

**THE CORPORATION OF THE
MUNICIPALITY OF WAWA
FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Wawa as at December 31, 2007 and the consolidated statement of financial activities and fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its financial activities and cash flow for the year then ended in accordance with accounting principles recommended for government by the Canadian Institute of Chartered Accountants and disclosed in the summary of significant accounting policies.



Chartered Accountants LLP
Licensed Public Accountants
Sault Ste. Marie, Canada
September 29, 2008

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31,

2007

2006

Financial assets:

Cash	\$ 679,251	\$ 359,990
Investments	93,601	93,601
Taxes receivable	833,169	372,682
Accounts receivable	2,074,903	1,483,942
Prepaid expense	2,450	15,056
Inventory held for resale	53,907	63,783
Other	42,266	1,024,155
Financial assets	3,779,547	3,413,209

Financial liabilities

Bank indebtedness	1,190,000	-
Accounts payable and accrued liabilities	895,511	2,734,199
Future employee benefits (note 3)	1,617,035	1,497,495
Solid waste landfill closure liability (note 4)	1,242,574	1,000,000
Deferred revenue - obligatory reserves	274,762	175,530
Long-term obligations (note 5)	5,121,954	4,855,014
Financial liabilities	10,341,836	10,262,238

Net Financial Liabilities

(6,562,289) (6,849,029)

Other assets

Inventory	28,804	28,807
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Total net liabilities

\$(6,533,485) \$(6,820,222)

Municipal position:

Amounts to be recovered:		
From reserve funds on hand	\$ (109,143)	\$ (81,441)
From future revenues	(7,872,420)	(7,271,068)
	(7,981,563)	(7,352,509)
Fund balances (notes 6 and 7)		
Operating fund	(237,335)	(94,303)
Capital Fund	(751,880)	(2,117,950)
Reserves	249,720	249,720
Reserve Funds	2,187,573	2,494,820
	1,448,078	532,287

Total Municipal position

\$(6,533,485) \$(6,820,222)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ Treasurer

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

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

YEAR ENDED DECEMBER 31, 2007 (with comparative figures for the prior year)

	Actual 2007	Actual 2006
Revenues		
Residential and farm taxation	\$ 1,992,596	\$ 2,218,128
Commercial and industrial taxation	1,069,857	1,135,060
Taxation from other governments	200,959	199,697
User charges	1,301,546	1,160,368
Government grants	5,135,847	6,947,332
Investment income	90,528	142,019
Other	2,968,799	761,809
Total Revenues	12,760,132	12,564,413
Expenditures		
Current		
General government	2,020,922	1,555,842
Protection to persons and property	1,725,487	1,714,864
Transportation services	1,405,250	1,142,817
Environmental services	964,897	2,669,127
Health services	145,715	169,801
Social and family services	1,817,067	1,786,683
Social Housing	781,116	372,174
Recreation and cultural services	1,246,883	1,188,669
Planning and development	377,248	323,783
	10,484,585	10,923,760
Capital		
General government	69,711	110,380
Protection to persons and property	103,562	19,330
Transportation services	13,637	71,071
Environmental services	1,263,893	4,743,744
Recreation and cultural services	248,872	65,287
Planning and development	46,562	120,000
	1,746,237	5,129,812
Total Expenditures	12,230,822	16,053,572
Excess of Expenditures over Revenues	529,310	(3,489,159)
Increase in amounts to be recovered	386,481	1,732,783
Increase (Decrease) in fund balances	915,791	(1,756,376)
Fund balances, beginning of year	532,287	2,288,663
Fund balances, end of year	\$ 1,448,078	\$ 532,287

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

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31,

2007

2006

CASH FLOWS FROM OPERATING ACTIVITIES

**Excess (deficiency) of Revenues over
(under) Expenditures**

\$ 529,310 \$(3,489,159)

Uses:

Increase in taxes receivable	(460,487)	-
Increase in accounts receivable	(590,961)	-
Increase in investments	-	(15,119)
Increase in prepaid expenses	-	(4,660)
Increase in inventory	-	(9,817)
Increase in other financial assets	-	(164,125)
Increase in landfill recoverable	(242,574)	-
Decrease in accounts payable	(1,838,688)	(77,110)
Decrease in future employee benefits	-	(165,544)

(2,603,400) (3,925,534)

Sources:

Decrease in taxes receivable	-	134,856
Decrease in accounts receivable	-	4,885,569
Decrease in prepaid expense	12,606	-
Decrease in inventories	9,879	-
Decrease in other financial assets	981,889	-
Increase in bank indebtedness	1,190,000	-
Increase in future employees benefits	119,540	-
Increase in landfill liability	242,574	260,000
Increase in deferred revenue - obligatory reserves	99,232	76,400

2,655,720 5,356,825

Net increase (decrease) in cash from operations

52,320 1,431,291

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term obligations	408,941	1,776,014
Repayment of long-term obligations	(142,000)	(137,688)

266,941 1,638,326

Net increase (decrease) in cash position from financing activities

319,261 3,069,617

Cash position, beginning of year

359,990 (2,709,627)

CASH POSITION, END OF YEAR

\$ 679,251 \$ 359,990

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

Nature of Activities The consolidated financial statements of the Corporation of the Municipality of Wawa are the representation of management, prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs and in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Actual results could differ from these estimates. These estimates have been made using careful judgement.

