

THE CORPORATION OF THE TOWN OF SPANISH

Consolidated Financial Statements

Year Ended December 31, 2012

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Corporation of the Town of Spanish ("the Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Mayor

Treasurer



INDEPENDENT AUDITOR'S REPORT

To: The Members of
Council, residents and ratepayers of The Corporation of the Town of Spanish

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **The Corporation of the Town of Spanish**, which comprise the consolidated statement of financial position as at **December 31, 2012**, and the consolidated statements of operations and changes in accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Accountants
Licensed Public Accountants

Sudbury, Ontario
April 17, 2013

CORPORATION OF THE TOWN OF SPANISH
Consolidated Statement of Financial Position
December 31, 2012 with comparative figures for 2011

	2012 \$	2011 \$
Financial Assets		
Cash	949,320	862,819
Taxes receivable (note 3)	55,322	40,617
User charges receivable	11,300	8,715
Grants receivable	188,183	273,601
Other accounts receivable	67,145	48,270
	<u>1,271,270</u>	<u>1,234,022</u>
Liabilities		
Bank indebtedness (note 4)	600,000	600,000
Accounts payable and accrued liabilities	86,456	140,667
Deferred revenue	19,719	12,623
Deferred revenue – obligatory reserve funds (note 5)	37,941	2,700
Landfill closure and post-closure liability (note 6)	74,755	62,607
Long-term debt (note 7)	141,511	141,511
	<u>960,382</u>	<u>960,108</u>
Net assets (note 8)	<u>310,888</u>	<u>273,914</u>
Non-financial Assets (note 9)		
Tangible capital assets (note 10)	15,522,818	15,807,782
Inventory	12,489	8,751
Prepaid expenses	23,913	23,306
	<u>15,559,220</u>	<u>15,839,839</u>
Accumulated Surplus	<u>15,870,108</u>	<u>16,113,753</u>

Contingent liabilities (note 11)

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

CORPORATION OF THE TOWN OF SPANISH
Consolidated Statement of Operations and Changes in Accumulated Surplus
Year ended December 31, 2012 with comparative figures for 2011

	Budget (Unaudited) \$	2012 Actual \$	2011 Actual \$
Revenues:			
Taxation			
Residential and farm	591,741	588,876	478,414
Commercial, industrial and business	56,306	53,894	54,087
Other governments and agencies	10,866	8,369	6,947
	658,913	651,139	539,448
Deduct:			
Amounts raised on behalf of the school boards	105,767	100,590	98,974
	553,146	550,549	440,474
Government Transfers			
Government of Canada	46,329	10,654	56,299
Province of Ontario	1,113,005	617,275	570,756
	1,159,334	627,929	627,055
User Charges			
Sewer and water charges	188,284	186,047	187,190
Fees, service charges and donations	351,768	334,587	368,438
Licenses and permits	9,600	6,951	7,619
	549,652	527,585	563,247
Other			
Investment income	10,000	13,321	11,769
Penalties and interest charges	10,700	15,051	20,848
Other	1,228	3,515	4,189
	21,928	31,887	36,806
Total Revenue	2,284,060	1,737,950	1,667,582
Expenditures:			
Recreation and cultural services	274,615	402,375	403,391
General government	290,881	287,890	316,737
Environmental services	277,742	460,771	435,483
Protection to persons and property	254,195	246,969	216,763
Transportation services	234,321	322,367	372,741
Health services	114,477	129,471	112,045
Social and family services	101,392	101,392	93,869
Planning and development	43,371	30,360	16,688
Total expenditures	1,590,994	1,981,595	1,967,717
Annual surplus (deficit)	693,066	(243,645)	(300,135)
Accumulated surplus, beginning of year	16,113,753	16,113,753	16,413,888
Accumulated surplus, end of year	16,806,819	15,870,108	16,113,753

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

CORPORATION OF THE TOWN OF SPANISH
Consolidated Statement of Changes in Net Assets
December 31, 2012 with comparative figures for 2011

