

Financial Statements

**THE CORPORATION OF THE
MUNICIPALITY OF HURON SHORES
TRUST FUNDS**

Year ended December 31, 2016

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

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Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Municipality of Huron Shores Trust Funds (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the financial statements. 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.

The Trust's management maintains a system of internal control 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. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Trust. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's financial statements.

Chief Administrative Officer

Treasurer



KPMG LLP
111 Elgin Street, Suite 200
Sault Ste. Marie ON P6A 6L6
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Telephone (705) 949-5811
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Corporation of the Municipality of Huron Shores Trust Funds, which comprise the statement of financial position as at December 31, 2016, the statement of operations and accumulated surplus and cash flows 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 generally accepted accounting principles 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 consolidated 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 Corporation of the Municipality of Huron Shores Trust Funds as at December 31, 2016, and its results of operations and accumulated surplus and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

A handwritten signature in black ink that reads "KPMG LLP". A horizontal line is drawn underneath the signature, and a diagonal line extends from the end of the signature towards the bottom-left.

Chartered Professional Accountants, Licensed Public Accountants

May 10, 2017
Sault Ste. Marie, Canada

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	OHRP	Perpetual Care	2016 Total	2015 Total
Financial assets				
Cash	\$ -	5,591	\$ 5,591	\$ 1,041
Investments (note 3)	-	42,730	42,730	41,796
Loans receivable (note 4)	2,428	-	2,428	2,428
Due from municipality	-	750	750	4,550
	2,428	49,071	51,499	49,815
Financial liabilities				
Due to Cemetery Operating Fund (note 5)	-	2,230	2,230	1,296
Accumulated surplus	\$ 2,428	\$ 46,841	\$ 49,269	\$ 48,519

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Statement of Operations and Accumulated Surplus

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

	OHRP	Perpetual Care	Total 2016	Total 2015
Revenues:				
Interest	\$ -	\$ 934	\$ 934	\$ 851
Perpetual care receipts	-	750	750	4,550
Total revenues	-	1,684	1,684	5,401
Expenses:				
Transfer of interest to the Cemetery Operating Fund	-	934	934	851
Total expenses	-	934	934	851
Annual surplus	-	750	750	4,550
Accumulated surplus, beginning of year	2,428	46,091	48,519	43,969
Accumulated surplus, end of year	\$ 2,428	\$ 46,841	\$ 49,269	\$ 48,519

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 750	\$ 4,550
Change in non-cash assets and liabilities:		
Decrease (increase) in due from municipality	3,800	(4,550)
Increase in due to Cemetery Operating Fund	934	1,101
Net change in cash	<u>5,484</u>	<u>1,101</u>
Cash, beginning of year	42,837	41,736
Cash, end of year	<u>\$ 48,321</u>	<u>\$ 42,837</u>
Cash is represented by:		
Cash	\$ 5,591	\$ 1,041
Investments	42,730	41,796
	<u>\$ 48,321</u>	<u>\$ 42,837</u>

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2016

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Huron Shores Trust Funds (the "Trust") are prepared by management in accordance with the Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by Council are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity.

(b) Basis of accounting:

The Trust follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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 reporting period. Actual results could differ from those estimates.

(d) Revenue recognition:

Contribution from the municipality is recognized when received. Interest is recognized when earned.

(e) Investment:

Investments are carried at cost, which is approximate market value.

2. Cash:

Cash is represented by funds on deposit in chartered banks, plus any accrued interest.

3. Investments:

The total investments held by the Trust of \$42,730 (2015 - \$41,796) are reported on the statement of financial position at cost, have a market value of \$42,730 (2015 - \$41,796) at the end of the year.

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THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2016

4. Ontario Home Renewal Program Fund (O.H.R.P.):

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2016, are payable by the owner occupant. In the event of the sale or lease of the home, or in the event of the homeowner ceasing to occupy the home, the balances of the loan immediately becomes due and payable.

The OHRP program was discontinued by the Ontario Ministry of Housing in July 1993. At that time, the Ministry requested the repayment of all trust funds held by Municipality. The cash accumulated in the trust fund is being repaid to the Ministry on an annual basis.

5. Perpetual Care Fund:

The Perpetual Care Fund administered by the Municipality is funded by the sale of cemetery plots. At December 31, 2016, \$750 (2015 – \$4,550) was owing to the Perpetual Care Fund. These funds are invested and earnings derived from these investments are used to perform perpetual care maintenance to the Municipality's cemeteries. At December 31, 2016, \$2,230 (2015 - \$1,296) was owing to the Cemetery Operating Fund for interest earned during the period. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.

6. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700 – *Segmented Disclosures* establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Trust has two identifiable segments:

- a) Ontario Home Renewal Program Fund (note 4)
- b) Perpetual Care (note 5)

The disclosure of these segments is presented in the Statement of Operations and Accumulated Surplus.