

**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, 2018**

	Contents
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Receipts and Expenditures	5
Notes to Financial Statements	6

Independent Auditor's Report

To the Provincial Offences - Fort Frances Court Services Area Trust Fund

Qualified Opinion

We have audited the financial statements of the Provincial Offences - Fort Frances Court Services Area Trust Fund (the Entity), which comprise the statement of financial position as at December 31, 2018, and the statement of receipts and expenditures for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and the receipts and expenditures thereof, in accordance with the basis of accounting as described in Note 1.

Basis of Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2018, and 2017, current assets as at December 31, 2018, and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018, was modified accordingly because of the possible effects of this limitation in scope.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to 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.

Responsibilities of Management and Those Charged with Governance 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, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
March 18, 2019

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

December 31	2018	2017
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Assets

Current

Cash	\$ 146,941	\$ 207,651
Accounts receivable (Note 2)	3,790	7,154
Prepaid expenses	287	339
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	\$ 151,018	\$ 215,144

Liabilities

Current

Accounts payable (Note 3)	\$ 151,018	\$ 215,144
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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	2018	2017
Receipts		
Fines, costs and fees	\$ 396,358	\$ 418,749
Interest earned	1,174	423
	<u>397,532</u>	<u>419,172</u>
Expenditures		
Administration	108,894	113,336
Remitted to Municipalities	187,164	196,437
Salaries and benefits	101,474	109,399
	<u>397,532</u>	<u>419,172</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, 2018

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, 2018

2. Accounts Receivable

	<u>2018</u>		<u>2017</u>
Due from Municipalities	\$ 2,118	\$	3,265
Due from Province	<u>1,672</u>		<u>3,889</u>
	<u>\$ 3,790</u>	<u>\$</u>	<u>7,154</u>

3. Accounts Payable

	<u>2018</u>		<u>2017</u>
Due to own Municipality	\$ 53,677	\$	73,593
Due to other Municipalities	53,665		82,772
Due to Provincial Court	42,529		58,779
Other	<u>1,147</u>		<u>-</u>
	<u>\$ 151,018</u>	<u>\$</u>	<u>215,144</u>