

Financial Statements of

**THE CORPORATION OF
THE TOWN OF OAKVILLE
TRUST FUNDS**

Year ended December 31, 2018



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Oakville

Opinion

We have audited the accompanying financial statements of The Corporation of the Town of Oakville Trust Funds (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations and accumulated surplus for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 the 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 27, 2019

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Statement of Financial Position

December 31, 2018, with comparative figures for 2017

	2018	2017
Financial assets		
Cash	\$ 1,118,399	\$ 292,066
Investments	5,029,711	5,566,225
	6,148,110	5,858,291
Financial liabilities		
Due to Town of Oakville	195,745	87,909
Accumulated surplus and net financial assets	\$ 5,952,365	\$ 5,770,382

See accompanying notes to financial statements.

Approved by:

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative figures for 2017

	Boating Demolition (note 3)	Sports Clubs Demolition (note 4)	Cemetery Perpetual Care and Maintenance (note 5)	Cemetery Markers Care and Maintenance (note 5)	Halton Information Providers Oakville Public Library (note 6)	Total 2018	Total 2017
Revenue:							
Transfer from Town of Oakville	\$ –	\$ 14,819	\$ 316,874	\$ 11,885	\$ –	\$ 343,578	\$ 214,395
Sales	–	–	–	–	–	–	9,595
Investment income	1,635	694	158,527	10,122	14,041	185,019	168,805
Other government recoveries	–	–	–	–	51,500	51,500	51,500
Miscellaneous	4,000	7,000	–	–	–	11,000	4,000
	5,635	22,513	475,401	22,007	65,541	591,097	448,295
Expenses:							
Transfer to Town of Oakville	–	–	158,528	10,122	240,464	409,114	339,600
Annual surplus (deficit) and change in net financial assets	5,635	22,513	316,873	11,885	(174,923)	181,983	108,695
Accumulated surplus and net financial assets, beginning of year	53,234	–	5,055,287	326,745	335,116	5,770,382	5,661,687
Accumulated surplus and net financial assets, end of year	\$ 58,869	\$ 22,513	\$ 5,372,160	\$ 338,630	\$ 160,193	\$ 5,952,365	\$ 5,770,382

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The financial statements of The Corporation of the Town of Oakville Trust Funds (the "Trust Funds") are the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Trust Funds are as follows:

(a) Basis of presentation:

The Trust Funds follow the accrual method of accounting for revenues 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.

(b) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Investment income:

Investment income is reported as revenue in the period earned.

(d) Investments:

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(e) Tangible capital assets:

The net financial assets of the Trust Funds are used for the operations or maintenance of the individual Trust Funds. No tangible capital assets are purchased by the Trust Funds. All expenses of the Trust Funds are reimbursements from the Town of Oakville or the Oakville Public Library Board.

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of 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 revenues and expenses during the year. Actual results could differ from those estimates.

2. Statement of change in net financial assets and cash flows:

A statement of change in net financial assets and cash flows have not been included in these financial statements as the information that would be provided is readily available from the information presented.

3. Boating demolition:

As part of a tenant agreement between the Town of Oakville and the Burloak Canoe Club (the "BCC"), the BCC was required to pay for the demolition of its building which is on the Town of Oakville's property. The BCC paid \$1,800 per year towards this demolition up until 2013, because the Town of Oakville has determined that the funds being held in "trust" equals the cost estimate to demolish the building. It is estimated that approximately \$25,000 will be required for demolition costs.

On January 1, 2011 the Town of Oakville entered into a license agreement with the Bronte Harbour Yacht Club (the "BHYC") for the use of town lands for the period from January 1, 2011 to June 30, 2061. As part of that license agreement, the BHYC is required to contribute to a demolition fund sufficient to fully fund the demolition of the BHYC building at the end of its useful life or to perform maintenance work if required. The club is to contribute \$2,000 annually to the demolition fund, to a maximum amount of \$20,000.

On January 1, 2016 the Town of Oakville entered into a license agreement with the Oakville Power Boat Club (the "OPBC") for the use of town lands for the period from January 1, 2016 to December 31, 2065. As part of that license agreement, the OPBC is required to contribute to a demolition fund sufficient to fully fund the demolition of the OPBC building at the end of its useful life or to perform maintenance work if required. The OPBC is to contribute \$2,000 annually to the demolition fund, to a maximum amount of \$30,000.

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Sports Clubs demolition:

As part of a tenant agreement between the Town of Oakville and the Bronte Tennis Club (the "BTC"), the BTC was required to make payments for the demolition of its building which is on the Town of Oakville's property. The BTC paid \$10,000 as part of the lease agreement from 1997 and paid a further \$7,000 in 2018. These funds, along with the earned interest, were contributed into the trust in 2018. It is estimated that approximately \$20,000 will be required for demolition costs.

On January 1, 1987, the Town entered into a lease agreement with the Crusaders Rugby Club (the "CRC") for the use of town lands. This agreement was renewed and/or amended on November 8, 1998, October 1, 2008, and June 4, 2018. The amendment on June 4, 2018 included a provision that the CRC is required to contribute to a demolition fund sufficient to fully fund the demolition of the CRC buildings and improvements at the end of their useful lives or to perform maintenance work if required. Beginning in 2019, the CRC is to contribute \$3,000 annually to the demolition fund, to a maximum amount of \$30,000.

5. Care and Maintenance Funds:

The Care and Maintenance Funds administered by the Town of Oakville are funded by the sale of cemetery plots. These funds are invested and earnings derived from the investments are used to perform care and maintenance to the municipality's cemeteries. The operations and investments of the Funds are undertaken by the Town of Oakville in accordance with the regulations of the Cemeteries Act.

6. Halton Information Providers – Oakville Public Library Board:

In October 2005, the Town of Oakville approved the establishment of the Halton Information Providers (the "HIP") Trust Fund on behalf of the Oakville Public Library Board. HIP members had collectively signed a Memorandum of Understanding designating Information Oakville of the Oakville Public Library Board as the lead administrative agency for HIP, leading the management of the Halton Community Services Database, with responsibility to receive and maintain a fund for all revenue generated from the database, disburse the funds and maintain the records.