

**THE CORPORATION OF THE
TOWNSHIP OF JOHNSON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of:
Corporation of the Township of Johnson

Report on the financial statements

We have audited the accompanying statements of the **Corporation of the Township of Johnson** which comprise of the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

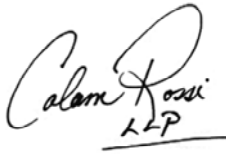
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Qualified Opinion

In common with many organizations, the **Corporation of the Township of Johnson** derives revenues from the general public in the form of cash receipts, the completeness of which is not susceptible of satisfactory audit evidence. Accordingly, our verification of those revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to recreation revenues, annual surplus and accumulated surplus.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, as explained in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the **Corporation of the Township of Johnson** as at December 31, 2015, the results of its consolidated statement of operations, consolidated statement of changes in net financial assets (net debt) and consolidated statement of cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Calam Rossi" with "LLP" written below it. The signature is written in a cursive style.

Chartered Professional Accountants
Licensed Public Accountants
Sault Ste. Marie, Canada
December 7, 2016

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,

2015

2014

FINANCIAL ASSETS

Cash and temporary investments	\$ 1,223,852	\$ 1,026,819
Taxes receivable	253,140	282,949
Accounts receivable	892,664	528,169
	<u>2,369,656</u>	<u>1,837,937</u>

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities	297,747	219,687
Deferred revenue (note 8)	155,189	110,126
Municipal long term debt (note 6)	330,482	118,414
Landfill site closure and post closure liabilities (note 11)	50,170	50,170
	<u>833,588</u>	<u>498,397</u>

NET FINANCIAL ASSETS	1,536,068	1,339,540
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NON - FINANCIAL ASSETS

Prepaid expenses	22,599	9,274
Tangible capital assets (note 12)	4,155,650	3,977,729
NON - FINANCIAL ASSETS	4,178,249	3,987,003

ACCUMULATED SURPLUS (note 7)	\$ 5,714,317	\$ 5,326,543
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APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ CAO

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF OPERATIONS

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

	Budget 2015	Actual 2015	Actual 2014
Revenues			
Taxation, net (note 9)	\$ 1,444,034	\$ 1,443,810	\$ 1,465,198
Government grants	553,605	585,013	837,246
Other municipalities	2,000	20,453	28,152
User charges and other	367,128	266,564	299,105
Penalties and interest	25,000	44,719	38,909
Other income	1,500	45,846	26,163
	<u>2,393,267</u>	<u>2,406,405</u>	<u>2,694,773</u>
Expenditures			
General government	385,490	383,079	406,571
Protection to persons and property	295,626	251,032	216,950
Transportation services	589,371	669,492	1,085,059
Environmental services	198,847	258,995	231,047
Health services	41,397	41,200	35,046
Social and family services	271,885	271,865	271,572
Recreation and cultural services	292,977	135,171	342,725
Planning and development	25,690	7,797	16,195
	<u>2,101,283</u>	<u>2,018,631</u>	<u>2,605,165</u>
Annual surplus	291,984	387,774	89,608
Accumulated Surplus, Beginning of year	5,326,543	5,326,543	5,236,935
Accumulated Surplus, End of year	<u>\$ 5,618,527</u>	<u>\$ 5,714,317</u>	<u>\$ 5,326,543</u>

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31,

	Budget	2015	2014
Annual Surplus	\$ 291,984	\$ 387,774	\$ 89,608
Acquisition of Tangible Capital Assets	(142,712)	(578,430)	(676,953)
Amortization of Tangible Capital Assets	-	262,921	251,075
Loss/(gain) on Tangible Capital Assets	-	(116,736)	184,010
Proceeds on Sale Tangible Capital Assets	-	254,324	-
	149,272	209,853	(152,260)
Acquisition (utilization) of Prepaid Expenses	-	(13,325)	1,224
Change in Net Financial Assets	149,272	196,528	(151,036)
Net Financial Assets, Beginning of Year	1,339,540	1,339,540	1,490,576
Net Financial Assets, End of Year	\$ 1,488,812	\$ 1,536,068	\$ 1,339,540