	Budget (Unaudited) \$	2012 Actual \$	2011 Actual \$
Annual surplus (deficit)	693,066	(243,645)	(300,135)
Acquisition of tangible capital assets	(893,642)	(161,106)	(31,360)
Loss on disposal of tangible capital assets	-	32,484	-
Amortization of tangible capital assets	-	413,586	403,704
Change in inventory	-	(3,738)	312
Change in prepaid expenses	-	(607)	(1,124)
Change in net assets	(200,576)	36,974	71,397
Net assets, beginning of year	273,914	273,914	202,517
Net assets, end of year	73,338	310,888	273,914

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

THE CORPORATION OF THE TOWN OF SPANISH
Consolidated Statement of Cash Flows
Year ended December 31, 2012 with comparative figures for 2011

	2012 \$	2011 \$
Cash flows from operations		
Annual surplus (deficit)	(243,645)	(300,135)
Non-cash items including amortization		
Loss on disposal of tangible capital assets	32,484	—
Amortization of tangible capital assets	413,586	403,704
	202,425	103,569
Changes in non-cash assets and liabilities		
Taxes receivable	(14,705)	105,930
User charges receivable	(2,585)	12,779
Grants receivable	85,418	1,063,591
Other accounts receivable	(18,875)	270,085
Accounts payable and accrued liabilities	(54,211)	(1,234,839)
Deferred revenue	42,337	6,893
Inventory	(3,738)	312
Prepaid expenses	(607)	(1,124)
	235,459	327,196
Capital transactions		
Cash used to acquire tangible capital assets	(161,106)	(31,360)
Financing transactions		
Landfill closure and post-closure liability	12,148	18,696
Increase in cash	86,501	314,532
Cash (bank indebtedness), beginning of year	262,819	(51,713)
Cash, end of year	349,320	262,819
Cash (bank indebtedness) consists of:		
Cash	949,320	862,819
Bank indebtedness	(600,000)	(600,000)
	349,320	262,819

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town are the representation of management. The financial statements are prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting Entity

i) Local Boards

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Town and include the activities of all committees of Council and the following local boards which are under the control of Council:

Spanish Public Library Board
Mount Calvary Cemetery Board

ii) Joint Local Boards

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as expenditures in the consolidated statement of operations:

Algoma District Social and Family Services Board
Algoma Health Unit

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

iii) 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 these consolidated financial statements.

iv) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of Accounting

i) Accrual Accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Town provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

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

Additions are amortized at one half of the annual rate in the year of acquisition.

iii) Inventory

Inventories held for consumption are recorded at the lower of cost and replacement cost

iv) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

iv) Revenue Recognition (continued)

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.

Government transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and, the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

v) Deferred Revenue – Obligatory Reserve Funds

The Town receives certain 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.

vi) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions 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.

vii) 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 bank indebtedness, accounts payable and accrued liabilities and long-term debt.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2012, the Town adopted Public Sector Accounting Standard PS 3450 – *Financial Instruments* and PS 2601 - *Foreign Currency Translation*. These standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included in the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Town's accounting policy choices.

3. TAXES RECEIVABLE

The components of taxes receivable are as follows:

	2012	2011
	\$	\$
Taxes receivable	51,347	37,665
Interest receivable on outstanding tax balances	3,975	2,952
	55,322	40,617

4. BANK INDEBTEDNESS

The Ontario Infrastructure Projects Corporation (OIPC) has made credit facilities available to the Town to assist with financing of capital infrastructure projects. These credit facilities consist of short-term advances, to a maximum of \$1,234,000 bearing interest at a floating rate per annum based on OIPC's cost of funds plus the prevailing spread assigned to the borrower sector for program delivery costs and risks.

Provided certain conditions are met, OIPC agrees to purchase 20 year Debentures from the Town thereby converting the short-term advances into long-term financing by issuing to OIPC one or more 20 year debentures in a principal amount to be determined by the Town. The interest rate on the debentures shall be a fixed rate per annum based on OIPC's cost of funds plus OIPC's prevailing spread assigned to the borrower sector for program delivery costs and risks at the time of issuance of the debentures.

