

Town of Fort Frances
Office Lease Agreement - OPP
For the year ended December 31, 2016

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Independent Auditor's Report on Statement of Operating Costs

To the Council of the
Town of Fort Frances

We have audited the accompanying Statement of Operating Costs for the Town of Fort Frances for the year ended December 31, 2016, and the significant accounting policy. The Statement of Operating Costs has been prepared by management based on Schedules D and F of the Office Lease Agreement - OPP between the Town of Fort Frances and her Majesty the Queen in Right of Ontario as represented by the Minister of Public Infrastructure Renewal dated June 5, 2001, and the lease extension and amending agreement dated June 1, 2016, for 320 Portage Avenue, in the Town of Fort Frances.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement in accordance with Schedules D and F of the Office Lease Agreement - OPP between the Town of Fort Frances and her Majesty the Queen in Right of Ontario as represented by the Minister of Public Infrastructure Renewal dated June 5, 2001, and the lease extension and amending agreement dated June 1, 2016, for 320 Portage Avenue, in the Town of Fort Frances, and for such control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement 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 Statement.

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, the financial information in the Statement of Operating Costs for the Town of Fort Frances for the year ended December 31, 2016, is prepared, in all material respects, in accordance with Schedules D and F of the Office Lease Agreement - OPP between the Town of Fort Frances and her Majesty the Queen in Right of Ontario as represented by the Minister of Public Infrastructure Renewal dated June 5, 2001, and the lease extension and amending agreement dated June 1, 2016, for 320 Portage Avenue, in the Town of Fort Frances.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the Basis of Accounting note to the financial information, which describes the basis of accounting. The Statement is prepared to assist the Town of Fort Frances to meet the requirements of Schedules D and F of the Office Lease Agreement - OPP between the Town of Fort Frances and her Majesty the Queen in Right of Ontario as represented by the Minister of Public Infrastructure Renewal dated June 5, 2001, and the lease extension and amending agreement dated June 1, 2016, for 320 Portage Avenue, in the Town of Fort Frances. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Council of the Town of Fort Frances and the tenant of 320 Portage Avenue and should not be distributed to or used by parties other than the Council of the Town of Fort Frances and the tenant of 320 Portage Avenue.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Fort Frances, Ontario

April 10, 2017

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**Town of Fort Frances
Office Lease Agreement - OPP
Statement of Operating Costs**

For the year ended December 31, 2016	Total Building	Policing 30%	OPP 46%
Cleaning Expenses			
Contract services	\$ 63,600	\$ 31,851	\$ 14,652
Supplies and materials	4,725	1,418	652
Trash removal	916	275	126
	<u>69,241</u>	<u>33,544</u>	<u>15,430</u>
Maintenance			
Elevator contracts/materials	4,154	1,246	573
HVAC contracts/materials	2,745	824	379
Electrical contracts/materials	1,459	438	201
Plumbing	1,960	588	271
Fire and life safety	2,156	647	298
Other	4,400	1,320	607
	<u>16,874</u>	<u>5,063</u>	<u>2,329</u>
Utilities			
Electricity	50,019	15,006	6,903
Gas	13,399	4,020	1,849
Water and sewer	1,480	444	204
	<u>64,898</u>	<u>19,470</u>	<u>8,956</u>
Roads/Grounds/Security			
R/G payroll benefits	21,974	6,592	3,032
Other	5,184	1,555	715
	<u>27,158</u>	<u>8,147</u>	<u>3,747</u>
Administrative			
Management fees	9,565	2,870	1,320
Professional fees	1,414	1,414	1,414
	<u>10,979</u>	<u>4,284</u>	<u>2,734</u>
Sub-total	189,150	70,508	33,196
Building Insurance			
Total building insurance	<u>11,714</u>	<u>5,316</u>	<u>2,446</u>
Total	\$ 200,864	\$ 75,824	\$ 35,642

**Town of Fort Frances
Office Lease Agreement - OPP
Note to Statement of Operating Costs**

For the year ended December 31, 2016

Significant Accounting Policy

Basis of Accounting

The Statement of Operating Costs has been prepared on an accrual basis of accounting using the recognition and measurement principles of Canadian public sector accounting standards and only includes those expenses related to 320 Portage Avenue, Fort Frances, Ontario, as permitted under the terms and conditions of the Office Lease Agreement - OPP between the Town of Fort Frances and her Majesty the Queen in Right of Ontario as represented by the Minister of Public Infrastructure Renewal dated June 5, 2001.