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31,

2015

2014

CASH FLOWS FROM OPERATING ACTIVITIES

Annual surplus	\$ 387,774	\$ 89,608
Annual amortization	262,921	251,075
Loss/(Gain) on Tangible Capital Assets	(116,736)	184,010
Uses:		
Increase in taxes receivable	-	(36,164)
Increase in prepaid expenses	(13,325)	-
Increase in accounts receivable	(364,495)	(54,513)
Decrease in deferred liabilities	-	(200,843)
	(377,820)	(291,520)
Sources:		
Decrease in taxes receivable	29,809	-
Decrease in prepaid expenses	-	1,224
Increase in deferred liabilities	45,063	-
Increase in accounts payable and accrued liabilities	78,060	17,666
	152,932	18,890
Net increase in cash from operating activities	309,071	252,063

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds long term debt	265,500	-
Repayment of long term debt	(53,432)	(85,062)
	212,068	(85,062)

CASH FLOWS FROM CAPITAL ACTIVITIES

Acquisition of tangible capital assets	(578,430)	(676,953)
Proceeds on sale of tangible capital asset	254,324	-
	(324,106)	(676,953)

Net increase (decrease) in cash and equivalents	197,033	(509,952)
Cash and cash equivalents, beginning of year	1,026,819	1,536,771
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,223,852	\$ 1,026,819

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2015

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Township of Johnson are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependant upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE TOWNSHIP:

REPORTING ENTITY

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

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
Algoma District School Board
Huron Superior Catholic District School Board
Conseil Scolaire Du District Du Grand Nord De L'Ontario
Le Conseil Scolaire Catholique Du Nouvel Ontario

ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

The taxation, other revenue, 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 Township.

TRUST FUNDS

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position."

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DECEMBER 31, 2015

BASIS OF ACCOUNTING

ACCRUAL ACCOUNTING

Sources of financing 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 (Net Debt) 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>
General (Non Linear) assets	
Land improvements	10-25
Buildings and building components	25-50
Vehicles and equipment	7-25
Technology, Machinery and equipment	3-25
Infrastructure (Linear) assets	
- Road bases	50
- Road paved surface and treated surface	10-50
- Sewer and water mains	10-50
- Bridges and structures	50
- Fixtures, equipment and street lights	7-25

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DECEMBER 31, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TANGIBLE CAPITAL ASSETS(CONT'D)

Assets are amortized in the month following the purchase or in-service date. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Corporation of the Township of Johnson 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 Township'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 incidental to township of the property are accounted for as a capital lease. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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.

DEFERRED REVENUE

Deferred revenues represent gas tax revenue, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed. From time to time the Township receives development charges under the authority of provincial legislation and Township by-laws.

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DECEMBER 31, 2015

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 of the associated expenditure is incurred. Revenue is recognized for transfers under shared service agreements in the period the costs are incurred.

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.

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. BUDGET RECONCILIATION

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

	Revenues 2015	Expenditures 2015
Council approved budget		
Operating fund	\$ 2,393,267	\$ 2,101,283
Reserves, Reserve funds and financing	<u>57,067</u>	<u>94,344</u>
	2,450,334	2,195,627
Capital Budget	<u>-</u>	<u>254,707</u>
Total Approved by Council	2,450,334	2,450,334
Less: Reserves, reserve funds and financing	(57,067)	(94,344)
Less Capital budget	-	(254,707)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 2,393,267</u>	<u>\$ 2,101,283</u>

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2015	2014
Algoma Health Unit	\$ 22,972	\$ 21,948
Algoma District Social Services Administration Board	271,865	271,572
	<u>\$ 294,837</u>	<u>\$ 293,520</u>

The Township 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.

4. TRUST FUNDS

Trust funds administrated by the Township amounting to \$ 22,360 (2014 - \$ 21,371) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. PENSION AGREEMENTS

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

Each year an independent actuary determines the funding status of the (OMERS) Primary Pension Plan by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted on December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$81.9 billion in respect of benefits accrued for service with actuarial assets at that date of \$74.9 billion indicating an actuarial deficit of \$7.0 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are the joint responsibility of the Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS was \$63,798 (2014 - \$62,738) for the current year service and is included as an expenditure on the Consolidated Statement of Operations.

6. LONG TERM LIABILITIES

	2015	2014
3.36% loan payable \$3,552 monthly including interest maturing, December 31, 2022, secured by equipment	\$ 234,170	\$ -
3.28% Loan payable \$2,143 monthly including interest maturing December 2017, secured by equipment	96,312	118,414
	\$ 330,482	\$ 118,414

Approval of the Ontario Municipal Board has been obtained for the long term liabilities issued in the name of the Township.

