

**THE CORPORATION  
OF THE TOWN OF SPANISH**

Consolidated Financial Statements

Year Ended December 31, 2013

## 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 Chartered Professional Accountants of Canada. 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 consolidated financial statements of **The Corporation of the Town of Spanish**, which comprise the consolidated statement of financial position as at **December 31, 2013**, 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, 2013, 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 Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
March 19, 2014

**CORPORATION OF THE TOWN OF SPANISH**  
**Consolidated Statement of Financial Position**  
**December 31, 2013 with comparative figures for 2012**

|  | <b>2013</b>       | <b>2012</b>       |
|--|-------------------|-------------------|
|  | <b>\$</b>         | <b>\$</b>         |
| <b>Financial Assets</b>                              |                   |                   |
| Cash   | 735,626           | 949,320           |
| Taxes receivable (note 2)                            | 76,860            | 55,322            |
| User charges receivable                              | 7,686             | 11,300            |
| Grants receivable                                    | 85,976            | 188,183           |
| Other accounts receivable                            | 54,221            | 67,145            |
|  | <b>960,369</b>    | <b>1,271,270</b>  |
| <b>Liabilities</b>                                   |                   |                   |
| Bank indebtedness (note 3)                           | -                 | 600,000           |
| Accounts payable and accrued liabilities             | 91,214            | 86,456            |
| Deferred revenue                                     | 32,118            | 19,719            |
| Deferred revenue - obligatory reserve funds (note 4) | 525               | 37,941            |
| Landfill closure and post-closure liability (note 5) | 76,991            | 74,755            |
| Long-term debt (note 6)                              | 357,211           | 141,511           |
|  | <b>558,059</b>    | <b>960,382</b>    |
| <b>Net assets (note 7)</b>                           | <b>402,310</b>    | <b>310,888</b>    |
| <b>Non-financial Assets (note 8)</b>                 |                   |                   |
| Tangible capital assets (note 9)                     | 15,153,671        | 15,522,818        |
| Inventory  | 8,921             | 12,489            |
| Prepaid expenses                                     | 22,721            | 23,913            |
|  | <b>15,185,313</b> | <b>15,559,220</b> |
| <b>Accumulated Surplus</b>                           | <b>15,587,623</b> | <b>15,870,108</b> |

Contingent liabilities (note 10)

**CORPORATION OF THE TOWN OF SPANISH**  
**Consolidated Statement of Operations and Changes in Accumulated Surplus**  
**December 31, 2013 with comparative figures for 2012**

|   | <b>2013<br/>Budget<br/>(Unaudited)<br/>\$</b> | <b>2013<br/>Actual<br/>\$</b> | <b>2012<br/>Actual<br/>\$</b> |
|---|---|-------------------------------|-------------------------------|
| <b>Revenues</b>                               |   |                               |                               |
| <b>Taxation</b>                               |   |                               |                               |
| Residential and farm                          | 588,792                                       | 590,717                       | 588,876                       |
| Commercial, industrial and business           | 58,525  | 58,309                        | 53,894                        |
| Other governments and agencies                | 9,988   | 7,475                         | 8,369                         |
|   | 657,305                                       | 656,501                       | 651,139                       |
| Deduct:                                       |   |                               |                               |
| Amounts raised on behalf of the school boards | 103,458                                       | 100,778                       | 100,590                       |
|   | 553,847                                       | 555,723                       | 550,549                       |
| <b>Government Transfers</b>                   |   |                               |                               |
| Government of Canada                          | 48,457  | 83,874                        | 10,654                        |
| Province of Ontario                           | 538,456                                       | 617,378                       | 617,275                       |
| Other municipalities                          | 109,800                                       | -                             | -                             |
|   | 696,713                                       | 701,252                       | 627,929                       |
| <b>User Charges</b>                           |   |                               |                               |
| Sewer and water charges                       | 187,500                                       | 185,279                       | 186,047                       |
| Fees, service charges and donations           | 411,500                                       | 416,769                       | 334,587                       |
|   | 599,000                                       | 602,048                       | 520,634                       |
| <b>Other</b>                                  |   |                               |                               |
| Licences and permits                          | 6,600   | 6,791                         | 6,951                         |
| Investment income                             | 11,350  | 12,422                        | 13,321                        |
| Penalties and interest charges                | 10,900  | 13,357                        | 15,051                        |
| Other   | 1,138   | -                             | 3,515                         |
|   | 29,988  | 32,570                        | 38,838                        |
| <b>Total Revenues</b>                         | 1,879,548                                     | 1,891,593                     | 1,737,950                     |
| <b>Expenditures</b>                           |   |                               |                               |
| General government                            | 323,703                                       | 356,598                       | 287,890                       |
| Protection to persons and property            | 233,098                                       | 233,876                       | 246,969                       |
| Transportation services                       | 245,829                                       | 385,285                       | 322,367                       |
| Environmental services                        | 268,138                                       | 387,013                       | 460,771                       |
| Health services                               | 120,026                                       | 134,776                       | 129,471                       |
| Social and family services                    | 94,229  | 94,229                        | 101,392                       |
| Recreation and cultural services              | 272,011                                       | 541,953                       | 402,375                       |
| Planning and development                      | 42,153  | 40,348                        | 30,360                        |
| <b>Total expenditures</b>                     | 1,599,187                                     | 2,174,078                     | 1,981,595                     |
| <b>Annual surplus (deficit)</b>               | 280,361                                       | (282,485)                     | (243,645)                     |
| <b>Accumulated surplus, beginning of year</b> | 15,870,108                                    | 15,870,108                    | 16,113,753                    |
| <b>Accumulated surplus, end of year</b>       | 16,150,469                                    | 15,587,623                    | 15,870,108                    |

