

Financial Statements of

**THE CORPORATION OF THE
CITY OF SAULT STE. MARIE**
Trust Funds

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of
The City of Sault Ste. Marie

We have audited the accompanying financial statements of the trust funds of The Corporation of The City of Sault Ste. Marie (the "Trust"), which comprise the statement of financial position as at December 31, 2015 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, 2015, 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

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2016

Sault Ste. Marie, Canada

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Trust Funds

Statement of Financial Position

December 31, 2015, with comparative information for 2014

									2015	2014
	Care and Maintenance	Pre-need Assurance	Ontario Home Renewal Plan	Historic Sites	Heritage SSM	Transit Employees Pension	Cultural Endowment	Total	Total	
Assets										
Cash and investments (note 3)	\$ 5,339,654	\$ 2,212,116	\$ 24,363	\$ 44,484	\$ 61,019	\$ 74,920	\$ 13,070	\$ 7,769,626	\$ 7,681,539	
Loans receivable (note 2)	-	-	22,478	-	-	-	-	22,478	23,274	
	\$ 5,339,654	\$ 2,212,116	\$ 46,841	\$ 44,484	\$ 61,019	\$ 74,920	\$ 13,070	\$ 7,792,104	\$ 7,704,813	
Liabilities										
Payable to other funds	\$ 117,498	\$ 14,162	\$ 37,137	\$ 16,114	\$ 34,157	\$ 8	\$ -	\$ 219,076	\$ 268,578	
Fund Balance	5,222,156	2,197,954	9,704	28,370	26,862	74,912	13,070	7,573,028	7,436,235	
	\$ 5,339,654	\$ 2,212,116	\$ 46,841	\$ 44,484	\$ 61,019	\$ 74,920	\$ 13,070	\$ 7,792,104	\$ 7,704,813	

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

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Trust Funds

Statement of Continuity

Year ended December 31, 2015, with comparative information for 2014

								2015	2014
	Care and Maintenance	Pre-need Assurance	Ontario Home Renewal Plan	Historic Sites	Heritage SSM	Transit Employees Pension	Cultural Endowment	Total	Total
Fund balance, beginning of the year	\$ 5,106,285	\$ 2,180,443	\$ 15,814	\$ 20,832	\$ 25,760	\$ 74,173	\$ 12,928	\$ 7,436,235	\$ 7,314,597
Revenue:									
Capital receipts	115,871	137,870	-	484	-	-	-	254,225	249,142
Contributions from revenue fund	-	-	-	6,619	-	-	-	6,619	19,231
Interest earned	68,895	21,816	38	435	1,102	739	142	93,167	232,653
	184,766	159,686	38	7,538	1,102	739	142	354,011	501,026
Expenditures:									
Contributions to revenue fund	68,895	142,175	37	-	-	-	-	211,107	366,799
Transfer to Province of Ontario	-	-	6,071	-	-	-	-	6,071	3,040
Disbursement for capital project	-	-	-	-	-	-	-	-	9,229
Administration charges	-	-	40	-	-	-	-	40	320
	68,895	142,175	6,148	-	-	-	-	217,218	379,388
Fund balance, end of year	\$ 5,222,156	\$ 2,197,954	\$ 9,704	\$ 28,370	\$ 26,862	\$ 74,912	\$ 13,070	\$ 7,573,028	\$ 7,436,235

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

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Trust Funds

Notes to Financial Statements

Year ended December 31, 2015

The Corporation of the City of Sault Ste. Marie Trust Funds (the "Trust") consist of various trust funds administered by the Corporation of the City of Sault Ste. Marie. 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.

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 or 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.

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Trust Funds

Notes to Financial Statements

Year ended December 31, 2015

1. Summary of Significant Accounting Policies (continued):

(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. Ontario Home Renewal Program:

The Ontario Home Renewal Program ("OHRP") 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 were limited to \$7,500, of which the maximum deferred portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2015 comprise repayable loans of \$8,795 (2014 - \$8,795) and deferred loans of \$13,683 (2014 - \$14,479). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. The deferred portion of the loan is deferred for a five year period. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the loans immediately become due and payable by the homeowner.

The Province of Ontario legislated an end to the OHRP program in 1993. As of July 16, 1993, no new loans were issued. All funds collected on outstanding OHRP loans are remitted to the Province by March 1 of the following year. However, municipalities are provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

3. Cash and investments:

Total investments by the trust funds of \$3,670,991 (2014 - \$3,618,553) included in cash and investments on the Statement of Financial Position at cost, have a market value of \$3,846,579 (2014 - \$3,752,802).