

**THE CORPORATION OF THE  
TOWN OF SPANISH  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**



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LICENSED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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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, 2015 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, 2015, 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 20, 2016

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, (with comparative figures for the prior year)**

**2015**

**2014**

**FINANCIAL ASSETS**

Cash and temporary investments	\$ 1,732,959	\$ 1,479,040
Taxes receivable (note 2)	113,090	89,780
User charges receivable	14,430	11,869
Grants receivable	230,258	111,845
Other accounts receivable	269,463	198,957
	<u>2,360,200</u>	<u>1,891,491</u>

**FINANCIAL LIABILITIES**

Accounts payable and accrued liabilities	\$ 73,599	\$ 134,670
Deferred revenue (note 3)	1,082,063	822,217
Landfill site closure and post-closure liabilities (note 4)	81,687	79,301
Municipal long-term debt (note 5)	274,157	316,204
	<u>1,511,506</u>	<u>1,352,392</u>

<b>NET FINANCIAL ASSETS (note 6)</b>	<u>848,694</u>	<u>539,099</u>
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**NON - FINANCIAL ASSETS**

Tangible capital assets (note 12)	16,301,493	14,990,284
Inventory	17,278	17,164
Prepaid expenses	25,367	21,466
	<u>16,344,138</u>	<u>15,028,914</u>

<b>ACCUMULATED SURPLUS</b>	<u>\$17,192,832</u>	<u>\$15,568,013</u>
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**Commitment (note 14)**

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**

<b>YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)</b>	<b>Budget (note 7) 2015</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>Revenues</b>			
<b>Taxation</b>			
Residential and Farm	\$ 609,542	\$ 606,333	\$ 591,452
Commercial, industrial and business	65,459	62,427	56,609
Other governments and agencies	8,601	8,601	7,470
	683,602	677,361	655,531
Deduct:			
Amounts Raised on behalf of the school boards	104,945	101,608	99,705
	578,657	575,753	555,826
<b>Government Transfers</b>			
Government of Canada	42,236	40,306	43,664
Province of Ontario	2,402,895	2,455,233	736,176
Other Municipalities	2,000	6,038	7,273
	2,447,131	2,501,577	787,113
<b>User Charges</b>			
Sewer and water charges	203,712	204,867	199,512
Fees, service charges and donations	465,853	418,895	420,418
	669,565	623,762	619,930
<b>Other</b>			
Licenses and permits	9,400	6,091	10,721
Investment Income	19,000	6,592	8,563
Penalties and interest charges	15,200	17,816	15,075
	43,600	30,499	34,359
<b>Total Revenues</b>	<b>3,738,953</b>	<b>3,731,591</b>	<b>1,997,228</b>
<b>Expenditures</b>			
General government	305,482	310,474	312,249
Protection to persons and property	272,432	283,271	241,255
Transportation services	300,633	447,959	446,920
Environmental services	334,715	374,582	348,100
Health services	123,786	135,088	117,831
Social and family services	90,338	90,338	90,969
Recreation and cultural services	268,218	412,965	397,303
Planning and development	43,223	52,095	62,211
<b>Total Expenditures</b>	<b>1,738,827</b>	<b>2,106,772</b>	<b>2,016,838</b>
<b>Annual surplus (deficit)</b>	<b>2,000,126</b>	<b>1,624,819</b>	<b>(19,610)</b>
<b>Accumulated Surplus, beginning of year</b>	<b>15,568,013</b>	<b>15,568,013</b>	<b>15,587,623</b>
<b>Accumulated Surplus, end of year</b>	<b>\$17,568,139</b>	<b>\$17,192,832</b>	<b>\$15,568,013</b>