**CORPORATION OF THE TOWN OF SPANISH**  
**Consolidated Statement of Changes in Net Assets**  
**December 31, 2013 with comparative figures for 2012**

|   | <b>Budget<br/>(unaudited)<br/>\$</b> | <b>2013<br/>Actual<br/>\$</b> | <b>2012<br/>Actual<br/>\$</b> |
|---|--------------------------------------|-------------------------------|-------------------------------|
| <b>Annual surplus (deficit)</b>             | 280,361                              | (282,485)                     | (243,645)                     |
| Acquisition of tangible capital assets      | (275,969)                            | (44,313)                      | (161,106)                     |
| Loss on disposal of tangible capital assets | -                                    | 11,575                        | 32,481                        |
| Amortization of tangible capital assets     | -                                    | 401,885                       | 413,589                       |
| Change in inventory                         | -                                    | 3,568                         | (3,738)                       |
| Change in prepaid expenses                  | -                                    | 1,192                         | (607)                         |
| Change in net assets                        | 4,392                                | 91,422                        | 36,974                        |
| <b>Net assets, beginning of year</b>        | 310,888                              | 310,888                       | 273,914                       |
| <b>Net assets, end of year</b>              | 315,280                              | 402,310                       | 310,888                       |

**THE CORPORATION OF THE TOWN OF SPANISH**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2013 with comparative figures for 2012**

|  | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| <b>Cash flows from operations</b>                  |                |                |
| <b>Annual surplus (deficit)</b>                    | (282,485)      | (243,645)      |
| Non-cash items                                     |                |                |
| Loss on disposal of tangible capital assets        | 11,575         | 32,481         |
| Amortization of tangible capital assets            | 401,885        | 413,589        |
|  | 130,975        | 202,425        |
| Changes in operating assets and liabilities        |                |                |
| Taxes receivable                                   | (21,538)       | (14,705)       |
| User charges receivable                            | 3,614          | (2,585)        |
| Grants receivable                                  | 102,207        | 85,418         |
| Other accounts receivable                          | 12,924         | (18,875)       |
| Accounts payable and accrued liabilities           | 4,758          | (54,211)       |
| Deferred revenue                                   | (25,017)       | 42,337         |
| Inventory  | 3,568          | (3,738)        |
| Prepaid expenses                                   | 1,192          | (607)          |
|  | 212,683        | 235,459        |
| <b>Capital transactions</b>                        |                |                |
| Cash used to acquire tangible capital assets       | (44,313)       | (161,106)      |
| <b>Financing transactions</b>                      |                |                |
| Landfill closure and post-closure liability        | 2,236          | 12,148         |
| Long-term debt                                     | 215,700        | -              |
|  | 217,936        | 12,148         |
| Increase in cash                                   | 386,306        | 86,501         |
| <b>Cash (bank indebtedness), beginning of year</b> | 349,320        | 262,819        |
| <b>Cash (bank indebtedness), end of year</b>       | <b>735,626</b> | <b>349,320</b> |
| <b>Cash (bank indebtedness) consists of:</b>       |                |                |
| Cash   | 735,626        | 949,320        |
| Bank indebtedness                                  | -              | (600,000)      |
|  | 735,626        | 349,320        |

