

Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF WAWA**
Trust Funds

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of The Municipality of Wawa

We have audited the accompanying financial statements of the trust funds of The Corporation of The Municipality of Wawa (the "Trust"), which comprise the statement of financial position as at December 31, 2016 and the statement of continuity of the trust funds for the year then ended, and notes, comprising 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 accounting standards for not-for-profit organizations, 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.

Auditors' 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 our 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, we consider 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 trust funds of the Trust as at December 31, 2016, and the continuity of the trust funds for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

July 11, 2017

Sault Ste. Marie, Canada

THE CORPORATION OF THE MUNICIPALITY OF WAWA

Trust Funds

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016			2015	
	Flood Fund	Perpetual Care	Total	Total	
Financial Assets					
Cash	\$ 49,240	\$ -	\$ 49,240	\$ 49,240	
Investments (note 4)	-	138,062	138,062	135,936	
Due from the Municipality of Wawa	-	5,290	5,290	3,400	
	\$ 49,240	\$ 143,352	\$ 192,592	\$ 188,576	
Fund balance	\$ 49,240	\$ 143,352	\$ 192,592	\$ 188,576	

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE MUNICIPALITY OF WAWA

Trust Funds

Statement of Continuity

Year ended December 31, 2016, with comparative information for 2015

	2016			2015	
	Flood Fund	Perpetual Care	Total	Total	
Fund balance, beginning of the year	\$ 49,240	\$ 139,336	\$ 188,576	\$ 181,830	
Revenue:					
Interest earned and other	-	4,016	4,016	6,746	
	49,240	143,352	192,592	188,576	
Fund balance, end of year	\$ 49,240	\$ 143,352	\$ 192,592	\$ 188,576	

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE MUNICIPALITY OF WAWA

Trust Funds

Notes to Financial Statements

Year ended December 31, 2016

The Corporation of the Municipality of Wawa Trust Funds (the “Funds”) consist of various trust funds administered by the Municipality of Wawa (the “Municipality”). The Funds are not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

1. Summary of Significant Accounting Policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Basis of accounting:

The financial statements are prepared by management and are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Trust has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

THE CORPORATION OF THE MUNICIPALITY OF WAWA

Trust Funds

Notes to Financial Statements

Year ended December 31, 2016

1. Summary of Significant Accounting Policies (continued):

(b) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Trust determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial assets is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Trust expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Use of estimates

The preparation of the financial statements 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 year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Flood Program:

The Municipality in conjunction with the Province of Ontario (ODRAP) established a flood program whereby businesses and individuals provided contributions for the inhabitants of Wawa that were affected by the flood disaster.

3. Perpetual Care:

Perpetual Care funds are invested and earnings derived are used to perform perpetual care maintenance to the Municipality's cemeteries. The operations and investments of the Trust Funds are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act.

4. Investments:

Total investments by the trust funds of \$138,062 (2015 - \$135,936) on the Statement of Financial Position are recorded at market value. Cost of the investment is \$132,031 (2015 - \$128,639).