

**THE CORPORATION OF THE  
TOWN OF SPANISH  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**



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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets (net debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and results of its consolidated operations and accumulated surplus, its consolidated changes in net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

### *Auditor's Responsibility for the Audit of the Financial Statements*

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

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

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

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



I also:

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

Chartered Professional Accountant, Licensed Public Accountant  
Sault Ste. Marie, Canada  
May 19, 2021

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

**2020**

**2019**

**FINANCIAL ASSETS**

Cash and temporary investments	\$ 1,278,663	\$ 1,642,822
Taxes receivable (note 2)	139,770	162,543
User charges receivable	43,907	47,533
Grants receivable	419,819	20,018
Other accounts receivable	151,419	98,976
	<u>2,033,578</u>	<u>1,971,892</u>

**FINANCIAL LIABILITIES**

Accounts payable and accrued liabilities	\$ 208,695	\$ 194,905
Deferred revenue and obligatory reserve funds (note 3)	432,903	427,685
Landfill site closure and post-closure liabilities (note 4)	247,699	155,954
	<u>889,297</u>	<u>778,544</u>

<b>NET FINANCIAL ASSETS (note 5)</b>	<b>1,144,281</b>	<b>1,193,348</b>
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**NON - FINANCIAL ASSETS**

Tangible capital assets (note 11)	16,762,762	16,547,323
Inventory	14,575	12,492
Prepaid expenses	26,731	32,535
	<u>16,804,068</u>	<u>16,592,350</u>

<b>ACCUMULATED SURPLUS</b>	<b>\$17,948,349</b>	<b>\$17,785,698</b>
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**Commitment (note 13)**

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

\_\_\_\_\_ CAO/Clerk-Treasurer

# THE CORPORATION OF THE TOWN OF SPANISH

## CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED SURPLUS

<b>YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)</b>	<b>Budget (note 6) 2020</b>	<b>Actual 2020</b>	<b>Actual 2019</b>
<b>Revenues</b>			
<b>Taxation</b>			
Residential and Farm	\$ 665,159	\$ 665,232	\$ 655,983
Commercial, industrial and business	74,693	67,195	69,130
Other governments and agencies	11,225	11,225	9,497
	751,077	743,652	734,610
Deduct:			
Amounts Raised on behalf of the school boards	99,207	96,192	98,253
	651,870	647,460	636,357
<b>Government Transfers</b>			
Government of Canada	457,878	347,030	12,374
Province of Ontario	876,521	922,022	626,256
Other Municipalities	5,200	1,038	5,264
	1,339,599	1,270,090	643,894
<b>User Charges</b>			
Sewer and water charges	251,069	267,235	247,461
Fees, service charges and donations	363,084	430,316	437,677
	614,153	697,551	685,138
<b>Other</b>			
Licenses and permits	6,350	6,820	4,898
Investment Income	4,100	16,712	30,061
Penalties and interest charges	16,000	15,099	27,041
	26,450	38,631	62,000
<b>Total Revenues</b>	<b>2,632,072</b>	<b>2,653,732</b>	<b>2,027,389</b>
<b>Expenditures</b>			
General government	352,657	372,868	381,495
Protection to persons and property	313,565	380,467	304,246
Transportation services	474,547	554,408	548,229
Environmental services	419,235	536,640	431,507
Health services	140,617	154,685	135,554
Social and family services	89,992	89,991	87,831
Recreation and cultural services	304,424	389,956	442,682
Planning and development	15,826	12,066	45,041
<b>Total Expenditures</b>	<b>2,110,863</b>	<b>2,491,081</b>	<b>2,376,585</b>
<b>Annual surplus (deficit)</b>	<b>521,209</b>	<b>162,651</b>	<b>(349,196)</b>
<b>Accumulated Surplus, beginning of year</b>	<b>17,785,698</b>	<b>17,785,698</b>	<b>18,134,894</b>
<b>Accumulated Surplus, end of year</b>	<b>\$18,306,907</b>	<b>\$17,948,349</b>	<b>\$17,785,698</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