**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 Chartered Professional Accountants of Canada.

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 Services Administration Board  
Algoma Public Health

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 at rates 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**

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

**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 accounts payable and accrued liabilities and long-term debt.

**2. TAXES RECEIVABLE**

The components of taxes receivable are as follows:

|   | <b>2013</b>   | <b>2012</b>   |
|---|---------------|---------------|
|   | <b>\$</b>     | <b>\$</b>     |
| Taxes receivable                                | 71,608        | 51,347        |
| Interest receivable on outstanding tax balances | 5,252         | 3,975         |
|   | <b>76,860</b> | <b>55,322</b> |

**3. 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.

On October 1, 2013, the Town repaid \$384,300 of the OIPC advances and the remaining \$215,700 of advances were converted to debentures. See note 6 for details of the debentures.

**4. DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS**

A requirement of Public Sector Accounting Principles 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:

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Deferred revenue, beginning of year           | 37,941      | 2,700       |
| Contributions received during the year        | 44,663      | 44,663      |
| Amounts recognized as revenue during the year | (82,079)    | (9,422)     |
| Deferred revenue, end of year                 | 525         | 37,941      |

|  |     |        |
|--|-----|--------|
| Deferred revenue - obligatory reserve consists of the following: |     |        |
| Federal gas tax revenue  | 525 | 37,941 |

**5. 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                | 32,416 cubic meters |
| Remaining life                    | 36 years            |
| Closure and acquisition costs     | NIL                 |
| Monitoring period post-closure    | 20 years            |
| Annual monitoring costs           | \$15,000            |
| <br>Total estimated liability     | <br>\$300,000       |
| Current estimated liability       | (76,991)            |
| Amount remaining to be recognized | \$223,009           |

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

**THE CORPORATION OF THE TOWN OF SPANISH**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

**6. LONG-TERM DEBT**

|   | <b>2013</b>    | <b>2012</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| Northern Ontario Heritage Fund Corporation incentive term loan, non-interest bearing, unsecured, repayable based on income generated at the municipal marina and due in full March 2017             | 141,511        | 141,511        |
| Ontario Infrastructure and Lands Corporation debenture, bearing interest at 2.52% per annum, repayable in blended semi-annual instalments (April and October) of \$23,093, maturing October 1, 2018 | 215,700        | -              |
|   | <b>357,211</b> | <b>141,511</b> |

Principal due on long-term debt is as follows:

|      |                |
|------|----------------|
| 2014 | 41,007         |
| 2015 | 42,047         |
| 2016 | 43,113         |
| 2017 | 185,717        |
| 2018 | 45,327         |
|      | <b>357,211</b> |

**7. NET ASSETS**

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

|  | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| To be used:  |                |                |
| - for the general increase in taxation and user charges                              | (908,952)      | (1,055,125)    |
| - to be recovered from taxation and user charges for the repayment of long-term debt | 434,202        | 216,266        |
| - for the general operations of local boards   | 34,886         | 28,169         |
| - for reserves and reserve funds (Schedule 1)  | 842,174        | 1,121,578      |
|  | <b>402,310</b> | <b>310,888</b> |

