

**THE CORPORATION OF THE
TOWN OF SPANISH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Town of
Spanish

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Spanish, which comprise of the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and changes in accumulated surpluses, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Consolidated 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 as 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 the auditors' 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 the auditor considers 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Spanish as at December 31, 2016, the results of its operations, changes in the net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
April 12, 2017

**THE CORPORATION OF THE TOWN
OF SPANISH**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Restated
(Note 11)
2015**

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

2016

FINANCIAL ASSETS

Cash and temporary investments	\$ 1,079,990	\$ 1,732,959
Taxes receivable (note 2)	137,165	113,090
User charges receivable	14,237	14,430
Grants receivable	6,122	60,407
Other accounts receivable	147,020	269,463
	<u>1,384,534</u>	<u>2,190,349</u>

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities	\$ 109,015	\$ 73,599
Deferred revenue (note 3)	250,008	912,212
Landfill site closure and post-closure liabilities (note 4)	117,956	81,687
Municipal long-term debt (note 5)	231,045	274,157
	<u>708,024</u>	<u>1,341,655</u>

NET FINANCIAL ASSETS (note 6)	<u>676,510</u>	<u>848,694</u>
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NON - FINANCIAL ASSETS

Tangible capital assets (note 13)	17,156,965	15,945,965
Inventory	10,449	17,278
Prepaid expenses	25,799	25,367
	<u>17,193,213</u>	<u>15,988,610</u>

ACCUMULATED SURPLUS	<u>\$17,869,723</u>	<u>\$16,837,304</u>
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Commitment (note 15)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ CAO/Clerk-Treasurer

**THE CORPORATION OF THE TOWN
OF SPANISH**

**CONSOLIDATED STATEMENT OF OPERATIONS
AND CHANGES IN ACCUMULATED SURPLUS**

	Budget (note 7) 2016	Actual 2016	Restated (Note 11) Actual 2015
YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)			
Revenues			
Taxation			
Residential and Farm	\$ 630,560	\$ 631,193	\$ 606,333
Commercial, industrial and business	70,046	64,540	62,427
Other governments and agencies	9,059	9,059	8,601
	709,665	704,792	677,361
Deduct:			
Amounts Raised on behalf of the school boards	105,214	101,616	101,608
	604,451	603,176	575,753
Government Transfers			
Government of Canada	80,198	43,897	40,306
Province of Ontario	2,657,642	2,007,638	2,112,805
Other Municipalities	5,900	6,270	6,038
	2,743,740	2,057,805	2,159,149
User Charges			
Sewer and water charges	211,481	218,418	204,867
Fees, service charges and donations	420,537	400,098	418,895
	632,018	618,516	623,762
Other			
Licenses and permits	6,100	6,596	6,091
Investment Income	8,141	7,364	6,592
Penalties and interest charges	18,800	21,464	17,816
	33,041	35,424	30,499
Total Revenues	4,013,250	3,314,921	3,389,163
Expenditures			
General government	293,750	310,422	310,474
Protection to persons and property	294,749	289,128	283,271
Transportation services	299,798	506,878	447,959
Environmental services	351,229	413,758	374,582
Health services	125,126	136,918	135,088
Social and family services	87,962	87,962	90,338
Recreation and cultural services	280,639	477,572	412,965
Planning and development	48,533	59,864	52,095
Total Expenditures	1,781,786	2,282,502	2,106,772
Annual surplus	2,231,464	1,032,419	1,282,391
Accumulated Surplus, beginning of year	16,837,304	16,837,304	15,554,913
Accumulated Surplus, end of year	\$19,068,768	\$17,869,723	\$16,837,304

**THE CORPORATION OF THE TOWN
OF SPANISH**

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

AS AT DECEMBER 31, (with comparative figures for the prior year)	Budget (note 7) 2016	2016	Restated (Note 11) 2015
Annual surplus	\$ 2,231,464	\$ 1,032,419	\$ 1,282,391
Acquisition of Tangible Capital Assets	(2,482,471)	(1,633,405)	(1,387,442)
Amortization of Tangible Capital Assets	-	422,405	399,541
Loss on disposal of Tangible Capital Assets	-	-	10,120
Proceeds on Sale Tangible Capital Assets	-	-	9,000
	(251,007)	(178,581)	313,610
Acquisition (utilization) of Inventories	-	6,829	(114)
Acquisition (utilization) of Prepaid Expenses	-	(432)	(3,901)
Change in Net Financial Assets	(251,007)	(172,184)	309,595
Net Financial Assets, Beginning of Year	848,694	848,694	539,099
Net Financial Assets, End of Year	\$ 597,687	\$ 676,510	\$ 848,694

