

**THE CORPORATION OF THE
TOWN OF SPANISH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the **Corporation of the Town of Spanish (the "Town")**, which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets (net debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018, and results of its consolidated operations and accumulated surplus, its consolidated changes in net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
June 19, 2019

**THE CORPORATION OF THE TOWN
OF SPANISH**

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

2018

2017

FINANCIAL ASSETS

Cash and temporary investments	\$ 1,353,022	\$ 1,027,926
Taxes receivable (note 2)	136,112	126,924
User charges receivable	34,429	16,741
Grants receivable	2,863	146,018
Other accounts receivable	29,605	149,064
	<u>1,556,031</u>	<u>1,466,673</u>

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities	\$ 162,111	\$ 436,462
Deferred revenue (note 3)	83,585	25,286
Landfill site closure and post-closure liabilities (note 4)	155,954	117,956
Municipal long-term debt (note 5)	-	186,838
	<u>401,650</u>	<u>766,542</u>

NET FINANCIAL ASSETS (note 6) 1,154,381 700,131

NON - FINANCIAL ASSETS

Tangible capital assets (note 12)	16,939,566	17,257,916
Inventory	15,479	14,582
Prepaid expenses	25,468	25,231
	<u>16,980,513</u>	<u>17,297,729</u>

ACCUMULATED SURPLUS \$18,134,894 \$17,997,860

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**

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)	Budget (note 7) 2018	Actual 2018	Actual 2017
Revenues			
Taxation			
Residential and Farm	\$ 648,447	\$ 649,868	\$ 639,437
Commercial, industrial and business	69,934	76,441	66,899
Other governments and agencies	9,225	9,225	9,031
	727,606	735,534	715,367
Deduct:			
Amounts Raised on behalf of the school boards	101,304	102,670	98,709
	626,302	632,864	616,658
Government Transfers			
Government of Canada	45,745	47,697	46,262
Province of Ontario	1,123,770	1,092,251	1,170,107
Other Municipalities	2,500	5,423	2,838
	1,172,015	1,145,371	1,219,207
User Charges			
Sewer and water charges	226,650	232,620	210,305
Fees, service charges and donations	387,173	472,474	420,725
	613,823	705,094	631,030
Other			
Licenses and permits	6,550	6,938	8,665
Investment Income	700	17,464	6,251
Penalties and interest charges	20,700	22,922	22,637
	27,950	47,324	37,553
Total Revenues	2,440,090	2,530,653	2,504,448
Expenditures			
General government	325,218	354,082	302,004
Protection to persons and property	293,961	291,135	306,648
Transportation services	507,934	516,215	523,932
Environmental services	298,993	501,447	408,716
Health services	137,661	142,199	120,014
Social and family services	74,635	75,658	87,178
Recreation and cultural services	141,025	438,876	472,300
Planning and development	27,395	74,007	155,519
Total Expenditures	1,806,822	2,393,619	2,376,311
Annual surplus	633,268	137,034	128,137
Accumulated Surplus, beginning of year	17,997,860	17,997,860	17,869,723
Accumulated Surplus, end of year	\$18,631,128	\$18,134,894	\$17,997,860

**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) 2018	2018	2017
Annual surplus	\$ 633,268	\$ 137,034	\$ 128,137
Acquisition of Tangible Capital Assets	(420,071)	(176,336)	(734,543)
Amortization of Tangible Capital Assets	-	480,642	460,746
Loss on disposal of Tangible Capital Assets	-	14,044	87,846
Proceeds on Sale Tangible Capital Assets	-	-	85,000
	213,197	455,384	27,186
Acquisition (utilization) of Inventories	-	(897)	(4,133)
Acquisition (utilization) of Prepaid Expenses	-	(237)	568
Change in Net Financial Assets	213,197	454,250	23,621
Net Financial Assets, Beginning of Year	700,131	700,131	676,510
Net Financial Assets, End of Year	\$ 913,328	\$ 1,154,381	\$ 700,131

