

**The Corporation of the Town
of Fort Frances
Provincial Offences -
Fort Frances Court Services Area
Trust Fund
Financial Statements
For the year ended December 31, 2016**

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Independent Auditor's Report

To the Ministry of the Attorney General of Ontario

We have audited the accompanying statement of financial position of the Provincial Offences - Fort Frances Court Services Area Trust Fund, as at December 31, 2016, the statement of receipts and expenditures for the year then ended and a summary of significant accounting policies and other explanatory information (together "the financial statements"). The financial statements have been prepared by management based on the basis of accounting described in Note 1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1; this includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the 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 the 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, if any, 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 qualified audit opinion.

Basis for Qualified Opinion

The financial records of the Provincial Offences - Fort Frances Court Services Area Trust Fund are maintained and generated using the ICON system provided by the Province of Ontario. The scope of our audit did not include a review of the controls over this system nor was a service auditor's report made available to us. Therefore, we were not able to determine whether any adjustments might be necessary to fines, costs and fees revenue and net receipts over expenditures for the years ended December 31, 2016, and 2015, current assets as at December 31, 2016, and 2015, and net assets as at January 1 and December 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2016, was modified accordingly because of the possible effects of this limitation in scope.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Provincial Offences - Fort Frances Court Services Area Trust Fund as at December 31, 2016, and its receipts and expenditures for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to the significant accounting policies section of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Provincial Offences - Fort Frances Court Services Area Trust Fund to comply with the reporting requirements of the Ministry of the Attorney General of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Provincial Offences - Fort Frances Court Services Area Trust Fund and the Ministry of the Attorney General of Ontario and should not be used by parties other than the management of the Provincial Offences - Fort Frances Court Services Area Trust Fund and the Ministry of the Attorney General of Ontario.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

April 4, 2017

**The Corporation of the Town of Fort Frances
Provincial Offences - Fort Frances Court Services Area
Trust Fund
Statement of Financial Position**

| December 31 | 2016 | 2015 |
|------------------------------|-------------|-------------|
| Assets | | |
| Current | | |
| Cash | \$ 45,871 | \$ 55,009 |
| Accounts receivable (Note 2) | 6,784 | 3,769 |
| Prepaid expenses | 339 | 339 |
| | <hr/> | <hr/> |
| | \$ 52,994 | \$ 59,117 |
| <hr/> | | |
| Liabilities | | |
| Current | | |
| Accounts payable (Note 3) | \$ 52,994 | \$ 59,117 |
| | <hr/> | <hr/> |

On behalf of the Board:

_____ Director

_____ Director

**The Corporation of the Town of Fort Frances
Provincial Offences - Fort Frances Court Services Area
Trust Fund
Statement of Receipts and Expenditures**

| For the year ended December 31 | 2016 | 2015 |
|---------------------------------------|----------------|----------------|
| Receipts | | |
| Fines, costs and fees | \$ 477,009 | \$ 302,769 |
| Interest earned | 782 | 562 |
| | <u>477,791</u> | <u>303,331</u> |
| Expenditures | | |
| Administration | 101,974 | 75,789 |
| Remitted to Municipalities | 264,119 | 117,734 |
| Salaries and benefits | 111,698 | 109,808 |
| | <u>477,791</u> | <u>303,331</u> |
| Net receipts over expenditures | \$ - | \$ - |

**The Corporation of the Town of Fort Frances
Provincial Offences - Fort Frances Court Services Area
Trust Fund
Notes to Financial Statements**

December 31, 2016

1. Summary of Significant Accounting Policies

| | |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nature of Trust Fund | <p>The Provincial Offences - Fort Frances Court Services Area Trust Fund is unincorporated and is exempt from tax.</p> <p>The trust fund administers and collects fines incurred under the Provincial Offences Act.</p> |
| Management's Responsibility | <p>The financial statements of the Provincial Offences - Fort Frances Court Services Area Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.</p> |
| Accrual Basis of Accounting | <p>Sources of financing and expenditures are reported on the accrual basis of accounting.</p> <p>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.</p> |
| Capital Assets | <p>Capital assets are recorded as an expenditure on the Statement of Receipts and Expenditures in the year of acquisition.</p> |
| Revenue Recognition | <p>Revenue is generated from fines and penalties billed to offenders. The information regarding these fines and penalties is provided by the Province of Ontario ICON tracking system. The revenue is recorded when the amount can be reasonably estimated and collection is reasonably assured. These two items are satisfied when cash is collected. As a result, revenue is recognized on a cash basis.</p> |

**The Corporation of the Town of Fort Frances
Provincial Offences - Fort Frances Court Services Area
Trust Fund
Notes to Financial Statements**

December 31, 2016

2. Accounts Receivable

| | <u>2016</u> | <u>2015</u> |
|-------------------------|-----------------|-----------------|
| Due from Municipalities | \$ 6,294 | \$ 3,646 |
| Due from Province | 490 | 123 |
| | <u>\$ 6,784</u> | <u>\$ 3,769</u> |

3. Accounts Payable

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|------------------|------------------|
| Due to own Municipality | \$ 6,444 | \$ 15,913 |
| Due to other Municipalities | 15,418 | 11,907 |
| Due to Provincial Court | 31,132 | 31,297 |
| | <u>\$ 52,994</u> | <u>\$ 59,117</u> |