**THE CORPORATION OF THE TOWN
OF SPANISH**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)	2016	Restated (Note 11) 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 1,032,419	\$ 1,282,391
Annual amortization	422,405	399,541
Loss on disposal of Tangible Capital Assets	-	10,120
Uses:		
Increase in taxes receivable	(24,075)	(23,310)
Increase in user charges receivable	-	(2,561)
Increase in grants receivable	-	51,438
Increase in other accounts receivable	-	(70,506)
Increase in inventory	-	(114)
Increase in prepaid expenses	(432)	(3,901)
Decrease in accounts payable and accrued liabilities	-	(61,071)
Decrease in deferred revenue	(662,204)	(169,851)
	<u>(686,711)</u>	<u>(279,876)</u>
Sources:		
Decrease in user charges receivable	193	-
Decrease in grants receivable	54,285	-
Decrease in other accounts receivable	122,443	-
Decrease in inventory	6,829	-
Increase in accounts payable and accrued liabilities	35,416	-
Increase in deferred revenue	-	259,846
	<u>219,166</u>	<u>259,846</u>
Net increase in cash from operating activities	987,279	1,672,022
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,633,405)	(1,387,442)
Proceeds on disposal of tangible capital assets	-	9,000
	<u>(1,633,405)</u>	<u>(1,378,442)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Landfill closure and post-closure liability	36,269	2,386
Municipal long-term debt	(43,112)	(42,047)
	<u>(6,843)</u>	<u>(39,661)</u>
Net increase (decrease) in cash and equivalents	(652,969)	253,919
Cash and cash equivalents, beginning of year	1,732,959	1,479,040
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,079,990	\$ 1,732,959

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

The Corporation of the Town of Spanish ("the Town") is a municipality in the province of Ontario, Canada. The Town conducts its operations in accordance with the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Town of Spanish are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board (PSAB) of the Chartered Professional Accountants of Canada.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE TOWN:

REPORTING ENTITY

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenditures, reserve funds and reserves and tangible capital assets of the Town of Spanish. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of the financial affairs and resources of the Town, and which are controlled by the Council.

Spanish Public Library Board
Mount Calvary Cemetery Board

All material inter-entity transactions and balances are eliminated on consolidation.

NON-CONSOLIDATED ENTITIES

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

Algoma Health Unit
Algoma District Services Administration Board

The assets, liabilities, revenues and expenditures of these joint local boards have not been proportionately consolidated in these financial statements.

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

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 financial statements except to record any resulting receivable or payable balance with the Town.

TRUST FUNDS

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds financial statements.

BASIS OF ACCOUNTING

ACCRUAL ACCOUNTING

Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become earned 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.

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge liabilities but are held for use in the provision of services. The useful lives of such assets extend beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the net revenue (expenditure), provides the Change in Net Financial Assets for the year.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost, and include all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost less residual value of all tangible capital assets are amortized on a straight-line basis over their useful lives as follows:

	<u>Useful Life - Years</u>
Buildings and building components	20-80
Roads and bridges	40-75
Automotive equipment	10-35
Equipment	18-60
Marina	25-60
Water and Sewer	10-200

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TANGIBLE CAPITAL ASSETS (CONT'D)

Asset additions are amortized at one half of the annual rate in the year of acquisition. Assets under construction are capitalized as work-in-process but not amortized until the asset is available for productive use.

The Town has a capitalization threshold of \$5,000 for all categories of tangible capital assets. Individual assets below the threshold are expensed, unless they are pooled, because collectively, they have significant value. The Town's threshold for pooled assets is \$5,000.

Contributions of tangible capital assets are recorded a fair value at the date of receipt and that fair value is also recorded as revenue.

Leases are classified as a capital or operating lease. Leases that transfer substantially all the benefits and risks to the Town of the property are accounted for as a capital lease. All other leases are accounted for as an operating lease and the related payments are charged to expenses as incurred.

INVENTORY

Inventories held for consumption are recorded at the lower of cost and replacement cost. Inventory held for resale is recorded at the lower of cost and net realizable value.

SURPLUS LAND

The carrying value of surplus land is based on the purchase and development costs and does not reflect any gain that may arise if the land sells for more than the carrying value.

REVENUE RECOGNITION

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Supplementary taxation revenues are recorded at the time these bills are issued.

Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of appeals are recorded when the result of the appeal is known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the accounts in the period the interest and penalties are levied.

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

GOVERNMENT GRANTS AND TRANSFERS

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized for unconditional entitlements and grants in the period received or receivable. Revenue is recognized for any conditional entitlements and grants in the period the associated expenditure is incurred. Revenue is recognized for transfers under shared service agreements in the period the costs are incurred.

DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

Deferred revenues represent contributions under the authority of Federal and Provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenditures are recorded as deferred revenue. These amounts will be recognized as revenue in the fiscal year the services are performed. From time to time the Town receives development charges under the authority of provincial legislation and Town by-laws.

RESERVE AND RESERVE FUNDS

Amounts that are approved by the Town Council are set aside for reserves and reserve funds for future operating and capital purposes. Transfer to/from reserves and reserve funds are an adjustment to the respective fund when approved.

FINANCIAL INSTRUMENTS

The Town initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Town subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, taxes receivable, user charges receivable, grants receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumption that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements include the landfill closure and post-closure liability and estimated useful lives of tangible capital assets.

BUDGET FIGURES

Budget figures have been reclassified for the purpose of financial statements to comply with PSAB reporting requirements. The approved operating budget and capital budgets are reflected on the Consolidated Statement of Operations and are unaudited. The budgets established for capital investment in tangible capital assets are on a projected-oriented basis, the costs of which may be carried out over one or more years and therefore, may not be comparable with current year's actual expenditures.

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. TAXES RECEIVABLE:

The components of taxes receivable are comprised of the following:

	2016	2015
Taxes receivable	\$ 126,546	\$ 105,510
Interest and penalty receivable on outstanding tax balances	10,619	7,580
	\$ 137,165	\$ 113,090

3. DEFERRED REVENUE CONTINUITY:

	2016	Restated (Note 11) 2015
Balance, beginning of year:	\$ 912,212	\$ 822,217
Contributions	250,008	897,960
	1,162,220	1,720,177
Contributions used (amounts recognized)	(912,212)	(807,965)
Balance, end of year	\$ 250,008	\$ 912,212

DEFERRED REVENUE:

	2016	Restated (Note 11) 2015
Serpent River First Nation	\$ -	\$ 222,226
Ministry of Agriculture, Food and Rural Affairs - OCIF	220,166	667,730
Other	29,842	22,256
	\$ 250,008	\$ 912,212

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

4. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY:

Under environmental law in the province of Ontario, there is a requirement for the Town of Spanish to provide for the closure and post-closure care of all active and inactive solid waste landfill sites. Accounting standards require that the costs associated with this requirement are provided for in the accounts over the service life of the landfill site based on its usage on a volumetric basis. The reported liability is based on estimates and assumptions regarding future events using the best information available to management. Actual results will vary from the estimated amounts and the change in the estimate will be recognized on a prospective basis as a change in accounting estimate in the year the change is determined.

The liability for closure and post-closure care represents the discounted future cash flows of estimated closure and post-closure care costs using the following rates and assumptions.

Remaining life	34 year
Closure and acquisition costs	Nil
Monitoring period post-closure	20 years
Annual monitoring costs	\$15,000
Total estimated liability	\$ 300,000
Current estimated liability	(117,956)
<u>Amount remaining to be recognized</u>	<u>\$ 182,044</u>

Future cash flows have been discounted using a long-term interest rate of 4.36%.

5. LONG-TERM LIABILITIES:

	2016	2015
Northern Ontario Heritage Fund Corporation incentive term loan non- interest bearing, unsecured, repayable based on income generated at the municipal marina and due in full March 2017	\$ 141,511	\$ 141,511
Ontario Infrastructure and Lands Corporation debenture, bearing interest at 2.52% per annum, repayable in blended semi- annual installments (April and October) of \$23,093, maturing October 1, 2018	89,534	132,646
	<u>\$ 231,045</u>	<u>\$ 274,157</u>

Principal due on long-term debt is as follows:

2017	\$ 185,717
2018	45,328
	<u>\$ 231,045</u>

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. NET ASSETS:

The balance on the consolidated statement of financial position of net assets at the end of the year is comprised of the following:

	2016	Restated (Note 11) 2015
To be use:		
- for the general increase in taxation and user charges	\$ (671,678)	\$ (671,815)
- to be recovered from taxation and user charges for repayment of long-term debt	349,001	355,844
- for the general operations of local boards	588	8,649
- for reserves and reserve funds (note 11)	998,599	1,156,016
	<u>\$ 676,510</u>	<u>\$ 848,694</u>

7. BUDGET RECONCILIATION

The authority of Council is required before monies can be spent by the Town. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget in the Consolidated Statement of Operations as a result of numerous factors and material changes due to PSAB reporting requirements.

