

**THE CORPORATION OF THE  
TOWNSHIP OF JOHNSON  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

<b>CONTENTS</b>	<b>Page</b>
<hr/>	
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7-10
Notes to Consolidated Financial Statements	11-20
<b>TRUST FUNDS</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	21
Statement of Financial Position	22
Statement of Continuity	23
<b>CEMETERY BOARD</b>	24
<b>INDEPENDENT AUDITORS' COMMENTS</b>	
Statement of Financial Position	25
Statement of Operations	26
Summary of Significant Accounting Policies	27
Notes to Financial Statements	28



ALEXANDER B. CALAM, CPA, CA, Partner  
ANTHONY S. ROSSI, CPA, CA, Partner

369 QUEEN ST. EAST, SUITE 302 • SAULT STE. MARIE, ON • P6A 1Z4  
Tel: 705.253.0110 • Fax: 705.253.1771

---

## 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, 2014, 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.

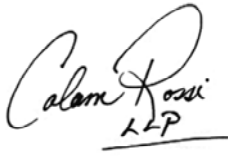
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *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, 2014, 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 stylized and cursive.

Chartered Professional Accountants  
Licensed Public Accountants  
Sault Ste. Marie, Canada  
December 16, 2015

# THE CORPORATION OF THE TOWNSHIP OF JOHNSON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,

2014

2013

### FINANCIAL ASSETS

Cash and temporary investments	\$ 1,026,819	\$ 1,536,771
Taxes receivable	282,949	246,785
Accounts receivable	528,169	473,656
	<u>1,837,937</u>	<u>2,257,212</u>

### FINANCIAL LIABILITIES

Accounts payable and accrued liabilities	219,687	202,021
Deferred revenue (note 8)	110,126	310,969
Municipal long term debt (note 6)	118,414	203,476
Landfill site closure and post closure liabilities (note 11)	50,170	50,170
	<u>498,397</u>	<u>766,636</u>

<b>NET FINANCIAL ASSETS</b>	<b>1,339,540</b>	<b>1,490,576</b>
-----------------------------	------------------	------------------

### NON - FINANCIAL ASSETS

Prepaid expenses	9,274	10,498
Tangible capital assets (note 12)	3,977,729	3,735,861
<b>NON - FINANCIAL ASSETS</b>	<b>3,987,003</b>	<b>3,746,359</b>

<b>ACCUMULATED SURPLUS (note 7)</b>	<b>\$ 5,326,543</b>	<b>\$ 5,236,935</b>
-------------------------------------	---------------------	---------------------

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 2014	Actual 2014	Actual 2013
<b>Revenues</b>			
Taxation, net (note 9)	\$ 1,465,210	\$ 1,465,198	\$ 1,386,420
Government grants	1,013,138	837,246	635,037
Other municipalities	2,000	28,152	909
User charges and other	290,284	299,105	266,266
Penalties and interest	15,000	38,909	34,775
Other income	1,725	26,163	31,033
	<u>2,787,357</u>	<u>2,694,773</u>	<u>2,354,440</u>
<b>Expenditures</b>			
General government	401,510	406,571	426,675
Protection to persons and property	247,596	216,950	213,286
Transportation services	754,917	1,085,059	650,804
Environmental services	200,885	231,047	248,229
Health services	43,446	35,046	28,140
Social and family services	271,572	271,572	268,173
Recreation and cultural services	280,810	342,725	295,198
Planning and development	31,500	16,195	36,669
	<u>2,232,236</u>	<u>2,605,165</u>	<u>2,167,174</u>
<b>Annual surplus</b>	555,121	89,608	187,266
<b>Accumulated Surplus, Beginning of year</b>	5,236,935	5,236,935	5,049,669
<b>Accumulated Surplus, End of year</b>	<u>\$ 5,792,056</u>	<u>\$ 5,326,543</u>	<u>\$ 5,236,935</u>