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

<b>AS AT DECEMBER 31,</b> (with comparative figures for the prior year)	<b>Budget (note 7) 2015</b>	<b>2015</b>	<b>2014</b>
<b>Annual surplus (deficit)</b>	\$ 2,000,126	\$ 1,624,819	\$ (19,610)
Acquisition of Tangible Capital Assets	(2,163,178)	(1,729,870)	(244,682)
Amortization of Tangible Capital Assets	-	399,541	408,069
Loss on disposal of Tangible Capital Assets	-	10,120	-
Proceeds on Sale Tangible Capital Assets	-	9,000	-
	(163,052)	313,610	143,777
Acquisition (utilization) of Inventories	-	(114)	(8,243)
Acquisition (utilization) of Prepaid Expenses	-	(3,901)	1,255
<b>Change in Net Financial Assets</b>	(163,052)	309,595	136,789
<b>Net Financial Assets, Beginning of Year</b>	539,099	539,099	402,310
<b>Net Financial Assets, End of Year</b>	\$ 376,047	\$ 848,694	\$ 539,099

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

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

**2015**

**2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Annual surplus (deficit)</b>	\$ 1,624,819	\$ (19,610)
<b>Annual amortization</b>	399,541	408,069
<b>Loss on disposal of Tangible Capital Assets</b>	10,120	-
<b>Uses:</b>		
Increase in taxes receivable	(23,310)	(12,920)
Increase in user charges receivable	(2,561)	(4,183)
Increase in grants receivable	(118,413)	(25,869)
Increase in other accounts receivable	(70,506)	(144,736)
Increase in inventory	(114)	(8,243)
Increase in prepaid expenses	(3,901)	-
Decrease in Deferred revenue - obligatory reserve funds	-	(525)
Decrease in accounts payable and accrued liabilities	(61,071)	-
	(279,876)	(196,476)
<b>Sources:</b>		
Decrease in prepaid expenses	-	1,255
Increase in accounts payable and accrued liabilities	-	43,456
Increase in deferred revenue	259,846	790,099
	259,846	834,810

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Net increase in cash from operating activities	2,014,450	1,026,793
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**CASH FLOWS FROM CAPITAL ACTIVITIES**

Acquisition of tangible capital assets	(1,729,870)	(244,682)
Proceeds on disposal of tangible capital assets	9,000	-
	(1,720,870)	(244,682)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Landfill closure and post-closure liability	2,386	2,310
Municipal long-term debt	(42,047)	(41,007)
	(39,661)	(38,697)

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Net increase in cash and equivalents	253,919	743,414
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Cash and cash equivalents, beginning of year	1,479,040	735,626
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<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,732,959</b>	<b>\$ 1,479,040</b>
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# **THE CORPORATION OF THE TOWN OF SPANISH**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015**

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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, 2015

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### 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, 2015**

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### **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, 2015**

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### **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, 2015**

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### **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, 2015**

**2. TAXES RECEIVABLE:**

The components of taxes receivable are comprised of the following:

	<b>2015</b>	<b>2014</b>
Taxes receivable	\$ 105,510	\$ 83,007
Interest and penalty receivable on outstanding tax balances	7,580	6,773
	<b>\$ 113,090</b>	<b>\$ 89,780</b>

**3. DEFERRED REVENUE CONTINUITY:**

	<b>2015</b>	<b>2014</b>
Balance, beginning of year:	\$ 822,217	\$ 32,643
Contributions	1,067,811	847,837
Interest	-	9,027
	<b>1,890,028</b>	<b>889,507</b>
Contributions used (amounts recognized)	(807,965)	(67,290)
Balance, end of year	<b>\$ 1,082,063</b>	<b>\$ 822,217</b>

**DEFERRED REVENUE:**

	<b>2015</b>	<b>2014</b>
Ministry of Agriculture, Food and Rural Affairs - SRNMIF	\$ 151,675	\$ 802,334
Serpent River First Nation	240,402	-
Ministry of Agriculture, Food and Rural Affairs - OCIF	667,730	-
Other	22,256	19,883
	<b>\$ 1,082,063</b>	<b>\$ 822,217</b>

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 capacity	30,596 cubic meters
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	(81,687)
<b>Amount remaining to be recognized</b>	<b>\$ 218,313</b>

Future cash flows have been discounted using a long-term interest rate of 6% and an estimated inflation rate of 3%.