	Revenues 2016	Expenditures 2016
Council approved budget		
Operating fund	\$ 1,867,491	\$ 1,781,786
Reserves and Reserve funds	<u>347,928</u>	<u>54,308</u>
	2,215,419	1,836,094
Capital Budget	<u>2,145,759</u>	<u>2,482,471</u>
Total Approved by Council	4,361,178	4,318,565
Less Reserves and Reserve funds	(347,928)	(54,308)
Less Tangible Capital Assets Capitalized	-	(2,482,471)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 4,013,250</u>	<u>\$ 1,781,786</u>

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

8. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

The following contributions were made by the Town to these boards:

	2016	2015
Algoma Health Unit	\$ 22,277	\$ 21,316
Algoma District Social Services Administration Board	153,735	155,082
	<u>\$ 176,012</u>	<u>\$ 176,398</u>

The Town 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.

9. TRUST FUNDS

Trust funds administrated by the Town amounting to \$ 36,899 (2016) \$ 35,737 (2015) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

10. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its eight employees. 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.

The amount contributed to OMERS was \$25,213 (2015 - \$22,893) for the current year service and is included as an expenditure on the Consolidated Statement of Operations.

11. ACCOUNTING CHANGE - RESTATEMENT

The Town completed a joint road project with Serpent River First Nation in 2016. Under the funding agreement and related agreement, the parties to the agreement(s) are responsible for their prorata share of the road expenditures and funding on a per kilometre basis. In 2014 and 2015 the Town accounted for portions of the road related to Serpent River First Nation in work-in-process as these amounts were not accounted for by Serpent River First Nation. The 2015 opening accumulated surplus has been adjusted down by \$13,100 and tangible capital assets reduced by \$13,100 for amounts related to 2014. The 2015 prior year comparative figures have been restated by \$342,428. Grant receivable decreased by \$169,851, deferred revenue decreased by \$169,851, tangible capital assets decreased by \$342,428 and grant funding decreased by \$342,428.

CORPORATION OF THE TOWN OF SPANISH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

12. CONTINUITY OF RESERVES AND RESERVE FUNDS

	Sub-Total	Working Fund	Building & Equipment	Election									
RESERVES													
Balance, Beginning of year	\$ 58,700	\$ 29,489	\$ 27,461	\$ 1,750									
Appropriations from:													
Net assets from operations	875	-	-	875									
Appropriations to:													
Net assets from operations	-	-	-	-									
Balance, End of year	\$ 59,575	\$ 29,489	\$ 27,461	\$ 2,625									

	Sub -Total	Building & Equipment	Roads Housing & Equipment	Sewers	Fire	Landfill	Landfill Closure	Medical Complex	Medical Equipment	Medical Building Extension	Library	Community Well-Being
RESERVES												
Balance, Beginning of year	\$ 871,741	\$ 1,489	\$ 31,121	\$ 45,817	\$ 63,265	\$ 141,156	\$ 12,000	\$ 16,721	\$ 20,480	\$ 116,184	\$ 23,508	400,000
Appropriations from:												
Net assets from operation	60,555	1,487	38,492	18,996	-	22,120	-	6	4,047	2,493	-	(27,086)
Interest	3,672	-	3,672	-	-	-	-	-	-	-	-	-
Appropriations to:												
Net assets from operations	(214,708)	-	(56,538)	(51)	(22,809)	(128,409)	-	(2,610)	(1,928)	-	(2,363)	-
Balance, End of year	\$ 721,260	\$ 2,976	\$ 16,747	\$ 64,762	\$ 40,456	\$ 34,867	\$ 12,000	\$ 14,117	\$ 22,599	\$ 118,677	\$ 21,145	372,914

	Sub-Total	Gignac Square	Insurance	Recreation	Planning	Water	Policing	Farmer Market	Dredging	Economic Development	Gas Tax Revenue	Cemetery
RESERVES												
Balance, Beginning of year	\$ 225,575	\$ 13,598	\$ -	\$ 14,418	\$ -	\$ 175,061	\$ 4,914	\$ 3,469	\$ 3,993	\$ 202	\$ -	\$ 9,920
Appropriations from:												
Net assets from operations	24,377	-	-	923	-	18,595	-	-	-	3,469	-	1,390
Appropriations to:												
Net assets from operation	(32,188)	-	-	-	-	(22,053)	-	(3,469)	-	(2,122)	-	(4,544)
Balance, End of year	\$ 217,764	\$ 13,598	\$ -	\$ 15,341	\$ -	\$ 171,603	\$ 4,914	\$ -	\$ 3,993	\$ 1,549	\$ -	\$ 6,766

	Total
RESERVES	
Balance, Beginning of year	\$ 1,156,016
Appropriations from:	
Net assets from operations	85,807
Interest earned	3,672
Appropriations to:	
Net assets from operations	(246,896)
Balance, End of year	\$ 998,599

* Restatement (Note 11)