**Basis of
Consolidation**

Consolidated entities:

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

Municipality of Wawa Police Services Board
Wawa Water and Sewer System
The Cemetery Board of the Municipality of Wawa
Michipicoten Public Library Board
Board of Management for the Wawa Business Improvement area

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Non-consolidated entities

The following local boards, joint local boards and municipal enterprises are not consolidated:

Algoma Health Unit
Algoma District Homes for the Aged
Algoma District Social Services Board

Accounting for School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position".

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

1. Summary of Significant Accounting Policies

(a) Inventory

Inventory is stated at cost on a first-in first-out basis.

(b) Capital assets

Expenditures made on capital assets are reported as expenditures on the consolidated statement of financial activities and fund balances in the year of acquisition.

(c) Employee future benefits

The municipality accrues its obligations for employee benefit plans. The cost of post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages and expected health care costs.

(d) Landfill closure and post-closure liabilities

The municipality accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as change in estimate, when applicable.

(e) Reserves and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(f) Government grants:

Government grants are recognized in the financial statements as revenues in the period in which events giving rise to the grants occur, providing the grants are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

(g) Taxation and related revenue:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by the Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards as appropriate.

(h) Accounting changes

For the year ending December 31, 2009 the Corporation will be required to comply with section 3150, Tangible Capital Assets of the Public Sector Accounting Board handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline PSG-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all relevant information can be ascertained and provided by category.

2. Operations of school boards:

During 2007, the Municipality collected and transferred property taxes in the amount of \$839,267 (2006 - \$843,626).

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

3. Future employee benefits

(a) Extended health care and life insurance

The Municipality provides extended health care and life insurance benefits to its employees. An independent actuarial study of the post-retirement and post-employment benefits has been undertaken. The most recent valuation of the employee future benefits was completed effective December 31, 2006. The next valuation will be effective December 31, 2009.

At December 31, 2007, the Municipality's accrued benefit obligation relating to post-retirement and post-employment benefits plans is \$1,017,079 (2006 - \$955,264).

The significant actuarial assumptions adopted in estimating the Municipality's accrued benefit obligation are as follows:

Discount rate	5.25% per annum
Health benefits escalation	10.0% per annum decreasing to CPI + 2.5% after 10 years

Information with respect to the Municipality's post-retirement and post-employment obligations is as follows:

	2007	2006
Accrued benefit liability	\$ 955,264	\$ 1,101,523
Expense recognized for the period	37,565	43,473
Benefits paid for the period	(26,200)	(12,323)
Interest accrued	50,450	69,819
Actuarial loss	-	(247,228)
	\$ 1,017,079	\$ 955,264

(b) Accumulated sick leave liability

Municipal employees are allowed six days of sick leave per year. If the days are not taken by the end of the year, they can be paid out at 50% of their value or carried forward to be used as additional sick leave in future years. At December 31, 2007 this liability is estimated at \$252,211 (2006 - \$226,537).

(c) Employee benefit obligations

	2007	2006
Estimated liability:		
Accumulated sick leave benefit plan entitlements	\$ 252,211	\$ 226,537
Vacation pay	347,745	315,694
Medical and dental plan entitlements	1,017,079	955,264
	\$ 1,617,035	\$ 1,497,495

A reserve fund in the amount of \$109,143 (2006 - \$81,441), has been established to fund this liability.

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

4. Landfill closure and post closure liability:

The Municipality owns and operates one open landfill site and it owns and monitors two closed landfill sites. The open site has a remaining capacity of 9,400 m3 (2006 - 11,000 m3) for an estimated life expectancy of 4 years, if the annual waste volume received remains the same. The present value of the expected closure and post closure costs of the open landfill site and the present value of expected monitoring and capital rehabilitation cost of the closed landfill sites have been reported as a liability on the Consolidated Statement of Financial Position. The liability was estimated using a real return rate of 3.15%. Estimated liability for closure and post closure care are \$1,242,574, (2006 - \$1,000,000) which has been recognized on the Consolidated Statement of Financial Position. The estimated length of time required for post-closure care is 100 years, with annual costs of approximately \$30,000 per year plus annual increases. A reserve fund of \$56,692 (2006 - \$55,041) has been established to fund this liability.