The principal payments due on long term debt over the next five years is approximately as follows:

2016	-	\$58,188
2017	-	\$60,154
2018	-	\$62,187
2019	-	\$64,289
2020		\$40,365
Beyond 2020		\$45,299

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

7. ACCUMULATED SURPLUS

The accumulated surplus of individual fund surplus and reserve and reserve funds, \$ 5,714,317 (2014 - \$ 5,326,543) respectively are made up of the following:

	2015	2014
Surplus (Deficit)		
Invested in Tangible Capital Assets	\$ 4,155,650	\$ 3,977,729
Less: amounts financed by long term debt	(330,482)	(118,414)
Land fill liability	(50,170)	(50,170)
	3,774,998	3,809,145
For offset of taxation or user charges	5,652	5,921
Reserves set aside for specific purposes by Council		
- for working capital	1,532,220	1,192,610
- landfill and other	-	20,000
- senior housing	-	12,072
- community housing	-	20,114
- municipal office	-	2,558
- share shed and joint waste	-	295
	1,532,220	1,247,649
Reserve funds set aside for specific purpose by Council		
- general	104,542	-
- general government	2,878	-
- protection	42,058	33,006
- transportation	92,349	113,309
- environmental - other	86,723	73,010
- environmental land fill	15,147	15,092
- social family and social housing	32,288	-
- recreation and cultural	25,462	29,411
	401,447	263,828
Accumulated Surplus	\$ 5,714,317	\$ 5,326,543

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. DEFERRED REVENUE CONTINUITY

	2015	2014
Federal gas tax and other, beginning of the year:	\$ 110,126	\$ 310,969
Contributions	45,063	45,784
Interest	-	1,218
	155,189	357,971
Contributions used	-	247,845
Federal gas tax and other, end of year	\$ 155,189	\$ 110,126
	2015	2014
Federal gas tax	\$ 144,235	\$ 100,801
Other	10,954	9,325
	\$ 155,189	\$ 110,126

9. TAXATION AND OPERATIONS OF SCHOOL BOARDS

During 2015, the Municipality collected and transferred property taxes in the amount of \$164,885 (2014 - \$161,649).

10. PUBLIC SECTOR SALARY DISCLOSURE ACT

For 2015, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 2006 of \$100,000 or more.

11. LANDFILL SITE CLOSURE AND POST CLOSURE LIABILITY

The Township owns and operates one landfill site. The consolidated statement of financial position now reflects a liability for anticipated future costs related to the closing and monitoring of the existing landfill site. The landfill closure and post closure cost liability has been estimated at December 31, 2015 to be \$ 50,170 . This liability represents the estimated total expenditures required for closure and post closure care. Where there was no internal information available, information was obtained from outside consultants and an actuary with experience with landfill construction. Once closed, this landfill site will be monitored for an estimated 25 years. A discount rate has been used that is equal to the rate available to the Township on long-term government borrowing. As at December 31, 2015 the landfill closure and post closure costs have been financed in the amount of \$ 50,170 and are reflected in the municipal position as the amount to be recovered.

Corporation of the Township of Johnson
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

12. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS

	Cost			Accumulated Amortization				2015	2014	
	2015 Opening Balance	Additions and Betterments	Disposals/ Transfers	2015 Closing Balance	2015 Opening Balance	2015 Amortization Expense	Accumulated Amortization on Disposals	2015 Ending Balance	Net Book Value	Net Book Value
General Capital Assets										
Land	\$ 12,778	\$ -	\$ -	\$ 12,778	\$ -	\$ -	\$ -	\$ -	\$ 12,778	\$ 12,778
Buildings	1,738,168	29,046	-	1,767,214	1,233,261	44,859	-	1,278,120	489,094	504,907
Equipment and machinery	561,577	188,050	(97,375)	652,252	215,622	27,998	(42,196)	201,424	450,828	345,955
	2,312,523	217,096	(97,375)	2,432,244	1,448,883	72,857	(42,196)	1,479,544	952,700	863,640
Infrastructure Assets										
Land	\$ 2,014	\$ -	\$ -	\$ 2,014	\$ -	\$ -	\$ -	\$ -	\$ 2,014	\$ 2,014
Buildings	179,197	-	-	179,197	93,535	4,501	-	98,036	81,161	85,662
Equipment and machinery	443,178	361,334	(116,807)	687,705	40,779	23,507	(34,398)	29,888	657,817	402,399
Linear	8,039,281	-	(48,884)	7,990,397	5,415,267	162,056	(48,884)	5,528,439	2,461,958	2,624,014
	8,663,670	361,334	(165,691)	8,859,313	5,549,581	190,064	(83,282)	5,656,363	3,202,950	3,114,089
	\$10,976,193	\$ 578,430	\$ (263,066)	\$11,291,557	\$ 6,998,464	\$ 262,921	\$ (125,478)	\$ 7,135,907	\$ 4,155,650	\$ 3,977,729