<b>AS AT DECEMBER 31</b> , (with comparative figures for the prior year)	<b>Budget (note 6) 2020</b>	<b>2020</b>	<b>2019</b>
<b>Annual surplus (deficit)</b>	\$ 521,209	\$ 162,651	\$ (349,196)
Acquisition of Tangible Capital Assets	(1,441,203)	(704,896)	(92,638)
Amortization of Tangible Capital Assets	-	489,457	484,881
	(919,994)	(52,788)	43,047
Acquisition (utilization) of Inventories	-	(2,083)	2,987
Acquisition (utilization) of Prepaid Expenses	-	5,804	(7,067)
<b>Change in Net Financial Assets</b>	(919,994)	(49,067)	38,967
<b>Net Financial Assets, Beginning of Year</b>	1,193,348	1,193,348	1,154,381
<b>Net Financial Assets, End of Year</b>	\$ 273,354	\$ 1,144,281	\$ 1,193,348

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

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

**2020**

**2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Annual surplus (deficit)</b>	\$ 162,651	\$ (349,196)
<b>Annual amortization</b>	489,457	484,881
<b>Uses:</b>		
Increase in taxes receivable	-	(26,431)
Increase in user charges receivable	-	(13,104)
Increase in grants receivable	(399,801)	(17,155)
Increase in other accounts receivable	(52,443)	(69,371)
Increase in inventory	(2,083)	-
Increase in prepaid expenses	-	(7,067)
	(454,327)	(133,128)
<b>Sources:</b>		
Decrease in taxes receivable	22,773	-
Decrease in user charges receivable	3,626	-
Decrease in inventory	-	2,987
Decrease in prepaid expenses	5,804	-
Increase in accounts payable and accrued liabilities	13,790	32,794
Increase in deferred revenue and obligatory reserve funds	5,218	344,100
	51,211	379,881

Net increase in cash from operating activities	248,992	382,438
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**CASH FLOWS FROM CAPITAL ACTIVITIES**

Acquisition of tangible capital assets	(704,896)	(92,638)
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Landfill closure and post-closure liability	91,745	-
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Net increase (decrease) in cash and equivalents	(364,159)	289,800
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Cash and cash equivalents, beginning of year	1,642,822	1,353,022
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<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,278,663</b>	<b>\$ 1,642,822</b>
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# **THE CORPORATION OF THE TOWN OF SPANISH**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **MANAGEMENT RESPONSIBILITY**

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

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE TOWN:**

##### **REPORTING ENTITY**

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

Spanish Public Library Board  
Mount Calvary Cemetery Board

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

##### **NON-CONSOLIDATED ENTITIES**

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

Algoma Health Unit  
Algoma District Services Administration Board

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



# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

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### ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements except to record any resulting receivable or payable balance with the Town.

### TRUST FUNDS

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

### BASIS OF ACCOUNTING

#### ACCRUAL ACCOUNTING

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

### NON-FINANCIAL ASSETS

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

### TANGIBLE CAPITAL ASSETS

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

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

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **TANGIBLE CAPITAL ASSETS (CONT'D)**

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

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

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

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

#### **INVENTORY**

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

#### **SURPLUS LAND**

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

#### **REVENUE RECOGNITION**

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

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

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

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

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **GOVERNMENT GRANTS AND TRANSFERS**

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

### **DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

### **RESERVE AND RESERVE FUNDS**

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

### **FINANCIAL INSTRUMENTS**

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

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

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **USE OF ESTIMATES**

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

### **BUDGET FIGURES**

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

**THE CORPORATION OF THE TOWN  
OF SPANISH**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**2. TAXES RECEIVABLE:**

The components of taxes receivable are comprised of the following:

	2020	2019
Taxes receivable	\$ 127,126	\$ 143,936
Interest and penalty receivable on outstanding tax balances	12,644	18,607
	<b>\$ 139,770</b>	<b>\$ 162,543</b>

**3. DEFERRED REVENUE AND OBLIGATORY RESERVE FUNDS CONTINUITY:**

	2020	2019
Balance, beginning of year:	\$ 427,685	\$ 83,585
Contributions	170,030	402,464
	597,715	486,049
Contributions used (amounts recognized)	(164,812)	(58,364)
Balance, end of year	<b>\$ 432,903</b>	<b>\$ 427,685</b>

**DEFERRED REVENUE AND OBLIGATORY RESERVE FUNDS CONTINUITY:**

	2020	2019
Minister of Municipal Affairs and Housing - MMAH	\$ 130,990	\$ 210,095
Ministry of Finance - MOF	10,722	10,722
Ministry of Agriculture, Food and Rural Affairs - OCIF	138,923	95,832
Federal Gas Tax - obligatory	132,619	88,814
Other	19,649	22,222
	<b>\$ 432,903</b>	<b>\$ 427,685</b>