At December 31, 2012, no debentures have been issued by the Town.

THE CORPORATION OF THE TOWN OF SPANISH
Notes to the Consolidated Financial Statements
December 31, 2012

5. DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	2012	2011
	\$	\$
Deferred revenue, beginning of year	2,700	–
Contributions received during the year	44,663	44,663
Amounts recognized as revenue during the year	(9,422)	(41,963)
Deferred revenue, end of year	<u>37,941</u>	<u>2,700</u>
Deferred revenue – obligatory reserve consists of the following:		
Federal gas tax revenue	<u>37,941</u>	<u>2,700</u>

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

Under environmental law in the province of Ontario, there is a requirement for the Town to provide for 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	33,253 cubic meters
Remaining life	37 years
Closure and acquisition costs	NIL
Monitoring period post-closure	20 years
Annual monitoring costs	\$15,000
Total estimated liability	\$300,000
Current estimated liability	(74,755)
Amount remaining to be recognized	<u>\$225,245</u>

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

A reserve fund has been established to provide for this solid waste landfill closure and post-closure care liability. The reserve fund balance at the end of the year amounts to \$74,755 (2011 – \$62,607). At year-end, no assets have been specifically designated for settling this liability.

THE CORPORATION OF THE TOWN OF SPANISH
Notes to the Consolidated Financial Statements
December 31, 2012

7. LONG-TERM DEBT

Long-term debt in the amount of \$141,511 (2011 - \$141,511) is a non-interest bearing incentive term loan from Northern Ontario Heritage Fund Corporation. The loan is repayable based on income generated at the municipal marina and is due in full March 2017.

8. 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:

	2012	2011
	\$	\$
To be used:		
- for the general increase in taxation and user charges	(709,143)	(680,770)
- to be recovered from taxation and user charges for the repayment of long-term debt	(141,511)	(141,511)
- for the general operations of local boards	28,169	21,321
- for reserves and reserve funds (Schedule 1)	1,133,373	1,074,874
	310,888	273,914

9. NON-FINANCIAL ASSETS

Tangible capital assets and other non-financial assets are accounted for as assets by the Town because they can be used to provide services to residents and ratepayers of the Town in future periods. These assets do not normally provide resources to discharge the liabilities of the Town unless they are sold.

THE CORPORATION OF THE TOWN OF SPANISH
Notes to the Consolidated Financial Statements
December 31, 2012

11. CONTINGENT LIABILITIES

The Town receives transfers from the governments of Canada and Ontario. Some government transfers are subject to audit by the transferring government with adjustments, if any, repayable to the transferring government. Audit adjustments, if any, are recorded in the accounts in the year in which they become known.

12. CONTRIBUTIONS TO JOINT LOCAL BOARDS

Further to note 1 (a) (ii), the following contributions were made by the Town to these joint local boards:

	2012	2011
	\$	\$
Algoma District Social and Family Services Board	155,877	144,331
Algoma Health Unit	20,576	20,173
	176,453	164,504

The Town's share of the assets, liabilities, sources of financing and expenditures of the current fund, capital fund, reserve funds and reserves of these joint local boards is as follows:

	2012	2011
	%	%
Algoma District Social and Family Services Board	1.3673	1.3673
Algoma Health Unit	0.6794	0.6794

13. EXPENDITURES BY OBJECT

As required by Section 1700 of the Public Sector Accounting Board reporting requirements, these financial statements report on the Town's expenditures by function. The Town's expenditures by object are as follows:

	2012	2011
	\$	\$
Salaries, wages and benefits	482,650	497,345
Materials	603,355	602,866
Contracted services	286,580	280,388
Rents and financial items	18,971	18,910
Transfers to other government and the public	176,453	164,504
Amortization of tangible capital assets	413,586	403,704
	1,981,595	1,967,717

14. TRUST FUNDS

Trust funds administered by the Town amounting to \$32,693 (2011 - \$32,021) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

15. PENSION PLAN

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of eight members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2012 was \$16,023 (2011- \$15,829) for current service and is included as an expenditure on the consolidated statement of current fund operations.

