, 2020

	Waste Disposal	Recycling	Unallocated Amounts	Total
REVENUE				
Municipal contribution required -				
Township of Armour	\$ (44,466)	\$ 7,316	\$ 124,955	\$ 87,805
Township of Ryerson	(27,010)	4,445	75,900	53,335
Village of Burk's Falls	(13,944)	2,292	39,191	27,539
Other Government transfers -				
Ontario	-	49,820	-	49,820
User charges	149,958	-	-	149,958
Other	-	10,840	-	10,840
TOTAL REVENUE	64,538	74,713	240,046	379,297
EXPENSES				
Salaries, wages and benefits	-	-	223,129	223,129
Materials	32,469	23,743	8,829	65,041
Contracted services	133,912	41,978	6,088	181,978
Rents and financial expenses	3,717	-	2,000	5,717
Amortization	57,296	5,565	-	62,861
TOTAL EXPENSES	227,394	71,286	240,046	538,726
ANNUAL SURPLUS (DEFICIT)	\$ (162,856)	\$ 3,427	\$ -	\$ (159,429)

BURK'S FALLS, ARMOUR AND RYERSON TRI R COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2021

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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million with respect to benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 was \$16,752 (2020 \$16,405) for current service and is included as an expense on the Statement of Operations.

9. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2020 the organization experienced a 26% increase in bags and a 15% increase in blue box material collected, and the volumes remained high in 2021. Management attributes the increase in part to an influx of seasonal residents and visitors and the closure of the reuse centre and the Diabetes Canada clothing collection bins as a result of COVID-19. This, in turn, contributed to user fees in excess of budget by approximately \$47,000 for 2021, and wages and benefits and recycling freight and processing fees in excess of the budget by approximately \$26,000 and \$12,000 respectively. \$2,510 of the wages and benefits increase is directly attributable to increased cleaning as a result of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.