**THE CORPORATION OF THE TOWN
OF SPANISH**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31 ,(with comparative figures for the prior year)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 137,034	\$ 128,137
Annual amortization	480,642	460,746
Loss on disposal of Tangible Capital Assets	14,044	87,846
Uses:		
Increase in taxes receivable	(9,188)	-
Increase in user charges receivable	(17,688)	(2,504)
Increase in grants receivable	-	(139,896)
Increase in other accounts receivable	-	(2,044)
Increase in inventory	(897)	(4,133)
Increase in prepaid expenses	(237)	-
Decrease in accounts payable and accrued liabilities	(274,351)	-
Decrease in deferred revenue	-	(224,722)
	(302,361)	(373,299)
Sources:		
Decrease in taxes receivable	-	10,241
Decrease in accounts receivable	119,459	-
Decrease in grants receivable	143,155	-
Decrease in prepaid expenses	-	568
Increase in accounts payable and accrued liabilities	-	327,447
Increase in deferred revenue	58,299	-
	320,913	338,256
Net increase in cash from operating activities	650,272	641,686
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(176,336)	(734,543)
Proceeds on disposal of tangible capital assets	-	85,000
	(176,336)	(649,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Landfill closure and post-closure liability	37,998	-
Municipal long-term debt	(186,838)	(44,207)
	(148,840)	(44,207)
Net increase (decrease) in cash and equivalents	325,096	(52,064)
Cash and cash equivalents, beginning of year	1,027,926	1,079,990
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,353,022	\$ 1,027,926

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018**

2. TAXES RECEIVABLE:

The components of taxes receivable are comprised of the following:

	2018	2017
Taxes receivable	\$ 128,411	\$ 120,528
Interest and penalty receivable on outstanding tax balances	7,701	6,396
	\$ 136,112	\$ 126,924

3. DEFERRED REVENUE CONTINUITY:

	2018	2017
Balance, beginning of year:	\$ 25,286	\$ 250,008
Contributions	63,275	16,481
	88,561	266,489
Contributions used (amounts recognized)	(4,976)	(241,203)
Balance, end of year	\$ 83,585	\$ 25,286

DEFERRED REVENUE:

	2018	2017
Ministry of Transportation - OMCC	\$ 25,000	\$ -
Association of Municipalities of Ontario	38,275	-
Ministry of Agriculture, Food and Rural Affairs - OCIF	9,102	8,805
Other	11,208	16,481
	\$ 83,585	\$ 25,286

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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	30 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	(155,954)
<u>Amount remaining to be recognized</u>	<u>\$ 144,046</u>

Future cash flows have been discounted using a long-term interest rate of 4.0631%.

5. LONG-TERM LIABILITIES:

	2018	2017
Northern Ontario Heritage Fund Corporation incentive term loan non- interest bearing, unsecured, repayable based on income generated at the municipal marina and matured in full March 2017.	\$ -	\$ 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	-	45,327
	<u>\$ -</u>	<u>\$ 186,838</u>

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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:

	2018	2017
To be use:		
- for the general increase in taxation and user charges	\$ (588,977)	\$ (643,569)
- to be recovered from taxation and user charges for repayment of long-term debt	155,954	304,794
- for the general operations of local boards	3,330	10,480
- for reserves and reserve funds (note 11)	1,584,074	1,028,426
	\$ 1,154,381	\$ 700,131

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 unaudited budget in the Consolidated Statement of Operations as a result of numerous factors and material changes due to PSAB reporting requirements.

	Revenues 2018	Expenditures 2018
Council approved budget		
Operating fund	\$ 2,440,090	\$ 1,806,822
Reserves and Reserve funds	<u>212,969</u>	<u>381,964</u>
	2,653,059	2,188,786
Capital Budget	<u>-</u>	<u>420,071</u>
Total Approved by Council	2,653,059	2,608,857
Less Reserves and Reserve funds	(212,969)	(381,964)
Less Tangible Capital Assets Capitalized	-	(420,071)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 2,440,090</u>	<u>\$ 1,806,822</u>

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2018	2017
Algoma Health Unit	\$ 23,948	\$ 22,832
Algoma District Social Services Administration Board	161,772	154,886
	\$ 185,720	\$ 177,718

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 \$ 38,349 (2018) \$ 37,899 (2017) 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 \$21,342 (2017 - \$24,799) 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, 2018