**8. 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, 2013**

**9. TANGIBLE CAPITAL ASSETS**

|                            | Land    | Buildings | Roads and<br>Bridges | Automotive<br>Equipment | Equipment | Marina    | Water &<br>Sewer | 2013<br>Total |
|----------------------------|---------|-----------|----------------------|-------------------------|-----------|-----------|------------------|---------------|
|                            | \$      | \$        | \$                   | \$                      | \$        | \$        | \$               | \$            |
| <b>Cost</b>                |         |           |                      |                         |           |           |                  |               |
| Balance, beginning of year | 499,360 | 3,727,392 | 6,766,278            | 700,455                 | 416,198   | 2,770,836 | 7,861,200        | 22,741,719    |
| Additions                  | 19,224  | -         | -                    | 14,409                  | 10,680    | -         | -                | 44,313        |
| Disposals                  | -       | -         | -                    | (55,096)                | -         | -         | -                | (55,096)      |
| Balance, end of year       | 518,584 | 3,727,392 | 6,766,278            | 659,768                 | 426,878   | 2,770,836 | 7,861,200        | 22,730,936    |

**Accumulated Amortization**

|                            |         |           |           |          |         |           |           |            |
|----------------------------|---------|-----------|-----------|----------|---------|-----------|-----------|------------|
| Balance, beginning of year | -       | 1,028,633 | 1,847,905 | 480,214  | 119,378 | 1,303,217 | 2,439,554 | 7,218,901  |
| Disposals                  | -       | -         | -         | (43,521) | -       | -         | -         | (43,521)   |
| Amortization expense       | -       | 69,246    | 105,778   | 14,565   | 23,310  | 76,660    | 112,326   | 401,885    |
| Balance, end of year       | -       | 1,097,879 | 1,953,683 | 451,258  | 142,688 | 1,379,877 | 2,551,880 | 7,577,265  |
| Net book value             | 518,584 | 2,629,513 | 4,812,595 | 208,510  | 284,190 | 1,390,959 | 5,309,320 | 15,153,671 |

**2012**

|                            | Land    | Buildings | Roads and<br>Bridges | Automotive<br>Equipment | Equipment | Marina    | Water &<br>Sewer | 2012<br>Total |
|----------------------------|---------|-----------|----------------------|-------------------------|-----------|-----------|------------------|---------------|
|                            | \$      | \$        | \$                   | \$                      | \$        | \$        | \$               | \$            |
| <b>Cost</b>                |         |           |                      |                         |           |           |                  |               |
| Balance, beginning of year | 499,360 | 3,761,460 | 6,766,278            | 697,171                 | 390,900   | 2,770,836 | 7,773,911        | 22,659,916    |
| Additions                  | -       | -         | -                    | 18,317                  | 25,298    | -         | 117,491          | 161,106       |
| Disposals                  | -       | (34,068)  | -                    | (15,033)                | -         | -         | (30,202)         | (79,303)      |
| Balance, end of year       | 499,360 | 3,727,392 | 6,766,278            | 700,455                 | 416,198   | 2,770,836 | 7,861,200        | 22,741,719    |

**Accumulated Amortization**

|                            |         |           |           |          |         |           |           |            |
|----------------------------|---------|-----------|-----------|----------|---------|-----------|-----------|------------|
| Balance, beginning of year | -       | 984,247   | 1,742,127 | 459,377  | 103,460 | 1,226,557 | 2,336,366 | 6,852,134  |
| Disposals                  | -       | (25,050)  | -         | (13,315) | -       | -         | (8,457)   | (46,822)   |
| Amortization expense       | -       | 69,436    | 105,778   | 34,152   | 15,918  | 76,660    | 111,645   | 413,589    |
| Balance, end of year       | -       | 1,028,633 | 1,847,905 | 480,214  | 119,378 | 1,303,217 | 2,439,554 | 7,218,901  |
| Net book value             | 499,360 | 2,698,759 | 4,918,373 | 220,241  | 296,820 | 1,467,619 | 5,421,646 | 15,522,818 |

**10. 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.

**11. CONTRIBUTIONS TO JOINT LOCAL BOARDS**

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

|   | <b>2013</b>    | <b>2012</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| Algoma District Services Administration Board | 155,830        | 155,877        |
| Algoma Public Health                          | 19,869         | 20,576         |
|   | <b>175,699</b> | <b>176,453</b> |

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:

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>%</b>    | <b>%</b>    |
| Algoma District Services Administration Board | 1.4203      | 1.3673      |
| Algoma Public Health                          | 0.6553      | 0.6794      |

## **12. SEGMENTED DISCLOSURE**

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 function 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 extinguishment of fires. The Building Services Division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

### *Transportation Services*

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

### *Environmental Services*

In addition to the management of Waterworks and waste water 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 waste water system. This function produces quality effluents meeting regulatory requirements and minimizing environment degradation.