**5. LONG-TERM LIABILITIES:**

	<b>2015</b>	<b>2014</b>
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	132,646	174,693
	<b>\$ 274,157</b>	<b>\$ 316,204</b>

Principal due on long-term debt is as follows:

2016	\$ 43,113
2017	185,717
2018	45,327
	<b>\$ 274,157</b>

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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:

	<b>2015</b>	<b>2014</b>
To be use:		
- for the general increase in taxation and user charges	\$ (671,815)	\$ (770,891)
- to be recovered from taxation and user charges for repayment of long-term debt	355,844	395,505
- for the general operations of local boards	8,649	5,366
- for reserves and reserve funds (note 11)	1,156,016	909,119
	<b>\$ 848,694</b>	<b>\$ 539,099</b>

**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.

	<b>Revenues 2015</b>	<b>Expenditures 2015</b>
Council approved budget		
Operating fund	\$ 1,875,965	\$ 1,738,827
Reserves and Reserve funds	<u>304,912</u>	<u>99,813</u>
	2,180,877	1,838,640
Capital Budget	<u>1,862,988</u>	<u>2,163,178</u>
Total Approved by Council	4,043,865	4,001,818
Less Reserves and Reserve funds	(304,912)	(99,813)
Less Tangible Capital Assets Capitalized	-	(2,163,178)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<b><u>\$ 3,738,953</u></b>	<b><u>\$ 1,738,827</u></b>

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**8. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS**

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

	<b>2015</b>	<b>2014</b>
Algoma Health Unit	\$ 21,316	\$ 20,368
Algoma District Social Services Administration Board	155,082	153,910
	<b>\$ 176,398</b>	<b>\$ 174,278</b>

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 \$ 35,737 (2015) \$ 34,274 (2014) 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 \$22,893 (2014 - \$24,694) for the current year service and is included as an expenditure on the Consolidated Statement of Operations.

**CORPORATION OF THE TOWN OF SPANISH**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**11. CONTINUITY OF RESERVES AND RESERVE FUNDS**

	Sub-Total	Working Fund	Building & Equipment	Election									
<b>RESERVES</b>													
Balance, Beginning of year	\$ 57,825	\$ 29,489	\$ 27,461	\$ 875									
Appropriations from:													
Net assets from operations	875	-	-	875									
Appropriations to:													
Net assets from operations	-	-	-	-									
<b>Balance, End of year</b>	<b>\$ 58,700</b>	<b>\$ 29,489</b>	<b>\$ 27,461</b>	<b>\$ 1,750</b>									
	Sub -Total	Building & Equipment	Roads Housing & Equipment	Sewers	Fire	Landfill	Landfill Closure	Medical Complex	Medical Equipment	Medical Building Extension	Library	Community Well-Being	
<b>RESERVES</b>													
Balance, Beginning of year	\$ 583,044	\$ 14,538	\$ 129,786	\$ 54,756	\$ 70,059	\$ 123,896	\$ 12,000	\$ 26,982	\$ 15,070	\$ 112,449	\$ 23,508	-	
Appropriations from:													
Net assets from operation	436,212	1,488	5,000	-	-	17,260	-	3,319	5,410	3,735	-	400,000	
Interest	5,085	-	5,085	-	-	-	-	-	-	-	-	-	
Appropriations to:													
Net assets from operations	(152,601)	(14,537)	(108,750)	(8,939)	(6,795)	-	-	(13,580)	-	-	-	-	
<b>Balance, End of year</b>	<b>\$ 871,740</b>	<b>\$ 1,489</b>	<b>\$ 31,121</b>	<b>\$ 45,817</b>	<b>\$ 63,264</b>	<b>\$ 141,156</b>	<b>\$ 12,000</b>	<b>\$ 16,721</b>	<b>\$ 20,480</b>	<b>\$ 116,184</b>	<b>\$ 23,508</b>	<b>400,000</b>	
	Sub-Total	Gignac Square	Insurance	Recreation	Planning	Water	Policing	Farmer Market	Dredging	Economic Development	Gas Tax Revenue	Cemetery	
<b>RESERVES</b>													
Balance, Beginning of year	\$ 268,250	\$ 13,598	\$ -	\$ 16,650	\$ -	\$ 215,724	\$ 4,914	\$ 3,469	\$ 1,830	\$ 3,814	\$ -	\$ 8,251	
Appropriations from:													
Net assets from operations	15,227	-	-	377	-	11,017	-	-	2,163	-	-	1,670	
Appropriations to:													
Net assets from operation	(57,901)	-	-	(2,609)	-	(51,680)	-	-	-	(3,612)	-	-	
<b>Balance, End of year</b>	<b>\$ 225,576</b>	<b>\$ 13,598</b>	<b>\$ -</b>	<b>\$ 14,418</b>	<b>\$ -</b>	<b>\$ 175,061</b>	<b>\$ 4,914</b>	<b>\$ 3,469</b>	<b>\$ 3,993</b>	<b>\$ 202</b>	<b>\$ -</b>	<b>\$ 9,921</b>	
<b>Total</b>													
<b>RESERVES</b>													
Balance, Beginning of year	\$ 909,119												
Appropriations from:													
Net assets from operations	452,314												
Interest earned	5,085												
Appropriations to:													
Net assets from operations	(210,502)												
<b>Balance, End of year</b>	<b>\$ 1,156,016</b>												