11. CONTINUITY OF RESERVES AND RESERVE FUNDS

	Sub-Total	Working Fund	Building & Equipment	Election									
RESERVES													
Balance, Beginning of year	\$ 59,575	\$ 29,489	\$ 27,461	\$ 2,625									
Appropriations from:													
Net assets from operations	127,360	-	127,360	-									
Appropriations to:													
Net assets from operations	(2,625)	-	-	(2,625)									
Balance, End of year	\$ 184,310	\$ 29,489	\$ 154,821	\$ -									
	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	\$ 859,661	\$ 81,615	\$ 106,048	\$ (106)	\$ 41,706	\$ 43,593	\$ 36,170	\$ 19,527	\$ 24,452	\$ 122,773	\$ 21,145	362,738	
Appropriations from:													
Net assets from operation	531,447	25,000	54,527	19,195	2,500	98,858	10,000	7,617	1,763	3,171	8,816	300,000	
Interest	13,568	215	1,090	-	-	12,263	-	-	-	-	-	-	
Appropriations to:													
Net assets from operations	(116,995)	(18,916)	(50,000)	(14,576)	-	(11,702)	-	(6,000)	(4,110)	-	-	(11,691)	
Balance, End of year	\$ 1,287,681	\$ 87,914	\$ 111,665	\$ 4,513	\$ 44,206	\$ 143,012	\$ 46,170	\$ 21,144	\$ 22,105	\$ 125,944	\$ 29,961	651,047	
	Sub-Total	Gignac Square	Insurance	Recreation	Planning	Water	Policing	Farmer Market	Marina	Economic Development	Gas Tax Revenue	Cemetery	
RESERVES													
Balance, Beginning of year	\$ 109,190	\$ -	\$ -	\$ 16,824	\$ -	\$ 60,276	\$ 4,914	\$ -	\$ 3,993	\$ 15,147	\$ -	\$ 8,036	
Appropriations from:													
Net assets from operations	64,356	-	-	548	-	30,848	-	-	30,000	-	-	2,960	
Appropriations to:													
Net assets from operation	(61,463)	-	-	-	-	(61,463)	-	-	-	-	-	-	
Balance, End of year	\$ 112,083	\$ -	\$ -	\$ 17,372	\$ -	\$ 29,661	\$ 4,914	\$ -	\$ 33,993	\$ 15,147	\$ -	\$ 10,996	
Total													
RESERVES													
Balance, Beginning of year	\$ 1,028,426												
Appropriations from:													
Net assets from operations	723,163												
Interest earned	13,568												
Appropriations to:													
Net assets from operations	(181,083)												
Balance, End of year	\$ 1,584,074												

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

DECEMBER 31, 2018

12. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS

	Cost				Accumulated Amortization			2018	2017	
	2018 Opening Balance	Additions and Betterments	Disposals/ Transfers	2018 Closing Balance	2018 Opening Balance	2018 Amortization Expense	Accumulated Amortization on Disposals	2018 Ending Balance	Net Book Value	Net Book Value
General Capital Assets										
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584	\$ 518,584
Buildings	3,958,214	-	-	3,958,214	1,290,082	76,186	-	1,366,268	2,591,946	2,668,132
Roads and Bridges	9,641,986	-	-	9,641,986	2,462,747	163,771	-	2,626,518	7,015,468	7,179,239
Automotive Equipment	708,288	-	-	708,288	494,172	19,369	-	513,541	194,747	214,116
Equipment	497,613	31,245	-	528,858	204,321	18,392	-	222,713	306,145	293,292
Marina	2,770,836	5,500	-	2,776,336	1,686,517	76,752	-	1,763,269	1,013,067	1,084,319
Water and Sewer	8,277,120	139,591	-	8,416,711	2,990,930	126,172	-	3,117,102	5,299,609	5,286,190
Landfill Work-in-Process	14,044	-	(14,044)	-	-	-	-	-	-	14,044
	\$26,386,685	\$ 176,336	\$ (14,044)	\$26,548,977	9,128,769	\$ 480,642	\$ -	\$ 9,609,411	\$16,939,566	\$17,257,916