**CORPORATION OF THE TOWN OF SPANISH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2016

13. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS

	Cost				Accumulated Amortization			2016	2015	
	2016 Opening Balance	Additions and Betterments	Disposals/ Transfers	2016 Closing Balance	2016 Opening Balance	2016 Amortization Expense	Accumulated Amortization on Disposals	2016 Ending Balance	Net Book Value	Net Book Value
General Capital Assets										
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584	\$ 518,584
Buildings	3,732,827	-	-	3,732,827	1,219,442	68,920	-	1,288,362	2,444,465	2,513,385
Roads and Bridges	6,778,414	2,863,572	-	9,641,986	2,165,078	133,899	-	2,298,977	7,343,009	4,613,336
Automotive Equipment	708,288	-	-	708,288	454,660	19,965	-	474,625	233,663	253,628
Equipment	443,436	53,310	-	496,746	176,546	15,206	-	191,752	304,994	266,890
Marina	2,770,836	-	-	2,770,836	1,533,197	76,660	-	1,609,857	1,160,979	1,237,639
Water and Sewer	8,027,806	-	-	8,027,806	2,768,780	107,755	-	2,876,535	5,151,271	5,259,026
Assets Work-in-process	1,283,477	1,580,095	(2,863,572)	-	-	-	-	-	-	1,283,477
	\$24,263,668	\$ 4,496,977	\$ (2,863,572)	\$25,897,073	8,317,703	\$ 422,405	\$ -	\$ 8,740,108	\$17,156,965	\$15,945,965

* Restatement (Note 11)

**CORPORATION OF THE TOWN OF SPANISH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2016

13. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS (Continued)

	Cost				Accumulated Amortization			2015	2014	
	2015 Opening Balance	Additions and Betterments	Disposals/ Transfers	2015 Closing Balance	2015 Opening Balance	2015 Amortization Expense	Accumulated Amortization on Disposals	2015 Ending Balance	Net Book Value	Net Book Value
Tangible Capital Assets										
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584	\$ 518,584
Buildings	3,727,392	27,570	(22,135)	3,732,827	1,166,898	68,327	(15,783)	1,219,442	2,513,385	2,560,494
Roads and Bridges	6,766,278	12,452	(316)	6,778,414	2,059,461	105,933	(316)	2,165,078	4,613,336	4,706,817
Automotive Equipment	659,768	112,361	(63,841)	708,288	479,356	26,377	(51,073)	454,660	253,628	180,412
Equipment	435,867	7,569	-	443,436	162,058	14,488	-	176,546	266,890	273,809
Marina	2,770,836	-	-	2,770,836	1,456,537	76,660	-	1,533,197	1,237,639	1,314,299
Water & Sewer	8,027,806	-	-	8,027,806	2,661,024	107,756	-	2,768,780	5,259,026	5,366,782
Assets Work-in-process	55,987	1,239,942	(12,452)	1,283,477	-	-	-	-	1,283,477	55,987
	\$22,962,518	\$ 1,399,894	\$ (98,744)	\$24,263,668	\$ 7,985,334	\$ 399,541	\$ (67,172)	\$ 8,317,703	\$15,945,965	\$14,977,184

* Restatement (Note 11)

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

14. SEGMENTED INFORMATION - SERVICE BUNDLE

The Town is a diversified municipal government institution that provides a wide range of services to citizens. Services include water, roads, fire, police, waste management, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by function. These functions were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activities are reported according to these functions based on the services they provide, are as follows:

General Government

General Government consists of Office of the Mayor, Council expenses, Administrative Services (including Clerks, Elections, Communications, Legal and Information Technology Services), Human Resources and Financial Departments. Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This function supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

Protection Services

This section consists of Fire, Police, Animal Control, Building Services and Emergency measures. Police Services ensure the safety of the lives and property of citizens; preserve peace and order; prevent crimes from occurring; detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection and extinguishments of fires. The Building Services processes permit applications and ensures compliance with the Ontario Building Code and with By-Laws enacted by Council.

Transportation Services

This area is responsible for management of Roadways including traffic and winter control.

Environmental Services

In addition to the management of Waterworks and Sanitary systems, this function is responsible for Waste Collection, Waste Disposal and Recycling facilities and programs. This function is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water and sewer system. This function produces quality effluents meeting regulatory requirements and minimizing environmental degradation.

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

14. SEGMENTED INFORMATION - SERVICE BUNDLE (Cont'd)

Health and Social Services

This function consists of Cemetery Services as well as the Town's contribution to Algoma Public Health and Algoma District Services Administration Board.

Recreation and Cultural Services

This function provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and other programs and provides management of arenas and leisure facilities. This section also contributes to the information needs of the Town's citizens through the provision of the library and cultural services and by preserving local history and managing archived data.

Planning and Development Services

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities. The Planning and Development ensures that the Town of Spanish is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles so that the Town is an enjoyable and beautiful community to live, work and play.