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

**DECEMBER 31, 2015**

**12. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS**

	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
<b>General Capital Assets</b>										
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 and 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	69,087	1,582,370	(12,452)	1,639,005	-	-	-	-	1,639,005	69,087
	\$22,975,618	\$ 1,742,322	\$ (98,744)	\$24,619,196	7,985,334	\$ 399,541	\$ (67,172)	\$ 8,317,703	\$16,301,493	\$14,990,284

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

**DECEMBER 31, 2015**

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

	Cost			Accumulated Amortization				2014	2013	
	2014 Opening Balance	Additions and Betterments	Disposals/ Transfers	2014 Closing Balance	2014 Opening Balance	2014 Amortization Expense	Accumulated Amortization on Disposals	2014 Ending Balance	Net Book Value	Net Book Value
<b>Tangible Capital Assets</b>										
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584	\$ 518,584
Buildings	3,727,392	-	-	3,727,392	1,097,879	69,019	-	1,166,898	2,560,494	2,629,513
Roads and Bridges	6,766,278	-	-	6,766,278	1,953,683	105,778	-	2,059,461	4,706,817	4,812,595
Automotive Equipment	659,768	-	-	659,768	451,258	28,098	-	479,356	180,412	208,510
Equipment	426,878	8,989	-	435,867	142,688	19,370	-	162,058	273,809	284,190
Marina	2,770,836	-	-	2,770,836	1,379,877	76,660	-	1,456,537	1,314,299	1,390,959
Water & Sewer	7,861,200	166,606	-	8,027,806	2,551,880	109,144	-	2,661,024	5,366,782	5,309,320
Assets Work-in-process	-	69,087	-	69,087	-	-	-	-	69,087	-
	\$22,730,936	\$ 244,682	\$ -	\$22,975,618	\$ 7,577,265	\$ 408,069	\$ -	\$ 7,985,334	\$14,990,284	\$15,153,671

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

---

### 13. 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, 2015**

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### **13. 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, 2015**

**13. SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)**

	General Government		Protection Services		Transportation Services		Environmental Services	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenues</b>								
<b>Taxation (net)</b>	\$ 575,753	\$ 555,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants and transfers	489,800	483,200	11,248	7,536	1,550,483	115,358	3,112	114,764
User Charges & other	36,295	27,584	2,400	120	32,342	29,163	274,656	282,898
Other	30,499	34,359	-	7,273	-	-	-	-
	1,132,347	1,100,969	13,648	14,929	1,582,825	144,521	277,768	397,662
<b>Expenditures</b>								
Salaries, wages and benefits	210,700	221,845	27,642	23,759	181,459	175,522	34,814	26,761
Purchases & Materials	64,452	52,982	72,750	48,584	120,850	129,233	77,547	75,692
Contracts & Services	19,340	18,201	178,205	164,238	-	-	145,630	132,084
Financial Expenses	3,934	4,125	-	-	8,861	7,743	7,821	3,405
Other Transfers	-	-	-	-	-	-	-	-
Loss on Disposition	-	-	-	-	3,768	-	-	-
Amortization	12,048	15,096	4,674	4,674	133,021	134,422	108,770	110,158
	310,474	312,249	283,271	241,255	447,959	446,920	374,582	348,100
<b>Annual Surplus (deficit)</b>	\$ 821,873	\$ 788,720	\$ (269,623)	\$ (226,326)	\$ 1,134,866	\$ (302,399)	\$ (96,814)	\$ 49,562