16. COMMITMENT

- a) The Town has entered into a management services agreement with the Ontario Clean Water Agency (OCWA) to operate and maintain the Town's water treatment plant and distribution system. The agreement is for a five year period ending January 31, 2015, at an annual cost as follows:

	\$
February 1, 2012 to January 31, 2013	58,560
February 1, 2013 to January 31, 2014	56,376
February 1, 2014 to January 31, 2015	57,900
	<u>172,836</u>

- b) The Town has entered into a waste and recycling services agreement with Municipal Waste and Recycling Consultants for a five year period ended April 30, 2016, at an annual cost of \$48,933 for the year ending April 30, 2012, plus an annual price increase equal to the Consumer Price Index in each subsequent year.

17. BUDGET

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results in these consolidated financial statements. The budget was prepared on a modified accrual basis while public sector accounting standards require the full accrual basis. The budget figures include a transfer of the anticipated annual surplus to reserves. In addition, the budget expenses all tangible capital acquisitions and does not include a provision for amortization expense. As a result, the budget figures presented in the consolidated statements of operations and changes in accumulated surplus represent the budget adopted by Council, adjusted as follows:

	2012
	\$
Budget surplus approved by Council	(1,572)
Add: Budgeted transfers to reserves and reserve funds	(199,004)
Add: Budgeted tangible capital asset additions	893,642
Budget surplus per consolidated financial statements	693,066

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where applicable, to conform to the financial statement presentation adopted in the current year. These changes do not affect the reported annual surplus.

19. FINANCIAL INSTRUMENTS

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

a) 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.

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.

19. FINANCIAL INSTRUMENTS (continued)

b) Liquidity risk

Liquidity risk is the risk that the company 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.

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.

c) 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 company is exposed to this risk mainly in respect of its bank credit facilities.

The Town has minimal interest rate exposure on its bank credit facilities, which are variable based on the bank's prime 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.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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.



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the **Trust Funds of the Corporation of the Town of Spanish**, which comprise the statement of financial position as at **December 31, 2012**, 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 Responsibility 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Accountants
Licensed Public Accountants

Sudbury, Ontario
April 17, 2013

**THE CORPORATION OF THE TOWN OF SPANISH
TRUST FUNDS**
Statement of Financial Position
December 31, 2012 with comparative figures for 2011

	2012	2011
	\$	\$
Assets		
Cash	32,693	32,021
Net assets	32,693	32,021

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

**THE CORPORATION OF THE TOWN OF SPANISH
TRUST FUNDS**

Statement of Operations and Changes in Net Assets

Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
	\$	\$
Net assets, beginning of year	32,021	30,903
Revenue		
Allocation of plots sales	472	618
Interest	359	303
Monuments and markers	200	500
	1,031	1,421
Expenditures		
Transfer for maintenance purposes	359	303
Increase in net assets	672	1,118
Net assets, end of year	32,693	32,021

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

**THE CORPORATION OF THE TOWN OF SPANISH
TRUST FUNDS
Notes to the Financial Statements
December 31, 2012**

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. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The Trust Funds have not been consolidated with the financial statements of the Corporation of the Town of Spanish.

b) Basis of Accounting

The accrual basis of accounting recognizes revenues as they become available and measurable, expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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 financial statements.



INDEPENDENT AUDITOR'S 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 **Spanish Public Library Board of the Corporation of the Town of Spanish**, which comprise the statement of financial position as at **December 31, 2012**, 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 Responsibility 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 Board of the Corporation of the Town of Spanish as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Accountants
Licensed Public Accountants

Sudbury, Ontario
April 17, 2013

**THE CORPORATION OF THE TOWN OF SPANISH
SPANISH PUBLIC LIBRARY BOARD
Statement of Financial Position
December 31, 2012 with comparative figures for 2011**

	2012	2011
	\$	\$
Assets		
Current Assets		
Cash	23,608	23,608
Accounts receivable	2,825	889
Total assets	26,433	24,497
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	798	1,612
Deferred contributions	540	1,613
	1,338	3,225
Net assets (note 2)	25,095	21,272