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

DECEMBER 31, 2018

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

	Cost				Accumulated Amortization				2017	2016
	2017 Opening Balance	Additions and Betterments	Disposals/ Transfers	2017 Closing Balance	2017 Opening Balance	2017 Amortization Expense	Accumulated Amortization on Disposals	2017 Ending Balance	Net Book Value	Net Book Value
Tangible Capital Assets										
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584	\$ 518,584
Buildings	3,732,827	463,552	(238,165)	3,958,214	1,288,362	70,421	(68,701)	1,290,082	2,668,132	2,444,465
Roads and Bridges	9,641,986	-	-	9,641,986	2,298,977	163,770	-	2,462,747	7,179,239	7,343,009
Automotive Equipment	708,288	-	-	708,288	474,625	19,547	-	494,172	214,116	233,663
Equipment	496,746	7,633	(6,766)	497,613	191,752	15,953	(3,384)	204,321	293,292	304,994
Marina	2,770,836	-	-	2,770,836	1,609,857	76,660	-	1,686,517	1,084,319	1,160,979
Water & Sewer	8,027,806	249,314	-	8,277,120	2,876,535	114,395	-	2,990,930	5,286,190	5,151,271
Landfill Work-in-Process	-	14,044	-	14,044	-	-	-	-	14,044	-
	\$25,897,073	\$ 734,543	\$ (244,931)	\$26,386,685	\$ 8,740,108	\$ 460,746	\$ (72,085)	\$ 9,128,769	\$17,257,916	\$17,156,965

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018

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, 2018**

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

	General Government		Protection Services		Transportation Services		Environmental Services	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Taxation (net)	\$ 632,864	\$ 616,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants and transfers	566,500	533,700	10,472	9,087	44,337	43,070	64,444	577,925
User Charges & other	36,203	23,437	126	10,530	12,974	22,411	326,286	314,393
Other	47,324	37,553	-	-	-	-	-	-
	1,282,891	1,211,348	10,598	19,617	57,311	65,481	390,730	892,318
Expenditures								
Salaries, wages and benefits	238,858	213,175	36,203	35,743	162,046	183,128	27,630	27,875
Purchases & Materials	75,564	53,652	55,680	64,128	164,546	145,993	186,417	109,790
Contracts & Services	20,415	19,613	193,379	200,904	-	-	148,624	148,411
Financial Expenses	6,300	3,517	-	-	3,996	9,566	-	1,436
Other Transfers	-	-	-	-	-	-	-	-
Loss on Disposition	-	-	-	-	-	-	-	-
Amortization	12,945	12,047	5,873	5,873	185,627	185,245	138,776	121,204
	354,082	302,004	291,135	306,648	516,215	523,932	501,447	408,716
Annual Surplus (deficit)	\$ 928,809	\$ 909,344	\$ (280,537)	\$ (287,031)	\$ (458,904)	\$ (458,451)	\$ (110,717)	\$ 483,602

**THE CORPORATION OF THE TOWN
OF SPANISH**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Taxation (net)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,864	\$ 616,658
Government grants and transfers	-	-	140,193	11,595	319,425	43,830	1,145,371	1,219,207
User Charges	39,101	38,047	244,705	218,142	45,699	4,070	705,094	631,030
Other	-	-	-	-	-	-	47,324	37,553
	39,101	38,047	384,898	229,737	365,124	47,900	2,530,653	2,504,448
Expenditures								
Salaries, wages and benefits	1,679	3,637	119,524	108,795	19,538	36,086	605,478	608,439
Purchases & Materials	23,851	19,830	185,278	230,461	52,939	30,057	744,275	653,911
Contracts & Services	916	916	-	-	-	-	363,334	369,844
Financial Expenses	-	-	3,874	3,288	-	-	14,170	17,807
Other Transfers	185,720	177,718	-	-	-	-	185,720	177,718
Loss on Disposition	-	-	-	-	-	87,846	-	87,846
Amortization	5,691	5,091	130,200	129,756	1,530	1,530	480,642	460,746
	217,857	207,192	438,876	472,300	74,007	155,519	2,393,619	\$2,376,311
Annual Surplus (deficit)	\$ (178,756)	\$ (169,145)	\$ (53,978)	(242,563)	\$ 291,117	\$ (107,619)	\$ 137,034	\$ 128,137

THE CORPORATION OF THE TOWN OF SPANISH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018

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
-------------------------------	----------

The Town secured an agreement in 2017 for waste and recycling service with Municipal Waste and Recycling Consultants for a five year period beginning March 1, 2017. The agreement ends February 28, 2021, at an annual cost of \$51,936, 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. 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.