Corporation of the Township of Johnson
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

	Cost				Accumulated Amortization			2014	2013	
	2014 Opening Balance	Additions and Betterments	Disposals/ Transfers	2014 Closing Balance	2014 Opening Balance	2014 Amortization Expense	Accumulated Amortization on Disposals	2014 Ending Balance	Net Book Value	Net Book Value
General Capital Assets										
Land	\$ 12,778	\$ -	\$ -	\$ 12,778	\$ -	\$ -	\$ -	\$ -	\$ 12,778	\$ 12,778
Buildings	1,738,168	-	-	1,738,168	1,188,983	44,278	-	1,233,261	504,907	549,185
Equipment and machinery	549,175	12,402	-	561,577	187,582	28,040	-	215,622	345,955	361,593
	2,300,121	12,402	-	2,312,523	1,376,565	72,318	-	1,448,883	863,640	923,556
Infrastructure Assets										
Land	\$ 2,014	\$ -	\$ -	\$ 2,014	\$ -	\$ -	\$ -	\$ -	\$ 2,014	\$ 2,014
Buildings	179,197	-	-	179,197	89,034	4,501	-	93,535	85,662	90,163
Equipment and machinery	372,886	270,173	(199,881)	443,178	70,691	17,503	(47,415)	40,779	402,399	302,195
Linear	7,757,337	394,378	(112,434)	8,039,281	5,339,404	156,753	(80,890)	5,415,267	2,624,014	2,417,933
	8,311,434	664,551	(312,315)	8,663,670	5,499,129	178,757	(128,305)	5,549,581	3,114,089	2,812,305
	\$10,611,555	\$ 676,953	\$ (312,315)	\$10,976,193	\$ 6,875,694	\$ 251,075	\$ (128,305)	\$ 6,998,464	\$ 3,977,729	\$ 3,735,861

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

13. SEGMENTED INFORMATION - SERVICE BUNDLE

The Township of Johnson is a diversified municipal government institution that provides a wide range of services to more than 614 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 Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and 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). Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area 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 extinguishment 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 area is responsible for Waste Disposal and Recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water and sewer system.

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

13. SEGMENTED INFORMATION - SERVICE BUNDLE (Cont'd)

Health and Social Services

This section consists of Ambulance Services, Social Services including Housing Services, Childcare, Assistance to aged persons, Cemetery Services as well as the Municipality's contribution to the Health Unit via levy.

Recreation and Cultural Services

This section 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 Township'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 Corporation of the Township of Johnson is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles so that the Township is an enjoyable and beautiful community to live, work and play. This section also provides leadership in matters relating to landscape restoration, ecosystem health, biological integrity, energy conservation, air and lake water quality.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, certain government grants and other revenue are apportioned to Current Fund services based on a percentage of operations.

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

13. SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	General Government		Protection Services		Transportation Services		Environmental Services	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Taxation (net)	\$ 255,554	\$ 227,106	\$ 167,482	\$ 117,216	\$ 446,137	\$ 644,687	\$ 171,813	\$ 117,216
Government grants and transfers	95,782	72,137	64,216	39,942	190,661	567,642	80,097	37,616
User Charges & other	53,633	32,016	26,320	11,773	13,594	16,613	154,359	160,602
Other Municipalities	-	-	3,184	9,495	-	-	17,269	18,657
	404,969	331,259	261,202	178,426	650,392	1,228,942	423,538	334,091
Expenditures								
Salaries, wages and benefits	283,835	247,705	32,973	19,970	208,910	242,544	8,012	2,789
Materials and Contracts	98,009	157,308	198,303	176,345	284,882	520,362	210,218	187,644
Amortization	1,235	1,558	19,756	20,635	149,299	138,143	40,765	40,614
Loss (gain) on Tangible Capital Assets	-	-	-	-	26,401	184,010	-	-
	383,079	406,571	251,032	216,950	669,492	1,085,059	258,995	231,047
Annual Surplus (deficit)	\$ 21,890	\$ (75,312)	\$ 10,170	\$ (38,524)	\$ (19,100)	\$ 143,883	\$ 164,543	\$ 103,044