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

14. SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	General Government		Protection Services		Transportation Services		Environmental Services	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Taxation (net)	\$ 603,176	\$ 575,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants and transfers	504,600	489,800	15,127	11,248	1,478,613	1,550,483	4,512	3,112
User Charges & other	22,719	36,295	2,555	2,400	17,663	32,342	289,729	274,656
Other	35,424	30,499	-	-	-	-	-	-
	1,165,919	1,132,347	17,682	13,648	1,496,276	1,582,825	294,241	277,768
Expenditures								
Salaries, wages and benefits	227,850	210,700	35,286	27,642	168,603	181,459	25,062	34,814
Purchases & Materials	49,991	64,452	55,051	72,750	176,945	120,850	133,214	77,547
Contracts & Services	17,345	19,340	193,517	178,205	-	-	142,973	145,630
Financial Expenses	3,188	3,934	-	-	6,338	8,861	3,740	7,821
Other Transfers	-	-	-	-	-	-	-	-
Loss on Disposition	-	-	-	-	-	3,768	-	-
Amortization	12,048	12,048	5,274	4,674	154,992	133,021	108,769	108,770
	310,422	310,474	289,128	283,271	506,878	447,959	413,758	374,582
Annual Surplus (deficit)	\$ 855,497	\$ 821,873	\$ (271,446)	\$ (269,623)	\$ 989,398	\$ 1,134,866	\$ (119,517)	\$ (96,814)

* Restatement (Note 11)

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

14.SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Taxation (net)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 603,176	\$ 575,753
Government grants and transfers	-	-	25,768	11,458	29,185	435,476	2,057,805	2,501,577
User Charges	43,145	51,456	231,762	207,491	10,943	19,122	618,516	623,762
Other	-	-	-	-	-	-	35,424	30,499
	43,145	51,456	257,530	218,949	40,128	454,598	3,314,921	3,731,591
Expenditures								
Salaries, wages and benefits	4,693	4,606	123,677	110,460	28,305	31,247	613,476	600,928
Purchases & Materials	36,917	32,831	221,760	168,919	25,510	14,925	699,388	552,274
Contracts & Services	916	916	-	-	-	-	354,751	344,091
Financial Expenses	-	-	3,203	2,803	-	-	16,469	23,419
Other Transfers	176,013	176,399	-	-	-	-	176,013	176,399
Loss on Disposition	-	3,275	-	3,077	-	-	-	10,120
Amortization	6,341	7,399	128,932	127,706	6,049	5,923	422,405	399,541
	224,880	225,426	477,572	412,965	59,864	52,095	2,282,502	\$2,106,772
Annual Surplus (deficit)	\$ (181,735)	\$ (173,970)	\$ (220,042)	(194,016)	\$ (19,736)	\$ 402,503	\$1,032,419	\$1,624,819

* Restatement (Note 11)

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

15. COMMITMENT:

The Town has entered into a management service agreement with the Ontario Clean Water Agency (OCWA) to operate and maintain the Town's water treatment plant, distribution system and waste water system. The agreement is for a seven year period ending April 30, 2022, at an annual cost as follows:

May 1, 2015 to April 30, 2022	\$94,777
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The Town is in the process of securing an agreement in 2017 for waste and recycling service with Municipal Waste and Recycling Consultants for a five year period.

16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, taxes receivable, user charges receivable, grants receivable, other account receivables, accounts payable and accrued liabilities and long-term debt. The nature of the risks to which the Town may be subject to are as follows:

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Town is exposed to this risk relating to its cash and accounts receivable.

The Town holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Town is exposed to credit risk in accounts receivable which includes rate payers, government and other receivables. The Town measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts. In the opinion of management, the credit risk exposure in accounts receivable is considered low and not material. The Town has no allowance for doubtful accounts with respect to its accounts receivable.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Town cannot repay its obligations when they become due to its creditor. The Town is exposed to this risk relating to its accounts payable and accrued liabilities and long-term debt.

The Town reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due. In the opinion of management the liquidity risk exposure to the Town is low.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

16. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to this risk mainly in respect of its long-term debt.