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

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### 4. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY:

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

The Town's 1990 Landfill Site Design Plan consisted of cells one through ten with the site being in operation since 1988. Recent reporting by the Town's consulting environmental services firm indicates that cells one through five are at capacity and completely filled. Parts of cells six and seven are partially filled while cells eight, nine and ten are empty. Provided that the Ministry of Environment, Conservation and Parks (MECP) allows the Town to complete filling cells six through ten and with a waste generation rate of approximately 1,700 meters cubed per year it is estimated that the municipal site has a remaining life of at least fifteen years.

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.

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Remaining life	13 years
Closure and acquisition costs	Nil
Monitoring period post-closure	20 years
Annual monitoring costs	\$16,170
 Total estimated liability	 \$ 323,400
Current estimated liability	(247,699)
<u>Amount remaining to be recognized</u>	<u>\$ 75,701</u>

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Future cash flows have been discounted using a long-term interest rate of 3.2%.

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

### 5. 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:

	2020	2019
To be use:		
- for the general increase in taxation and user charges	\$ (929,376)	\$ (850,293)
- to be recovered from taxation and user charges for		
Landfill site closure and post-closure liabilities	247,699	155,954
- for the general operations of local boards	4,422	4,847
- for reserves and reserve funds (note 10)	1,821,536	1,882,840
	<u>\$ 1,144,281</u>	<u>\$ 1,193,348</u>

### 6. BUDGET RECONCILIATION

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

	Revenues 2020	Expenditures 2020
Council approved budget		
Operating fund	\$ 2,632,072	\$ 2,110,863
Reserves and Reserve funds	<u>663,756</u>	<u>(268,708)</u>
	3,295,828	1,842,155
Capital Budget	-	<u>1,441,203</u>
Total Approved by Council	3,295,828	3,283,358
Less Reserves and Reserve funds	(663,756)	268,708
Less Tangible Capital Assets Capitalized	-	(1,441,203)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 2,632,072</u>	<u>\$ 2,110,863</u>

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

### 7. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2020	2019
Algoma Health Unit	\$ 24,337	\$ 24,067
Algoma District Social Services Administration Board	165,113	163,505
	<u>\$ 189,450</u>	<u>\$ 187,572</u>

The Town is contingently liable for its share of any accumulated deficits of the above boards as well as long- term liabilities issued by other Municipalities for these boards.

### 8. TRUST FUNDS

Trust funds administrated by the Town amounting to \$ 40,824 (2020) \$ 39,649 (2019) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

### 9. PENSION AGREEMENTS

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

The amount contributed to OMERS was \$26,812 (2019 - \$22,805) for the current year service and is included as an expenditure on the Consolidated Statement of Operations.



## 10. CONTINUITY OF RESERVES AND RESERVE FUNDS

<b>RESERVES</b>	<b>Total</b>
Balance, Beginning of year	\$ 1,882,841
Appropriations from:	
Net assets from operations	265,627
Interest earned	17,866
Appropriations to:	
Net assets from operations	(344,798)
<b>Balance, End of year</b>	<b>\$ 1,821,536</b>

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

**DECEMBER 31, 2020**

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

	Cost			Accumulated Amortization			2020	2020	2019
	2020 Opening Balance	Additions and Betterments	Disposals/ Transfers	2020 Closing Balance	2020 Opening Balance	2020 Amortization Expense	Accumulated Amortization on Disposals	2020 Ending Balance	Net Book Value
<b>General Capital Assets</b>									
Land	\$ 518,584	\$ -	\$ -	\$ 518,584	\$ -	\$ -	\$ -	\$ -	\$ 518,584
Buildings	3,969,214	16,941	-	3,986,155	1,442,367	74,363	-	1,516,730	2,469,425
Roads and Bridges	9,641,986	-	-	9,641,986	2,790,288	163,770	-	2,954,058	6,687,928
Automotive Equipment	750,292	80,621	-	830,913	534,827	27,417	-	562,244	268,669
Equipment	528,858	29,977	-	558,835	243,161	21,240	-	264,401	294,434
Marina	2,776,336	-	-	2,776,336	1,840,112	76,841	-	1,916,953	859,383
Water and Sewer	8,433,290	-	-	8,433,290	3,243,537	125,826	-	3,369,363	5,063,927
Assets Work-in-process	23,055	577,357	-	600,412	-	-	-	-	600,412
	\$26,641,615	\$ 704,896	\$ -	\$27,346,511	10,094,292	\$ 489,457	\$ -	\$10,583,749	\$16,762,762
									\$16,547,323