### *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 management of leisure facilities. This function also contributes to the information needs of the Town's citizens through the provision of library and cultural services.



**12. SEGMENTED DISCLOSURE (continued)**

*Planning and Development*

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

THE CORPORATION OF THE TOWN OF SPANISH  
Notes to the Consolidated Financial Statements  
December 31, 2013

12. SEGMENTED DISCLOSURE (continued)

|  | General<br>Government<br>\$ | Protection<br>Services<br>\$ | Transportation<br>Services<br>\$ | Environmental<br>Services<br>\$ | Health and Social<br>Services<br>\$ | Recreation and<br>Cultural Services<br>\$ | Planning and<br>Development<br>\$ | 2013<br>Total<br>\$ | 2012<br>Total<br>\$ |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|-------------------------------------|---|-----------------------------------|---------------------|---------------------|
| <b>Revenues</b>                                  |                             |                              |                                  |                                 |                                     |   |                                   |                     |                     |
| Taxation   | 555,723                     | -                            | -                                | -                               | -                                   | -   | -                                 | 555,723             | 550,549             |
| Grants   | 504,252                     | 93,268                       | 1,777                            | 90                              | -                                   | 88,545                                    | 13,320                            | 701,252             | 627,929             |
| User charges                                     | 52,685                      | -                            | 7,879                            | 245,929                         | 64,182                              | 202,584                                   | 28,789                            | 602,048             | 520,634             |
| Other  | 32,570                      | -                            | -                                | -                               | -                                   | -   | -                                 | 32,570              | 38,838              |
|  | 1,145,230                   | 93,268                       | 9,656                            | 246,019                         | 64,182                              | 291,129                                   | 42,109                            | 1,891,593           | 1,737,950           |
| <b>Expenditures</b>                              |                             |                              |                                  |                                 |                                     |   |                                   |                     |                     |
| Salaries, wages and benefits                     | 250,951                     | 25,030                       | 131,578                          | 37,166                          | 6,562                               | 108,383                                   | 10,036                            | 569,706             | 482,650             |
| Purchase of goods and materials                  | 64,465                      | 53,110                       | 132,318                          | 105,051                         | 33,458                              | 301,268                                   | 24,648                            | 714,318             | 593,933             |
| Contracts and services                           | 19,429                      | 150,835                      | -                                | 126,666                         | 1,356                               | 2,304                                     | -                                 | 300,590             | 286,580             |
| Financial expenses                               | 4,676                       | -                            | 500                              | 4,790                           | -                                   | 1,914                                     | -                                 | 11,880              | 28,390              |
| Other transfers                                  | -                           | -                            | -                                | -                               | 175,699                             | -   | -                                 | 175,699             | 176,453             |
| Amortization                                     | 17,077                      | 4,901                        | 120,889                          | 113,340                         | 11,930                              | 128,084                                   | 5,664                             | 401,885             | 413,589             |
|  | 356,598                     | 233,876                      | 385,285                          | 387,013                         | 229,005                             | 541,953                                   | 40,348                            | 2,174,078           | 1,981,595           |
| Excess (deficiency) of revenue over expenditures | 788,632                     | (140,608)                    | (375,629)                        | (140,994)                       | (164,823)                           | (250,824)                                 | 1,761                             | (282,485)           | (243,645)           |

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**THE CORPORATION OF THE TOWN OF SPANISH**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

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**13. TRUST FUNDS**

Trust funds administered by the Town amounting to \$33,324 (2012 - \$ 32,693) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

**14. PENSION PLAN**

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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 2013 was \$24,534 (2012- \$16,023) for current service and is included as an expenditure on the consolidated statement of current fund operations.

**15. 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, distribution system and waste water system. The agreement is for a five year period ending January 31, 2015, at an annual cost as follows:

|                                      | <b>2013</b>    |
|--------------------------------------|----------------|
|                                      | <b>\$</b>      |
| February 1, 2013 to January 31, 2014 | 56,376         |
| February 1, 2014 to January 31, 2015 | 85,400         |
|                                      | <u>141,776</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 \$49,183 for the year ending April 30, 2013, plus an annual price increase equal to the Consumer Price Index in each subsequent year.