The Town has minimal interest rate exposure on its long-term debt, which are at fixed rates.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Town of
Spanish

Report on the financial statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Spanish which comprise of the statement of financial position as at December 31, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities 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 as 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 the auditors' 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 the auditor considers 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, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Spanish as at December 31, 2016, and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
April 12, 2017

**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF FINANCIAL POSITION
TRUST FUNDS**

DECEMBER 31, 2016

	2016	2015
Assets		
Cash	\$ 36,899	\$ 35,737
Net Assets	\$ 36,899	\$ 35,737

**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
TRUST FUNDS**

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

	2016	2015
Net Assets, beginning of year	\$ 35,737	\$ 34,274
Revenues		
Allocation of plot sales	562	1,013
Interest	130	190
Monuments and markers	600	450
	1,292	1,653
Expenditures		
Transfers for maintenance purposes	130	190
Increase in net assets	1,162	1,463
Net Assets, end of year	\$ 36,899	\$ 35,737

THE CORPORATION OF THE TOWN OF SPANISH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES TRUST FUND DECEMBER 31, 2016

The Cemetery Care and Maintenance Trust is established pursuant to the Cemeteries Act, Ontario. Receipts from the sale of plots are invested in perpetuity and the income thereafter may be used to maintain and improve the Mount Calvary Cemetery.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

I) Basis of Consolidation

The trust funds have not been consolidated with the financial statements of the Corporation of the Town of Spanish.

II) 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 a receipt of goods or services and the creation of a legal obligation to pay.

2. CASH FLOW STATEMENT

A cash flow statement has not been presented because it would not provide any additional information which is not readily apparent in the other financial statements.



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Town of
Spanish

Report on the financial statements

We have audited the accompanying financial statements of the Corporation of the Town of Spanish Public Library Board, which comprise the statement of financial position as at December 31, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities 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 as 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 the auditors' 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 the auditor considers 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, these financial statements present fairly, in all material respects, the financial position of the Spanish Public Library as at December 31, 2016, and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
April 12, 2017

**THE CORPORATION OF THE TOWN
OF SPANISH**

LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT December 31, 2016, (with comparative figures for the prior year)

	2016	2015
ASSETS		
CURRENT		
Cash and investments	\$ 21,245	\$ 23,608
Accounts receivable	2,455	7,732
	<u>23,700</u>	<u>31,340</u>
	<u>\$ 23,700</u>	<u>\$ 31,340</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,238	\$ -
Deferred contributions	2,556	2,500
	<u>19,906</u>	<u>28,840</u>
NET ASSETS	<u>\$ 23,700</u>	<u>\$ 31,340</u>

**THE CORPORATION OF THE TOWN
OF SPANISH**

**LIBRARY BOARD
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)**

	2016	2015
REVENUES		
Contributions from Town	\$ 44,430	\$ 43,780
User fees	3,408	4,446
Provincial grants	5,335	5,708
Fundraising	655	460
	53,828	54,394
EXPENDITURES		
Salaries	47,349	38,660
Books and tapes	2,760	2,718
Maintenance and utilities	2,909	2,594
Supplies	1,590	1,630
Office	6,288	5,377
Equipment	-	172
Insurance	1,161	1,119
Fundraising	612	175
Bank Charges	93	39
	62,762	52,484
Annual surplus (deficit)	(8,934)	1,910
Net assets, beginning of year,	28,840	26,930
Net assets, end of year	\$ 19,906	\$ 28,840

THE CORPORATION OF THE TOWN OF SPANISH

SPANISH PUBLIC LIBRARY BOARD SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the Town of Spanish Public Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. 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. These have been made using careful judgments.

BASIS OF ACCOUNTING

I) Accrual Accounting

Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become earned 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.

II) Inventory of books and supplies

No value is attached to inventories for municipal reporting purposes. Expenditures for books and supplies are charged to operations as they are received.

III) Capital Assets

The historical cost and accumulated amortization of capital assets are not reported. Capital outlays are reported on the statement of operations as incurred.

2. NET ASSETS

The balance on the statement of financial position of net assets at the end of the year is comprised of the following:

	2016	2015
To be used:		
- for general reduction of (increase in) user charges	\$ (1,239)	\$ 5,332
- for reserve fund	21,145	23,508
	<u>\$ 19,906</u>	<u>\$ 28,840</u>

3. CASH FLOW STATEMENT

A cash flow statement has not been presented because it would not provide any additional information which is not readily apparent in the other financial statements.



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INDEPENDENT AUDITORS' REPORT

To the Members of the Council, Inhabitants
and Ratepayers of the Corporation of
the Town of Spanish

Report on the financial statements

We have audited the accompanying financial statements of the Mount Calvary Cemetery Board of the Corporation of the Town of Spanish, which comprise of the statement of financial position as at December 31, 2016 and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities 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 as 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 the auditors' 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 the auditor considers 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, these financial statements present fairly, in all material respects, the financial position of the Mount Calvary Cemetery Board as at December 31, 2016, and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
April 12, 2017

**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF FINANCIAL POSITION
MOUNT CALVARY CEMETERY BOARD**

December 31, 2016 (with comparative figures for the prior year)

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 6,766	\$ 9,920
Accounts receivable	135	190
Other current assets	1,692	1,639
	\$ 8,593	\$ 11,749