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the **Corporation of the Town of Spanish Trust Funds (the "Trust Funds")**, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2018, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Town's Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's Trust Funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's Trust Funds financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's Trust Funds internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's Trust Funds ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town's Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
June 19, 2019

**THE CORPORATION OF THE TOWN
OF SPANISH**

**STATEMENT OF FINANCIAL POSITION
TRUST FUNDS**

DECEMBER 31, 2018

	2018	2017
Assets		
Cash	\$ 38,349	\$ 37,899
Net Assets	\$ 38,349	\$ 37,899

**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)

	2018	2017
Net Assets, beginning of year	\$ 37,899	\$ 36,899
Revenues		
Allocation of plot sales	-	750
Interest	317	165
Monuments and markers	450	250
	767	1,165
Expenditures		
Transfers for maintenance purposes	317	165
Increase in net assets	450	1,000
Net Assets, end of year	\$ 38,349	\$ 37,899

THE CORPORATION OF THE TOWN OF SPANISH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES TRUST FUND DECEMBER 31, 2018

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

Opinion

We have audited the accompanying financial statements of the **Corporation of the Town of Spanish Public Library Board (the "Library Board")**, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at December 31, 2018, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Library Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Library Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
June 19, 2019

**THE CORPORATION OF THE TOWN
OF SPANISH**

LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT December 31, 2018, (with comparative figures for the prior year)

	2018	2017
ASSETS		
CURRENT		
Cash and investments	\$ 30,063	\$ 26,134
Accounts receivable	-	2,900
	<u>30,063</u>	<u>29,034</u>
	<u>\$ 30,063</u>	<u>\$ 29,034</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,518	\$ 1,419
Deferred contributions	-	3,000
	<u>28,545</u>	<u>24,615</u>
NET ASSETS	<u>\$ 30,063</u>	<u>\$ 29,034</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)**

	2018	2017
REVENUES		
Contributions from Town	\$ 50,950	\$ 50,000
User fees	3,470	3,464
Provincial grants	5,815	5,424
Fundraising	507	775
	60,742	59,663
EXPENDITURES		
Salaries	41,221	36,566
Books and tapes	3,173	2,958
Maintenance and utilities	2,777	3,165
Supplies	1,484	1,617
Office	2,989	5,449
Equipment	3,616	3,708
Insurance	1,205	1,185
Fundraising	343	265
Bank Charges	4	41
	56,812	54,954
Annual surplus	3,930	4,709
Net assets, beginning of year,	24,615	19,906
Net assets, end of year	\$ 28,545	\$ 24,615

THE CORPORATION OF THE TOWN OF SPANISH

SPANISH PUBLIC LIBRARY BOARD SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2018

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:

	2018	2017
To be used:		
- for general reduction of (increase in) user charges	\$ (1,416)	\$ 3,470
- for reserve fund	29,961	21,145
	<u>\$ 28,545</u>	<u>\$ 24,615</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 Council, Inhabitants and Ratepayers of the Corporation of the Town of Spanish

Opinion

We have audited the accompanying financial statements of the **Mount Calvary Cemetery Board of the Corporation of the Town of Spanish (the "Cemetery Board")**, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Cemetery Board** as at December 31, 2018, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the **Cemetery Board** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **Cemetery Board's** ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **Cemetery Board** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Cemetery Board's** financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 **Cemetery Board's** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the **Cemetery Board's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the **Cemetery Board** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
June 19, 2019

**THE CORPORATION OF THE TOWN
OF SPANISH**

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

December 31, 2018 (with comparative figures for the prior year)

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 10,996	\$ 8,036
Accounts receivable	317	165
Other current assets	4,429	6,845
	\$ 15,742	\$ 15,046
FINANCIAL LIABILITIES		
Net assets	\$ 15,742	\$ 15,046

**THE CORPORATION OF THE TOWN
OF SPANISH**

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

	2018	2017
REVENUE		
Sales of plots	\$ -	\$ 750
Fundraising	2,960	1,270
Opening and closing	600	2,040
Maintenance trust fund	317	165
Registration fees	150	110
Municipal grant	875	7,110
Cemetery Care and supervisory fee	150	100
	\$ 5,052	\$ 11,545
EXPENDITURES		
Other Operating	\$ 2,656	\$ 1,908
Salaries and Benefits	1,199	3,184
Maintenance and supplies	501	-
	4,356	5,092
Annual surplus	696	6,453
Net assets, beginning of year	15,046	8,593
Net assets, end of year	\$ 15,742	\$ 15,046

THE CORPORATION OF THE TOWN OF SPANISH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES DECEMBER 31, 2018

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 \$ 38,349 (2018) - \$ 37,899 (2017) 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:

	2018	2017
To be used:		
- for general reduction of user charges	\$ 4,746	\$ 7,010
- for reserve fund	10,996	8,036
	<u>\$ 15,742</u>	<u>\$ 15,046</u>