## THE CORPORATION OF THE TOWNSHIP OF JOHNSON

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

	Budget	2014	2013
<b>Annual Surplus</b>	\$ 555,121	\$ 89,608	\$ 187,266
Acquisition of Tangible Capital Assets	(525,545)	(676,953)	(46,939)
Amortization of Tangible Capital Assets	-	251,075	250,092
Loss on Tangible Capital Assets	-	184,010	-
	29,576	(152,260)	390,419
Acquisition (utilization) of Prepaid Expenses	-	1,224	(4,387)
<b>Change in Net Financial Assets</b>	29,576	(151,036)	386,032
<b>Net Financial Assets, Beginning of Year</b>	1,490,576	1,490,576	1,104,544
<b>Net Financial Assets, End of Year</b>	<b>\$ 1,520,152</b>	<b>\$ 1,339,540</b>	<b>\$ 1,490,576</b>

# THE CORPORATION OF THE TOWNSHIP OF JOHNSON

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31,

2014

2013

### CASH FLOWS FROM OPERATING ACTIVITIES

<b>Annual surplus</b>	\$ 89,608	\$ 187,266
<b>Annual amortization</b>	251,075	250,092
<b>Loss on Tangible Capital Assets</b>	184,010	-
<b>Uses:</b>		
Increase in taxes receivable	(36,164)	(42,217)
(Increase)/Decrease in prepaid expenses	-	(4,387)
Increase in accounts receivable	(54,513)	(192,849)
Decrease in accounts payable and accrued liabilities	-	(18,832)
Decrease in deferred liabilities	(200,843)	-
	(291,520)	(258,285)
<b>Sources:</b>		
Decrease in prepaid expenses	1,224	-
Increase in landfill liability	-	28,982
Increase in deferred liabilities	-	205,432
Increase in accounts payable and accrued liabilities	17,666	-
	18,890	234,414
<b>Net increase in cash from operating activities</b>	<b>252,063</b>	<b>413,487</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term debt	(85,062)	(50,539)
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(676,953)	(46,939)
<b>Net increase (decrease) in cash and equivalents</b>	<b>(509,952)</b>	<b>316,009</b>
Cash and cash equivalents, beginning of year	1,536,771	1,220,762
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,026,819</b>	<b>\$ 1,536,771</b>



# **THE CORPORATION OF THE TOWNSHIP OF JOHNSON**

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DECEMBER 31, 2014**

---

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, 2014**

---

**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>
<b>General (Non Linear) assets</b>	
Land improvements	10-25
Buildings and building components	25-50
Vehicles and equipment	7-25
Technology, Machinery and equipment	3-25
<b>Infrastructure (Linear) assets</b>	
- 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, 2014**

---

**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, 2014**

---

**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, 2014**

**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.

	<b>Revenues 2014</b>	<b>Expenditures 2014</b>
Council approved budget		
Operating fund	\$ 2,787,357	\$ 2,232,236
Reserves, Reserve funds and financing	<u>40,667</u>	<u>70,243</u>
	2,828,024	2,302,479
Capital Budget	<u>-</u>	<u>525,545</u>
Total Approved by Council	2,828,024	2,828,024
Less: Reserves, reserve funds and financing	(40,667)	(70,243)
Less Capital budget	-	(525,545)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 2,787,357</u>	<u>\$ 2,232,236</u>

**3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS**

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

	<b>2014</b>	<b>2013</b>
Algoma Health Unit	\$ 21,948	\$ 21,410
Algoma District Social Services Administration Board	271,572	268,173
	<u>\$ 293,520</u>	<u>\$ 289,583</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 \$ 21,371 (2013 - \$ 21,331 ) 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, 2014**

**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, 2014. The results of this valuation disclosed total actuarial liabilities of \$77.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$70.2 billion indicating an actuarial deficit of \$7.1 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 \$62,738 (2013 - \$57,488) for the current year service and is included as an expenditure on the Consolidated Statement of Operations.