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**13.SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)**

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenues</b>								
Taxation (net)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,753	\$ 555,826
Government grants and transfers	-	-	11,458	11,823	435,476	47,159	2,501,577	779,840
User Charges	51,456	56,066	207,491	198,050	19,122	26,049	623,762	619,930
Other	-	-	-	-	-	-	30,499	41,632
	51,456	56,066	218,949	209,873	454,598	73,208	3,731,591	1,997,228
<b>Expenditures</b>								
Salaries, wages and benefits	4,606	3,842	110,460	95,719	31,247	35,128	600,928	582,576
Purchases & Materials	32,831	19,859	168,919	170,953	14,925	21,353	552,274	518,656
Contracts & Services	916	916	-	-	-	-	344,091	315,439
Financial Expenses	-	-	2,803	2,547	-	-	23,419	17,820
Other Transfers	176,399	174,278	-	-	-	-	176,399	174,278
Loss on Disposition	3,275	-	3,077	-	-	-	10,120	-
Amortization	7,399	9,905	127,706	128,084	5,923	5,730	399,541	408,069
	225,426	208,800	412,965	397,303	52,095	62,211	2,106,772	\$2,016,838
<b>Annual</b>								
<b>Surplus (deficit)</b>	\$ (173,970)	\$ (152,734)	\$ (194,016)	(187,430)	\$ 402,503	\$ 10,997	\$1,624,819	\$ (19,610)

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015

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### 14. 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 has entered into a waste and recycling service agreement with Municipal Waste and Recycling Consultants for a five year period ending April 30, 2016, at an annual cost of \$49,183, plus an annual price increase equal to the Consumer Price Index in each subsequent year.

### 15. 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, 2015**

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**15. 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

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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, 2015 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, 2015, 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 20, 2016

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

**STATEMENT OF FINANCIAL POSITION  
TRUST FUNDS**

**DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
Assets		
Cash	\$ 35,737	\$ 34,274
Net Assets	\$ 35,737	\$ 34,274

**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)

	<b>2015</b>	<b>2014</b>
Net Assets, beginning of year	\$ 34,274	\$ 33,324
Revenues		
Allocation of plot sales	1,013	750
Interest	190	321
Monuments and markers	450	200
	<b>1,653</b>	<b>1,271</b>
Expenditures		
Transfers for maintenance purposes	190	321
Increase in net assets	1,463	950
Net Assets, end of year	\$ 35,737	\$ 34,274

# **THE CORPORATION OF THE TOWN OF SPANISH**

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES TRUST FUND DECEMBER 31, 2015**

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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, 2015 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, 2015, 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 20, 2016

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

**LIBRARY BOARD**

**STATEMENT OF FINANCIAL POSITION**

**AS AT December 31, 2015**, (with comparative figures for the prior year)

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and investments	\$ 23,608	\$ 23,608
Accounts receivable	7,732	3,322
	<hr/> 31,340	<hr/> 26,930
	<hr/> \$ 31,340	<hr/> \$ 26,930
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Deferred contributions	\$ 2,500	\$ -
	<hr/> 28,840	<hr/> 26,930
<b>NET ASSETS</b>	<hr/> \$ 31,340	<hr/> \$ 26,930