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

**DECEMBER 31, 2020**

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

	Cost			Accumulated Amortization			2019	2018
	2019 Opening Balance	Additions and Betterments	Disposals/ Transfers	2019 Closing Balance	2019 Opening Balance	2019 Amortization Expense	2019 Ending Balance	Net Book Value
<b>Tangible Capital Assets</b>								
Land	\$ 518,584	\$ -	-	\$ 518,584	\$ -	\$ -	\$ -	\$ 518,584
Buildings	3,958,214	11,000	-	3,969,214	1,366,268	76,099	1,442,367	2,526,847
Roads and Bridges	9,641,986	-	-	9,641,986	2,626,518	163,770	2,790,288	6,851,698
Automotive Equipment	708,288	42,004	-	750,292	513,541	21,286	534,827	215,465
Equipment	528,858	-	-	528,858	222,713	20,448	243,161	285,697
Marina	2,776,336	-	-	2,776,336	1,763,269	76,843	1,840,112	936,224
Water & Sewer	8,416,711	16,579	-	8,433,290	3,117,102	126,435	3,243,537	5,189,753
Assets Work-in-process	-	23,055	-	23,055	-	-	-	23,055
	\$26,548,977	\$ 92,638	-	\$26,641,615	\$ 9,609,411	\$ 484,881	\$10,094,292	\$16,547,323
								\$16,939,566

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **12. SEGMENTED INFORMATION - SERVICE BUNDLE**

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

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

#### **General Government**

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

#### **Protection Services**

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

#### **Transportation Services**

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

#### **Environmental Services**

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

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **12. SEGMENTED INFORMATION - SERVICE BUNDLE (Cont'd)**

#### **Health and Social Services**

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

#### **Recreation and Cultural Services**

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

#### **Planning and Development Services**

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

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 12. SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	General Government		Protection Services		Transportation Services		Environmental Services	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>								
Taxation (net)	\$ 647,460	\$ 636,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants and transfers	668,239	595,805	6,168	14,829	-	-	582,482	19,089
User Charges & other	73,200	20,875	23,450	-	16,199	13,403	355,637	352,256
Other	38,631	62,000	-	-	-	-	-	-
	1,427,530	1,315,037	29,618	14,829	16,199	13,403	938,119	371,345
<b>Expenditures</b>								
Salaries, wages and benefits	260,660	270,579	34,512	32,564	192,593	175,279	31,612	22,564
Purchases & Materials	71,787	71,861	146,863	58,893	158,407	183,686	207,930	110,218
Contracts & Services	21,588	21,098	192,936	206,916	-	-	151,702	149,013
Financial Expenses	4,017	4,115	-	-	9,550	1,537	7,045	10,675
Amortization	14,816	13,842	6,156	5,873	193,858	187,727	138,351	139,037
	372,868	381,495	380,467	304,246	554,408	548,229	536,640	431,507
<b>Annual Surplus (deficit)</b>	<b>\$ 1,054,662</b>	<b>\$ 933,542</b>	<b>\$ (350,849)</b>	<b>\$ (289,417)</b>	<b>\$ (538,209)</b>	<b>\$ (534,826)</b>	<b>\$ 401,479</b>	<b>\$ (60,162)</b>

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 12.SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	2020	2019	2020	2019	2020	2019	2020	2019	Total	Total
<b>Revenues</b>										
Taxation (net)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,460	\$ 636,357
Government grants and transfers	-	-	13,201	9,893	-	9,893	-	4,278	1,270,090	643,894
User Charges	47,246	37,799	177,236	223,394	4,583	37,411	4,583	697,551	685,138	685,138
Other	-	-	-	-	-	-	-	-	38,631	62,000
	47,246	37,799	190,437	233,287	4,583	41,689	4,583	2,653,732	2,027,389	
<b>Expenditures</b>										
Salaries, wages and benefits	2,944	2,113	100,084	120,488	713	460	713	623,118	624,047	624,047
Purchases & Materials	43,154	26,402	159,963	188,013	9,902	43,129	9,902	798,006	682,202	682,202
Contracts & Services	916	916	-	-	-	-	-	367,142	377,943	377,943
Financial Expenses	-	-	3,296	3,613	-	-	-	23,908	19,940	19,940
Other Transfers	189,450	187,572	-	-	-	-	-	189,450	187,572	187,572
Amortization	8,212	6,382	126,613	130,568	1,451	1,452	1,451	489,457	484,881	484,881
	244,676	223,385	389,956	442,682	12,066	45,041	12,066	2,491,081	\$2,376,585	
<b>Annual</b>										
<b>Surplus (deficit)</b>	\$ (197,430)	\$ (185,586)	\$ (199,519)	(209,395)	\$ (7,483)	\$ (3,352)	\$ (7,483)	\$ 162,651	\$ (349,196)	

# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

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### 13. COMMITMENT:

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

May 1, 2015 to April 30, 2022	\$94,777
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The Town secured an agreement in 2017 for waste and recycling service with Municipal Waste and Recycling Consultants for a five year period beginning March 1, 2017. The agreement ends February 28, 2021, at an annual cost of \$51,936, plus an annual price increase equal to the Consumer Price Index in each subsequent year.

### 14. FINANCIAL INSTRUMENTS

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

#### Credit risk

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

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

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

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

#### Liquidity risk

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

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

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



# THE CORPORATION OF THE TOWN OF SPANISH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

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### 15. COVID-19 PANDEMIC

The COVID-19 pandemic has developed rapidly in 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and organizations globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not fully determinable.

The Town has experienced the following indicators of financial implications and has undertaken the following activities in relation to the COVID-19 pandemic:

- Mandatory working from home requirements for those able to do so.
- The Town received \$55,100 in Federal-Provincial Safety Restart Funding to assist with financial pressures related to COVID-19.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Town's revenue, expenditures, and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.



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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

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

- the statement of financial position as at December 31, 2020
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Trust Funds** as at December 31, 2020, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

### *Auditor's Responsibility for the Audit of the Financial Statements*

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

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

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

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



I also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's **Trust Funds** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's **Trust Funds** ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town's **Trust Funds** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Chartered Professional Accountant, Licensed Public Accountant  
Sault Ste. Marie, Canada  
May 19, 2021

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

**STATEMENT OF FINANCIAL POSITION  
TRUST FUNDS**

**DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
Assets		
Cash	\$ 40,824	\$ 39,649
Net Assets	\$ 40,824	\$ 39,649

**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

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

	<b>2020</b>	<b>2019</b>
Net Assets, beginning of year	\$ 39,649	\$ 38,349
Revenues		
Allocation of plot sales	975	800
Interest	149	406
Monuments and markers	200	500
	1,324	1,706
Expenditures		
Transfers for maintenance purposes	149	406
Increase in net assets	1,175	1,300
Net Assets, end of year	\$ 40,824	\$ 39,649

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS TRUST FUND DECEMBER 31, 2020**

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

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF ACCOUNTING**

I) **Basis of Consolidation**

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

II) **Basis of Accounting**

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

### **2. CASH FLOW STATEMENT**

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

### **3. COVID-19 PANDEMIC**

The COVID-19 pandemic has developed rapidly in 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and organizations globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not fully determinable.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Town's revenue, expenditures, and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.



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## INDEPENDENT AUDITOR'S REPORT

---

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

### *Opinion*

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

- the statement of financial position as at December 31, 2020
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Library Board** as at December 31, 2020, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

### *Auditor's Responsibility for the Audit of the Financial Statements*

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

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

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

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



I also:

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

Chartered Professional Accountant, Licensed Public Accountant  
Sault Ste. Marie, Canada  
May 19, 2021

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

**LIBRARY BOARD**

**STATEMENT OF FINANCIAL POSITION**

**AS AT December 31, 2020**, (with comparative figures for the prior year)

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and investments	\$ 37,442	\$ 33,346
Accounts receivable	1,765	-
	39,207	33,346
	\$ 39,207	\$ 33,346
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ -	\$ 1,518
<b>NET ASSETS</b>	39,207	31,828
	\$ 39,207	\$ 33,346

