Financial Statements of

THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Year ended December 31, 2016
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Corporation of the Town of Oakville Trust Funds (the “Trust Funds”), which comprise the statement of financial position as at December 31, 2016, the statement of operations 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 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.

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 Corporation of the Town of Oakville Trust Funds as at December 31, 2016, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 29, 2017
Hamilton, Canada
THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

Statement of Financial Position

December 31, 2016, with comparative figures for 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$708,565</td>
<td>$304,012</td>
</tr>
<tr>
<td>Investments</td>
<td>4,701,946</td>
<td>4,715,245</td>
</tr>
<tr>
<td>Due from Town of Oakville</td>
<td>251,176</td>
<td>425,780</td>
</tr>
<tr>
<td>Accumulated surplus and net financial assets</td>
<td>$5,661,687</td>
<td>$5,445,037</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

Approved by:

__________________________________

__________________________________
# THE CORPORATION OF THE TOWN OF OAKVILLE TRUST FUNDS

## Statement of Operations

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

<table>
<thead>
<tr>
<th></th>
<th>Boating Demolition</th>
<th>Cemetery Perpetual Care and Maintenance</th>
<th>Cemetery Markers Care and Maintenance</th>
<th>Halton Information Providers Library</th>
<th>Total 2016</th>
<th>Total 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from Town of Oakville</td>
<td>$ -</td>
<td>$ 199,473</td>
<td>$ 10,632</td>
<td>$ -</td>
<td>$ 210,105</td>
<td>$ 208,866</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,723</td>
<td>7,723</td>
<td>13,410</td>
</tr>
<tr>
<td>Investment income</td>
<td>929</td>
<td>129,636</td>
<td>9,050</td>
<td>12,640</td>
<td>152,255</td>
<td>120,707</td>
</tr>
<tr>
<td>Bank interest</td>
<td>429</td>
<td>3,267</td>
<td>350</td>
<td>740</td>
<td>4,786</td>
<td>2,441</td>
</tr>
<tr>
<td>Other government recoveries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>51,500</td>
<td>51,500</td>
<td>51,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
<td>4,000</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>5,358</td>
<td>332,376</td>
<td>20,032</td>
<td>72,603</td>
<td>430,369</td>
<td>398,924</td>
</tr>
</tbody>
</table>

| **Expenses:**          |                    |                                        |                                      |                                     |            |            |
| Transfer to Town of Oakville |  -               | 132,903                                | 9,401                                | 71,415                              | 213,719    | 147,578    |
|                        | 5,358              | 199,473                                | 10,631                               | 1,188                               | 216,650    | 251,346    |

## Annual surplus and change in net financial assets

|                        | 5,358              | 199,473                                | 10,631                               | 1,188                               | 216,650    | 251,346    |

## Accumulated surplus and net financial assets, beginning of year

|                        | 42,376             | 4,650,469                              | 307,064                              | 445,128                             | 5,445,037  | 5,193,691  |

## Accumulated surplus and net financial assets, end of year

|                        | $ 47,734           | $ 4,849,942                            | $ 317,695                            | $ 446,316                           | $ 5,661,687 | $ 5,445,037 |

See accompanying notes to financial statements.
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 to the Town of Oakville or the Oakville Public Library Board.
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 “Club”), the Club was required to pay for the demolition of its building which is on the Town of Oakville’s property. The Club 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 for the use of town lands for the period from January 1, 2011 to June 30, 2061. As part of that license agreement, the Bronte Harbour Yacht Club is required to contribute to a demolition fund sufficient to fully fund the demolition of the club’s 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 for the use of town lands for the period from January 1, 2016 to December 31, 2065. As part of that license agreement, the Oakville Power Boat Club is required to contribute to a demolition fund sufficient to fully fund the demolition of the club’s 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 $30,000.
4. 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.

5. 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.