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**THE CORPORATION OF THE TOWN OF SPANISH**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2013**

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**16. 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:

|   | <b>2013</b>    |
|---|----------------|
|   | <b>\$</b>      |
| Budget surplus approved by Council                    | (1,588)        |
| Add: Budgeted transfers to reserves and reserve funds | 5,980          |
| Add: Budgeted tangible capital asset additions        | 275,969        |
|   | <u>280,361</u> |

**17. 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.

**18. FINANCIAL INSTRUMENTS**

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

**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.

**18. FINANCIAL INSTRUMENTS (continued)**

**b) 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.

**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 long-term debt.

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

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

**THE CORPORATION OF THE TOWN OF SPANISH**  
**Schedule of Continuity of Reserves and Reserve Funds**  
**December 31, 2013**

## SCHEDULE 1

[illegible]

## 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, 2013**, 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, 2013, 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 Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
March 19, 2014

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**THE CORPORATION OF THE TOWN OF SPANISH  
TRUST FUNDS**  
Statement of Financial Position  
December 31, 2013 with comparative figures for 2012

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|                   | <b>2013</b>   | <b>2012</b>   |
|-------------------|---------------|---------------|
|                   | <b>\$</b>     | <b>\$</b>     |
| <b>Assets</b>     |               |               |
| Cash              | 33,324        | 32,693        |
| <b>Net Assets</b> | <b>33,324</b> | <b>32,693</b> |

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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, 2013 with comparative figures for 2012**

|                                   | <b>2013</b>   | <b>2012</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>\$</b>     | <b>\$</b>     |
| Net assets, beginning of year     | 32,693        | 32,021        |
| <b>Revenues</b>                   |               |               |
| Allocation of plots sales         | 131           | 472           |
| Interest                          | 342           | 359           |
| Monuments and markers             | 500           | 200           |
|                                   | 973           | 1,031         |
| <b>Expenditures</b>               |               |               |
| Transfer for maintenance purposes | 342           | 359           |
| Increase in net assets            | 631           | 672           |
| <b>Net assets, end of year</b>    | <b>33,324</b> | <b>32,693</b> |

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

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**THE CORPORATION OF THE TOWN OF SPANISH****TRUST FUNDS****Notes to the Financial Statements****December 31, 2013**

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

**1. 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, 2013**, 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, 2013 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 Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
March 19, 2014

**THE CORPORATION OF THE TOWN OF SPANISH**  
**SPANISH PUBLIC LIBRARY BOARD**  
**Statement of Financial Position**  
**December 31, 2013 with comparative figures for 2012**

|  | <b>2013</b>   | <b>2012</b>   |
|--|---------------|---------------|
|  | <b>\$</b>     | <b>\$</b>     |
| <b>Assets</b>                            |               |               |
| <b>Current Assets</b>                    |               |               |
| Cash                                     | 23,608        | 23,608        |
| Accounts receivable                      | 7,025         | 2,825         |
|  | <b>30,633</b> | <b>26,433</b> |
| <b>Liabilities and Net Assets</b>        |               |               |
| <b>Current liabilities</b>               |               |               |
| Accounts payable and accrued liabilities | -             | 798           |
| Deferred contributions                   | 1,066         | 540           |
|  | <b>1,066</b>  | <b>1,338</b>  |
| <b>Net assets (note 2)</b>               | <b>29,567</b> | <b>25,095</b> |

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, 2013 with comparative figures for 2012**