FINANCIAL LIABILITIES

Net assets	\$ 8,593	\$ 11,749
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**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF OPERATIONS
MOUNT CALVARY CEMETERY BOARD
YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)**

	2016	2015
REVENUE		
Sales of plots	\$ 1,688	\$ 2,178
Fundraising	1,462	1,691
Opening and closing	840	1,440
Maintenance trust fund	130	190
Registration fees	160	100
Municipal grant	4,000	5,985
Cemetery Care and supervisory fee	150	175
	\$ 8,430	\$ 11,759
EXPENDITURES		
Other Operating	\$ 8,822	\$ 6,468
Salaries and Benefits	2,764	2,736
	11,586	9,204
Annual surplus (deficit)	(3,156)	2,555
Net assets, beginning of year	11,749	9,194
Net assets, end of year	\$ 8,593	\$ 11,749

THE CORPORATION OF THE TOWN OF SPANISH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mount Calvary Cemetery Board are the representation of management prepared in accordance with Canadian public sector accounting standards. 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. These have been made using careful judgments.

BASIS OF ACCOUNTING

I) Accrual Accounting

Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become earned 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.

II) Capital Assets

The historical cost and accumulated amortization of capital assets are not reported. Capital outlays are reported on the statement of operations as incurred.

TRUST FUND

Trust funds administered by the Board amounting to \$ 36,899 (2016) - \$ 35,737 (2015) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Current Fund Operations.

NET ASSETS

The balance on the statement of financial position of net assets at the end of the year is comprised of the following:

	2016	2015
To be used:		
- for general reduction of user charges	\$ 1,827	\$ 3,317
- for reserve fund	6,766	9,921
	<u>\$ 8,593</u>	<u>\$ 13,238</u>



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INDEPENDENT AUDITORS' REPORT

To the Members of the Council, Inhabitants
and Ratepayers of the Corporation of
the Town of Spanish

Report on the financial statements

We have audited the accompanying financial statements of revenue and expenses of the Corporation of the Town of Spanish Four Seasons Waterfront Complex for year ended December 31, 2016. This financial statement has been prepared to comply with reporting requirements established by the Northern Ontario Heritage Fund Corporation within the funding agreement dated June 28, 1998 entered into by the Town.

Management's Responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting requirements established by the Northern Ontario Heritage Fund Corporation within the funding agreement dated June 28, 1998, and for such internal control as management determines as 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 the auditors' 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 the auditor considers 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, these financial statement presents fairly, in all material respects, the revenue and expenses of the Corporation of the Town of Spanish Four Seasons Waterfront Complex for year ended December 31, 2016, in accordance with the reporting requirements established by the Northern Ontario Heritage Fund Corporation within the funding agreement dated June 28, 1998.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
April 12, 2017

**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF OPERATIONS
FOUR SEASONS WATERFRONT COMPLEX
YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)**

	2016	2015
REVENUE		
Marina dockage & pump-outs	\$ 93,778	\$ 88,640
Marina merchandise & fuel	79,870	70,903
Complex Rental	35,129	25,141
Miscellaneous revenue	10,492	9,436
Ministry of Training, Colleges and Universities	2,809	5,750
Human Resource Development Canada	1,576	-
Employment Solutions Student	-	880
Metis Nations Student Grant	-	2,640
	\$ 223,654	\$ 203,390
EXPENDITURES		
Wages & Benefits	\$ 61,538	\$ 62,910
Merchandise & fuel	66,107	59,674
Utilities	50,130	47,391
Repairs & Maintenance	13,093	10,215
Office Supplies	16,397	11,570
Insurance	4,836	4,663
Telephone	1,966	2,108
Bank & credit card charges	3,203	2,803
Professional Fees	2,650	1,150
Memberships	1,890	1,525
Advertising & Promotion	1,091	1,106
Training	623	782
Miscellaneous	235	373
	223,759	206,270
Annual surplus (deficit)	\$ (105)	\$ (2,880)

**THE CORPORATION OF THE TOWN
OF SPANISH**

**FOUR SEASONS WATERFRONT COMPLEX
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2016**

1. Basis of Accounting and Restriction on Use

This financial statement, which has not been and was not intended to be prepared in accordance with Canadian public sector accounting standards, is intended for the information and use of Council and the Northern Ontario Heritage Fund Corporation to comply with reporting requirements established within the funding agreement dated June 28, 1998 entered into by the Town and is not intended to be and should not be used by anyone other than these specified users of for any other purpose. Our report is intended solely for Council and the Northern Ontario Heritage Fund Corporation and should not be distributed or used by parties other than Council and the Northern Ontario Heritage Fund Corporation.