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

13.SEGMENTED INFORMATION - SERVICE BUNDLE (CONT'D)

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Taxation (net)	\$ 209,352	\$ 175,824	\$ 184,808	\$ 175,824	\$ 8,664	\$ 7,325	\$1,443,810	\$1,465,198
Government grants and transfers	67,135	55,848	84,344	58,734	2,778	5,327	585,013	837,246
User Charges & other	8,857	5,944	96,502	130,990	3,864	6,239	357,129	364,177
Other Municipalities	-	-	-	-	-	-	20,453	28,152
	285,344	237,616	365,654	365,548	15,306	18,891	2,406,405	2,694,773
Expenditures								
Salaries, wages and benefits	10,504	5,221	82,580	102,705	-	-	626,814	620,934
Materials and Contracts	302,561	301,397	143,863	189,895	7,797	16,195	1,245,633	1,549,146
Amortization	-	-	51,866	50,125	-	-	262,921	251,075
Loss (gain) on Tangible Capital Assets	-	-	(143,138)	-	-	-	(116,737)	184,010
	313,065	306,618	135,171	342,725	7,797	16,195	2,018,631	2,605,165
Annual Surplus (deficit)	\$ (27,721)	\$ (69,002)	\$ 230,483	\$ 22,823	\$ 7,509	\$ 2,696	\$ 387,774	\$ 89,608



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of:

Report on the financial statements

We have audited the accompanying statements of the Trust Funds of the **Corporation of the Township of Johnson** which comprise of the consolidated statement of financial position as at December 31, 2015, the statement of continuity of the trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the **Corporation of the Township of Johnson** as at December 31, 2015, the statement of continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
Sault Ste. Marie, Canada
December 7, 2016

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION**

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

	Desbarats Cemetery Care		Gordon Lake Cemetery Care		2015 Actual		2014 Actual	
ASSETS								
Cash	\$	5,697	\$	16,663	\$	22,360	\$	21,371
SURPLUS								
	\$	5,697	\$	16,663	\$	22,360	\$	21,371

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
STATEMENT OF CONTINUITY OF TRUST FUNDS

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

	Desbarats Cemetery Care		Gordon Lake Cemetery Care		2015 Actual	2014 Actual		
BALANCE, BEGINNING OF YEAR	\$	5,683	\$	15,688	\$	21,371	\$	21,331
REVENUES								
Interest earned		14		225		239		40
Sale of plots and marker fees				750		750		
		14		975		989		40
BALANCE, END OF YEAR	\$	5,697	\$	16,663	\$	22,360	\$	21,371



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INDEPENDENT AUDITORS' COMMENTS

To the Members of the
Gordon Lake Cemetery Board

We have audited the statement of financial position of the Gordon Lake Cemetery Board as at December 31, 2015 and the statement of operations and accumulated surplus in our report thereon dated December 7, 2016 which is presented in the preceding section of this annual report. The financial information presented hereinafter was derived from accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion fairly presents in all material respects in relation to the financial statements taken as a whole.

Chartered Professional Accountants
Licensed Public Accountants
Sault Ste. Marie, Canada
December 7, 2016

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, **2015** **2014**

ASSETS

Cash & Term Deposit	\$	5,652	\$	5,921
Care and maintenance		16,663		15,688
		<hr/>		<hr/>
	\$	22,315	\$	21,609

LIABILITIES AND ACCUMULATED SURPLUS

Care and maintenance	\$	16,663	\$	15,688
Accumulated Surplus				
To be used to offset user charges (note 1)		5,652		5,921
		<hr/>		<hr/>
	\$	22,315	\$	21,609

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
STATEMENT OF FINANCIAL OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)	2015	2014
REVENUES		
Sale of plots, markers and burial fees	\$ 789	\$ 456
Donations	50	50
Interest	73	72
	<u>912</u>	<u>578</u>
EXPENDITURES		
Maintenance	<u>1,181</u>	<u>15</u>
Annual Surplus (Deficit)	(269)	563
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,921	5,358
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 5,652</u>	<u>\$ 5,921</u>

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DECEMBER 31, 2015

Basis of Accounting ACCRUAL ACCOUNTING

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

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTE TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SURPLUS BALANCE

The surplus balance represents the accumulated excess of revenue over expenditures. The amount forms a portion of the Township's fund balance and is to be used to offset charges in the future.