|                                      | <b>2013</b>   | <b>2012</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>\$</b>     | <b>\$</b>     |
| <b>Revenues</b>                      |               |               |
| Contributions from Town              | 46,810        | 46,484        |
| User fees                            | 5,130         | 3,723         |
| Provincial grants                    | 1,976         | 3,549         |
| Other                                | -             | 3,515         |
| Fundraising                          | 856           | 945           |
| <b>Total Revenues</b>                | <b>54,772</b> | <b>58,216</b> |
| <b>Expenditures</b>                  |               |               |
| Salaries                             | 38,158        | 38,202        |
| Materials                            | -             | 3,342         |
| Books and tapes                      | 2,961         | 2,975         |
| Maintenance and utilities            | 2,983         | 2,504         |
| Supplies                             | 1,643         | 2,183         |
| Office                               | 2,329         | 1,909         |
| Equipment                            | 593           | 1,907         |
| Insurance                            | 1,079         | 1,098         |
| Fundraising                          | 544           | 141           |
| Bank charges                         | 10            | 132           |
| <b>Total Expenditures</b>            | <b>50,300</b> | <b>54,393</b> |
| <b>Annual surplus</b>                | <b>4,472</b>  | <b>3,823</b>  |
| <b>Net assets, beginning of year</b> | <b>25,095</b> | <b>21,272</b> |
| <b>Net assets, end of year</b>       | <b>29,567</b> | <b>25,095</b> |

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

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**THE CORPORATION OF THE TOWN OF SPANISH**  
**SPANISH PUBLIC LIBRARY BOARD**  
**Notes to the Financial Statements**  
**December 31, 2013**

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**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 Chartered Professional Accountants of Canada. 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:

|   | <b>2013</b>   | <b>2012</b>   |
|---|---------------|---------------|
|   | <b>\$</b>     | <b>\$</b>     |
| To be used:   |               |               |
| - for the general reduction of (increase in) user charges | 6,059         | 1,587         |
| - for reserve fund  | 23,508        | 23,508        |
|   | <b>29,567</b> | <b>25,095</b> |

**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, 2013**, 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, 2013, 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 Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
March 19, 2014

**THE CORPORATION OF THE TOWN OF SPANISH**  
**MOUNT CALVARY CEMETERY BOARD**  
**Statement of Financial Position**  
**Year ended December 31, 2013 with comparative figures for 2012**

|  | <b>2013</b>  | <b>2012</b>  |
|--|--------------|--------------|
|  | <b>\$</b>    | <b>\$</b>    |
| <b>Financial Assets</b>                  |              |              |
| <b>Current Assets</b>                    |              |              |
| Cash                                     | 6,583        | 3,905        |
| Accounts receivable                      | 422          | 359          |
|  | <b>7,005</b> | <b>4,264</b> |
| <b>Financial Liabilities</b>             |              |              |
| Accounts payable and accrued liabilities | 1,685        | 1,190        |
| <b>Net assets (note 2)</b>               | <b>5,320</b> | <b>3,074</b> |

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, 2013 with comparative figures for 2012

|                                      | <b>2013</b>   | <b>2012</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>\$</b>     | <b>\$</b>     |
| <b>Revenues</b>                      |               |               |
| Municipal contribution               | 13,278        | 5,811         |
| Fundraising                          | 2,836         | 3,623         |
| Opening and closing                  | 840           | 1,440         |
| Plot sales                           | 744           | 508           |
| Maintenance Trust Fund               | 342           | 359           |
| Registration fees                    | 20            | 120           |
| Cemetery Care and supervisory fee    | 175           | 75            |
| <b>Total Revenues</b>                | <b>18,235</b> | <b>11,936</b> |
| <b>Expenditures</b>                  |               |               |
| Other operating                      | 11,925        | 5,175         |
| Salaries and benefits                | 4,064         | 3,736         |
| <b>Total Expenditures</b>            | <b>15,989</b> | <b>8,911</b>  |
| <b>Annual surplus</b>                | <b>2,246</b>  | <b>3,025</b>  |
| <b>Net assets, beginning of year</b> | <b>3,074</b>  | <b>49</b>     |
| <b>Net assets, end of year</b>       | <b>5,320</b>  | <b>3,074</b>  |

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

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**THE CORPORATION OF THE TOWN OF SPANISH  
MOUNT CALVARY CEMETERY BOARD**  
Notes to the Financial Statements  
December 31, 2013

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**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 Chartered Professional Accountants of Canada. 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 \$33,324 (2012 - \$32,693) 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:

|   | <b>2013</b>  | <b>2012</b>  |
|---|--------------|--------------|
|   | <b>\$</b>    | <b>\$</b>    |
| To be used:   |              |              |
| - for the general reduction of (increase in) user charges | (1,263)      | (831)        |
| - for reserve fund  | 6,583        | 3,905        |
|   | <b>5,320</b> | <b>3,074</b> |

**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.