**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)**

	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>		
Contributions from Town	\$ 43,780	\$ 40,753
User fees	4,446	4,531
Provincial grants	5,708	3,572
Fundraising	460	645
	<b>54,394</b>	<b>49,501</b>
<b>EXPENDITURES</b>		
Salaries	38,660	37,512
Books and tapes	2,718	2,458
Maintenance and utilities	2,594	3,143
Supplies	1,630	1,912
Office	5,377	4,453
Equipment	172	901
Insurance	1,119	1,082
Fundraising	175	677
Bank Charges	39	-
	<b>52,484</b>	<b>52,138</b>
<b>Annual surplus (deficit)</b>	<b>1,910</b>	<b>(2,637)</b>
<b>Net assets, beginning of year,</b>	<b>26,930</b>	<b>29,567</b>
<b>Net assets, end of year</b>	<b>\$ 28,840</b>	<b>\$ 26,930</b>

# THE CORPORATION OF THE TOWN OF SPANISH

## SPANISH PUBLIC LIBRARY BOARD SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2015

---

### 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:

	2015	2014
To be used:		
- for general reduction of (increase in) user charges	\$ 5,332	\$ 3,422
- for reserve fund	23,508	23,508
	<u>\$ 28,840</u>	<u>\$ 26,930</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, 2015 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, 2015, 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 20, 2016

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

**December 31, 2015** (with comparative figures for the prior year)

	<b>2015</b>	<b>2014</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 11,409	\$ 8,251
Accounts receivable	190	321
Other current assets	1,639	1,623
	<b>\$ 13,238</b>	<b>\$ 10,195</b>

**FINANCIAL LIABILITIES**

Net assets	\$ 13,238	\$ 10,195
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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)**

	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Sales of plots	\$ 2,178	\$ 750
Fundraising	1,691	1,668
Opening and closing	1,440	1,440
Maintenance trust fund	190	321
Registration fees	100	60
Municipal grant	5,985	7,035
Cemetery Care and supervisory fee	175	225
	<b>\$ 11,759</b>	<b>\$ 11,499</b>
<b>EXPENDITURES</b>		
Other Operating	\$ 5,980	\$ 3,463
Salaries and Benefits	2,736	3,161
	<b>8,716</b>	<b>6,624</b>
<b>Annual surplus</b>	<b>3,043</b>	<b>4,875</b>
<b>Net assets, beginning of year</b>	<b>10,195</b>	<b>5,320</b>
<b>Net assets, end of year</b>	<b>\$ 13,238</b>	<b>\$ 10,195</b>

# THE CORPORATION OF THE TOWN OF SPANISH

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2015

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### 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 \$ 35,737 (2015) - \$ 34,274 (2014) 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:

	2015	2014
To be used:		
- for general reduction of user charges	\$ 3,317	\$ 1,944
- for reserve fund	9,921	8,251
	<u>\$ 13,238</u>	<u>\$ 10,195</u>



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## INDEPENDENT AUDITORS' REPORT

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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, 2015. 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, 2015, 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 20, 2016

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**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)**

	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Marina dockage & pump-outs	\$ 88,640	\$ 68,294
Marina merchandise & fuel	70,903	75,539
Complex Rental	25,141	32,410
Miscellaneous revenue	9,436	9,791
Ministry of Training, Colleges and Universities	5,750	5,772
Human Resource Development Canada	-	1,640
Ministry of Northern Development Mines	-	840
Employment Solutions Student	880	2,220
Metis Nations Student Grant	2,640	-
	<b>\$ 203,390</b>	<b>\$ 196,506</b>
<b>EXPENDITURES</b>		
Wages & Benefits	\$ 62,910	\$ 51,794
Merchandise & fuel	59,674	61,265
Utilities	47,391	43,616
Repairs & Maintenance	10,215	16,098
Office Supplies	11,570	13,172
Insurance	4,663	4,508
Telephone	2,108	1,839
Bank & credit card charges	2,803	2,547
Professional Fees	1,150	1,150
Memberships	1,525	1,525
Advertising & Promotion	1,106	2,606
Training	782	775
Miscellaneous	373	111
	<b>206,270</b>	<b>201,006</b>
<b>Annual surplus (deficit)</b>	<b>\$ (2,880)</b>	<b>\$ (4,500)</b>

# **THE CORPORATION OF THE TOWN OF SPANISH**

## **FOUR SEASONS WATERFRONT COMPLEX SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2015**

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### **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.