5. Long-term obligations

Long-term obligations reported on the consolidated statement of financial position consist of the following:

	2007	2006
Debentures, payable approximately \$342,000 annually including interest ranging from 5.75% to 6.50%, due 2010	\$ 2,937,000	\$ 3,079,000
OSIFA loan, payable monthly with interest only at prime minus 1%, repayable upon completion of certain capital projects	1,776,013	1,776,014
Obligation - Algoma District Homes for the Aged	408,941	-
	\$ 5,121,954	\$ 4,855,014

The principal payments due on long term debt over the next three years is approximately as follows:

2008	-	152,000
2009	-	162,000
2010	-	2,623,000

The long-term obligations have been approved by by-laws and the annual principal and interest payments required to service these obligations are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

6. Fund balances at the end of the year:

The fund balances at the end of the year are comprised of the following:

	2007	2006
For general reduction of taxation or user charges	\$ (250,697)	\$ (95,327)
To be applied to operations of local boards	13,362	1,024
	(237,335)	(94,303)
Funds available (needed) for the acquisition of capital assets	(751,880)	(2,117,950)
	\$ (989,215)	\$ (2,212,253)

7. Reserves and reserve funds:

The total reserves and reserve funds are made up of the following:

Reserve set aside by Council for working capital	\$ 249,720	\$ 249,720
Reserve funds set aside for specific purposes by Council		
For acquisition of capital assets	\$ 283,306	\$ 462,175
For sick leave	32,508	30,390
For water and sewer	67,649	65,729
For rate stabilization	-	50,640
For other purposes	1,804,110	1,885,886
	\$ 2,187,573	\$ 2,494,820

THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

8. Contributions to unconsolidated joint boards:

The following contributions were made by the Municipality to these unconsolidated boards:

	2007	2006
Algoma Health Unit	\$ 84,808	\$ 107,131
Algoma District Services Administration Board	2,089,489	2,054,131
Algoma District Homes for the Aged	83,163	98,817
	\$ 2,257,460	\$ 2,260,079

The Municipality is contingently liable for its share of any accumulated deficits of the above boards as well as long term liabilities issued by other Municipalities for these boards. The municipality's share of the accumulated net assets (deficiency) of these joint boards is as follows:

	%	2007	2006
Algoma Health Unit	3.1%	\$ (10,739)	\$ (681)
Algoma District Services Administration Board	15.9%	367,393	53,078
Algoma District Homes for the Aged	15.5%	66,654	12,759
		\$ 423,308	\$ 65,156

9. Trust Funds

Trust funds administrated by the Municipality amounting to \$89,666 (2006 - \$82,317) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of 41 (2006 - 41) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Amounts contributed to OMERS during 2007 was \$180,158 (2006 - \$280,000).

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

11. Budget figures

The classification basis used for budgets differs from the functional basis used in the financial statements. As such, these budgets are not directly comparable with the current year financial statement amounts and budgets have therefore not been reflected on the consolidated statement of financial activities and fund balances.

12. Public Sector Salary Disclosure Act:

In 2007, employees paid an annual salary of \$100,000 or more as defined by the Public Sector Salary Disclosure Act, 2006 were as follows:

Mr. Chris Wray	-	\$120,997
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13. Expenditures by object:

	2007	2006
Total expenditures by object are as follows:		
Salaries and benefits	\$ 3,924,165	\$ 3,843,136
Materials, supplies and services	2,651,910	1,942,321
Long-term debt charges	341,679	457,529
Rents and financial expenditures	1,309,371	2,754,582
External transfers	2,257,460	2,250,006
Capital expenditures	1,746,237	5,129,812
	\$12,230,822	\$16,377,386

14. Tangible capital assets:

In 2006, the Public Sector Accounting Board issued amendments to PS3150, Tangible Capital Assets which required all entities to account for the historical cost and to amortize the cost over the estimated useful life of the assets identified. The transitional provisions require the Municipality to adopt the recommendations effective January 1, 2009. Public Sector Accounting Guideline PSG-7, requires certain disclosures starting in fiscal 2007 and continuing until the recommendations are adopted to the extent that the Municipality has such information.

As at December 31, 2007 work had commenced on identifying, inventorying and developing policies for tangible capital assets. Capital tangible assets identified by the Municipality are: Land, and Land Improvements, Buildings, Infrastructure, Machinery, Equipment and Fixtures, Vehicles and Capital Works In Progress. Limited information was available for costs attributable to the assets identified and no amortization information was available.