**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

	2020	2019
<b>REVENUES</b>		
Contributions from Town	\$ 50,950	\$ 50,950
User fees	1,550	3,913
Provincial grants	2,935	2,875
Fundraising	796	513
	<u>56,231</u>	<u>58,251</u>
<b>EXPENDITURES</b>		
Salaries	34,865	40,758
Books and tapes	3,521	3,899
Maintenance and utilities	2,849	2,831
Supplies	1,423	1,568
Office	3,245	3,302
Equipment	1,668	1,220
Insurance	1,270	1,242
Fundraising	-	148
Bank Charges	11	-
	<u>48,852</u>	<u>54,968</u>
<b>Annual surplus</b>	7,379	3,283
<b>Net assets, beginning of year,</b>	31,828	28,545
<b>Net assets, end of year</b>	\$ 39,207	\$ 31,828

# THE CORPORATION OF THE TOWN OF SPANISH

## SPANISH PUBLIC LIBRARY BOARD

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

---

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the Town of Spanish Public Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

#### BASIS OF ACCOUNTING

I) Accrual Accounting

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

II) Inventory of books and supplies

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

III) Capital Assets

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

#### 2. NET ASSETS

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

	2020	2019
To be used:		
- for general reduction of (increase in) user charges	\$ 2,646	\$ 1,867
- for reserve fund	36,561	29,961
	<hr/>	<hr/>
	\$ 39,207	\$ 31,828

#### 3. CASH FLOW STATEMENT

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

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

## **SPANISH PUBLIC LIBRARY BOARD**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

---

#### **4. COVID-19 PANDEMIC**

The COVID-19 pandemic has developed rapidly in 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and organizations globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not fully determinable.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Town's revenue, expenditures, and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.



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## INDEPENDENT AUDITOR'S REPORT

---

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

### *Opinion*

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

- the statement of financial position as at December 31, 2020
- the statement of operations and changes in net assets (net debt) for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Cemetery Board** as at December 31, 2020, and its results of operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

### *Auditor's Responsibility for the Audit of the Financial Statements*

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

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

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

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



I also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Cemetery Board's** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the **Cemetery Board's** ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the **Cemetery Board** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Chartered Professional Accountant, Licensed Public Accountant  
Sault Ste. Marie, Canada  
May 19, 2021

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**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

**December 31, 2020** (with comparative figures for the prior year)

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 12,323	\$ 12,323
Accounts receivable	-	406
Other current assets	1,777	2,575
	<b>\$ 14,100</b>	<b>\$ 15,304</b>
<b>FINANCIAL LIABILITIES</b>		
Net assets	<b>\$ 14,100</b>	<b>\$ 15,304</b>

**THE CORPORATION OF THE TOWN  
OF SPANISH**

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

	2020	2019
<b>REVENUE</b>		
Sales of plots	\$ 2,025	\$ 700
Fundraising	-	1,328
Opening and closing	1,110	1,890
Maintenance trust fund	149	406
Registration fees	80	60
Municipal grant	2,584	534
Cemetery Care and supervisory fee	125	200
	<b>\$ 6,073</b>	<b>\$ 5,118</b>
<b>EXPENDITURES</b>		
Other Operating	\$ 4,068	\$ 3,686
Salaries and Benefits	2,709	1,370
Maintenance and supplies	500	500
	<b>7,277</b>	<b>5,556</b>
<b>Annual surplus (deficit)</b>	<b>(1,204)</b>	<b>(438)</b>
<b>Net assets, beginning of year</b>	<b>15,304</b>	<b>15,742</b>
<b>Net assets, end of year</b>	<b>\$ 14,100</b>	<b>\$ 15,304</b>



# THE CORPORATION OF THE TOWN OF SPANISH

## MOUNT CALVARY CEMETERY BOARD

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mount Calvary Cemetery Board are the representation of management prepared in accordance with Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

#### BASIS OF ACCOUNTING

I) Accrual Accounting

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

II) Capital Assets

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

#### TRUST FUND

Trust funds administered by the Board amounting to \$ 40,824 (2020) - \$ 39,649 (2019) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Current Fund Operations.

#### NET ASSETS

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

	2020	2019
To be used:		
- for general reduction of user charges	\$ 1,776	\$ 2,980
- for reserve fund	12,324	12,324
	<u>\$ 14,100</u>	<u>\$ 15,304</u>

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

## **MOUNT CALVARY CEMETERY BOARD SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

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### **2. COVID-19 PANDEMIC**

The COVID-19 pandemic has developed rapidly in 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and organizations globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not fully determinable.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Town's revenue, expenditures, and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.