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

THE CORPORATION OF THE TOWN OF SPANISH
SPANISH PUBLIC LIBRARY BOARD
Statement of Operations and Changes in Net Assets
Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
	\$	\$
Revenue		
Contributions from Town	46,484	43,904
User fees	3,723	3,103
Provincial grants	3,549	2,928
Other	3,515	4,189
Fundraising	945	739
	58,216	54,863
Expenditures		
Salaries	38,202	39,565
Materials	3,342	3,115
Books and tapes	2,975	3,341
Maintenance and utilities	2,504	2,696
Supplies	2,183	1,215
Office	1,909	972
Equipment	1,907	843
Insurance	1,098	1,121
Fundraising	141	180
Bank charges	132	124
	54,393	53,172
Annual surplus	3,823	1,691
Net assets, beginning of year	21,272	19,581
Net assets, end of year	25,095	21,272

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

**THE CORPORATION OF THE TOWN OF SPANISH
SPANISH PUBLIC LIBRARY BOARD**
Notes to the Financial Statements
December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Spanish Public Library Board are the representation of management prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximation. These have been made using careful judgement.

a) **Basis of Accounting**

i) **Accrual Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes the revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii) **Inventories of books and supplies**

No value is attached to inventories for municipal reporting purposes. Expenditures on 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:

	2012	2011
	\$	\$
To be used to:		
- for the general reduction of (increase in) user charges	1,587	(2,236)
- for the reserve fund	23,508	23,508
	25,095	21,272

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 financial statements.



INDEPENDENT AUDITOR'S 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 **Mount Calvary Cemetery Board of the Corporation of the Town of Spanish**, which comprise the statement of financial position as at **December 31, 2012**, 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 Responsibility 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 of the Corporation of the Town of Spanish as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

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Sudbury, Ontario
April 17, 2013

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**THE CORPORATION OF THE TOWN OF SPANISH
MOUNT CALVARY CEMETERY BOARD**
Statement of Financial Position
Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
	\$	\$
Financial Assets		
Cash	3,905	1,121
Accounts receivable	359	303
	4,264	1,424
Financial Liabilities		
Accounts payable and accrued liabilities	1,190	1,375
Net assets (note 3)	3,074	49

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

**THE CORPORATION OF THE TOWN OF SPANISH
MOUNT CALVARY CEMETERY BOARD**
Statement of Operations and Changes in Net Assets
Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
	\$	\$
Revenues		
Municipal contribution	5,811	—
Fundraising	3,623	1,121
Opening and closing	1,440	1,850
Plot sales	508	702
Maintenance Trust Fund	359	303
Registration fees	120	260
Cemetery Care and supervisory fee	75	175
Program fees	—	107
Total Revenue	11,936	4,518
Expenditures		
Other operating	5,175	3,573
Salaries and benefits	3,736	4,119
Total Expenditures	8,911	7,692
Annual surplus (deficit)	3,025	(3,174)
Net assets, beginning of year	49	3,223
Net assets, end of year	3,074	49

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

**THE CORPORATION OF THE TOWN OF SPANISH
MOUNT CALVARY CEMETERY BOARD**
Notes to the Financial Statements
December 31, 2012

1. 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 as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximation. These have been made using careful judgement.

a) Basis of Accounting

i) Accrual Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes the revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

ii) Capital Assets

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

2. TRUST FUNDS

Trust funds administered by the Board amounting to \$32,693 (2011 - \$32,021) have not been included in the statement of Financial Position nor have their operations been included in the Statement of Current Fund Operations.

3. NET ASSETS

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

	2012	2011
	\$	\$
To be used to:		
- for the general reduction of (increase in) user charges	(831)	(1,170)
- for the reserve fund	3,905	1,121
	3,074	49

**THE CORPORATION OF THE TOWN OF SPANISH
MOUNT CALVARY CEMETERY BOARD**
Notes to the Financial Statements
December 31, 2012

4. 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 financial statements.