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
CONSOLIDATED ANALYSIS OF OPERATIONS**

Year ended December 31, 2007, with comparative figures for 2006

	Operating Fund	Capital Fund	Reserve	Reserve Funds	Total 2007	Total 2006
Revenues:						
Residential and farm taxation	\$ 1,992,596	\$ -	\$ -	\$ -	\$ 1,992,596	\$ 2,218,128
Commercial and industrial taxation	1,069,857	-	-	-	1,069,857	1,135,060
Taxation from other governments	200,959	-	-	-	200,959	199,697
User charges	1,301,546	-	-	-	1,301,546	1,160,368
Government grants	4,150,414	985,433	-	-	5,135,847	6,947,332
Investment income	48,044	-	-	42,484	90,528	142,019
Other	929,650	2,039,149	-	-	2,968,799	761,809
	9,693,066	3,024,582	-	42,484	12,760,132	12,564,413
Expenditures:						
General government	2,020,922	69,711	-	-	2,090,633	1,666,222
Protection to persons and property	1,725,487	103,562	-	-	1,829,049	1,734,194
Transportation services	1,405,250	13,637	-	-	1,418,887	1,213,888
Environmental services	964,897	1,263,893	-	-	2,228,790	7,412,871
Health services	145,715	-	-	-	145,715	169,801
Social and family services	1,817,067	-	-	-	1,817,067	1,786,683
Social housing	781,116	-	-	-	781,116	372,174
Leisure services and tourism	1,246,883	248,872	-	-	1,495,755	1,253,956
Planning and development	377,248	46,562	-	-	423,810	443,783
	10,484,585	1,746,237	-	-	12,230,822	16,053,572
Net revenue (expenditure)	(791,519)	1,278,345	-	42,484	529,310	(3,489,159)
Financing and transfers:						
Proceeds from long-term obligations	408,941	-	-	-	408,941	1,776,014
Repayment of long-term obligations	(142,000)	-	-	-	(142,000)	(137,687)
Increase (decrease) in future employee benefits	119,540	-	-	-	119,540	(165,544)
Increase in landfill liability	242,574	-	-	-	242,574	260,000
(Increase) in landfill recoverable	(242,574)	-	-	-	(242,574)	-
Transfers from reserve funds/ general fund	262,006	87,725	-	(349,731)	-	-
Net financing and transfers	648,487	87,725	-	(349,731)	386,481	1,732,783
Increase (decrease) in fund balances	(143,032)	1,366,070	-	(307,247)	915,791	(1,756,376)
Fund balances, beginning of year	(94,303)	(2,117,950)	249,720	2,494,820	532,287	2,288,663
Fund balances, end of year	\$ (237,335)	\$ (751,880)	\$ 249,720	\$ 2,187,573	\$ 1,448,078	\$ 532,287

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CHARTERED ACCOUNTANTS LLP

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AUDITORS' REPORT

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

We have audited the statement of financial position of the trust funds of the Corporation of the Municipality of Wawa as at December 31, 2007 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2007 and the statement of continuity of trust funds for the year then ended in accordance with accounting principles disclosed in the summary of significant accounting policies.



Chartered Accountants LLP
Licensed Public Accountants
Sault Ste. Marie, Canada
September 29, 2008

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2007, (with comparative figures for the prior year)

	Perpetual Care		Ontario Home Renewal Plan		2007 Actual		2006 Actual	
Financial assets:								
Cash	\$	73,429	\$	4,828	\$	78,257	\$	70,282
Accounts receivable		6,884		4,525		11,409		12,035
Net financial assets being fund balance, end of year								
	\$	80,313	\$	9,353	\$	89,666	\$	82,317

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

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
STATEMENT OF CONTINUITY OF TRUST FUNDS**

YEAR ENDED DECEMBER 31, 2007, (with comparative figures for the prior year)

	Perpetual Care	Ontario Home Renewal Plan	2007 Actual	2006 Actual
Balance, beginning of year	\$ 72,964	\$ 9,353	\$ 82,317	\$ 72,851
Revenue				
Contributions from revenue fund	4,623	-	4,623	3,352
Interest earned and other	2,726	-	2,726	6,114
	7,349	-	7,349	9,466
Balance, end of year	\$ 80,313	\$ 9,353	\$ 89,666	\$ 82,317

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

**THE CORPORATION OF THE MUNICIPALITY OF WAWA
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2007

1. Significant accounting policy

The financial statements of the Corporation of the Municipality of Wawa trust funds are the representation of management prepared in accordance with accounting principles generally accepted in Canada for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Ontario Home Renewal Program:

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 were limited to \$7,500 of which the maximum forgivable portion was \$4,000.

The Ontario Home Renewal Program discontinued in July 1993. Municipalities are required to remit the balance of the trust accounts as they are collected. 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 repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

The remaining outstanding loan is presently in default.