**6. LONG TERM LIABILITIES**

	2014	2013
4.47% loan payable \$2,777 monthly including interest maturing, December 31, 2015	\$ -	\$ 63,638
3.28% Loan payable \$2,143 monthly including interest maturing December 2017, secured by equipment	118,414	139,838
	\$ 118,414	\$ 203,476

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:

2015	-	\$22,100
2016	-	\$23,700
2017	-	\$24,500
2018	-	\$25,000
2019	-	\$23,114

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

**DECEMBER 31, 2014**

**7. ACCUMULATED SURPLUS**

The accumulated surplus of individual fund surplus and reserve and reserve funds, \$ 5,326,543 (2013 - \$ 5,236,935 ) respectively are made up of the following:

	<b>2014</b>	<b>2013</b>
<b>Surplus (Deficit)</b>		
Invested in Tangible Capital Assets	\$ 3,977,729	\$ 3,735,861
Less: amounts financed by long term debt	(118,414)	(203,476)
Land fill liability	(50,170)	(50,170)
	<b>3,809,145</b>	<b>3,482,215</b>
For offset of taxation or user charges	5,921	5,358
<b>Reserves set aside for specific purposes by Council</b>		
- for working capital	1,192,610	1,453,158
- landfill and other	20,000	-
- senior housing	12,072	12,000
- community housing	20,114	19,993
- municipal office	2,558	1,905
- share shed and joint waste	295	233
	<b>1,247,649</b>	<b>1,487,289</b>
<b>Reserve funds set aside for specific purpose by Council</b>		
- recreation and adult hockey	29,411	21,978
- fire	33,006	27,839
- roads	113,309	130,207
- environmental water and sewer	73,010	67,022
- environmental land fill	15,092	15,027
	<b>263,828</b>	<b>262,073</b>
<b>Accumulated Surplus</b>	<b>\$ 5,326,543</b>	<b>\$ 5,236,935</b>

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

**DECEMBER 31, 2014**

**8. DEFERRED REVENUE CONTINUITY**

	<b>2014</b>	<b>2013</b>
Federal gas tax and other, beginning of the year:	\$ 310,969	\$ 105,537
Contributions	45,784	216,747
Interest	1,218	-
	<b>357,971</b>	<b>322,284</b>
Contributions used	247,845	11,315
Federal gas tax and other, end of year	\$ 110,126	\$ 310,969

**9. TAXATION AND OPERATIONS OF SCHOOL BOARDS**

During 2014, the Municipality collected and transferred property taxes in the amount of \$161,649 (2013 - \$159,199).

**10. PUBLIC SECTOR SALARY DISCLOSURE ACT**

For 2014, 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, 2014 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, 2014 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, 2014**

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

	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
<b>General Capital Assets</b>										
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
<b>Infrastructure Assets</b>										
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

**Corporation of the Township of Johnson**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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

	Cost				Accumulated Amortization				2013	2012
	2013 Opening Balance	Additions and Betterments	Disposals/ Transfers	2013 Closing Balance	2013 Opening Balance	2013 Amortization Expense	Accumulated Amortization on Disposals	2013 Ending Balance	Net Book Value	Net Book Value
<b>General Capital Assets</b>										
Land	\$ 12,776	\$ 2	\$ -	\$ 12,778	\$ -	\$ -	\$ -	\$ -	\$ 12,778	\$ 12,776
Buildings	1,738,168	-	-	1,738,168	1,144,705	44,278	-	1,188,983	549,185	593,463
Equipment and machinery	526,757	22,419	(1)	549,175	157,765	29,818	(1)	187,582	361,593	368,992
	2,277,701	22,421	(1)	2,300,121	1,302,470	74,096	(1)	1,376,565	923,556	975,231
<b>Infrastructure Assets</b>										
Land	\$ 2,014	\$ -	\$ -	\$ 2,014	\$ -	\$ -	\$ -	\$ -	\$ 2,014	\$ 2,014
Buildings	179,197	-	-	179,197	84,533	4,501	-	89,034	90,163	94,664
Equipment and machinery	487,530	-	(114,644)	372,886	171,064	14,271	(114,644)	70,691	302,195	316,466
Linear	7,732,819	24,518	-	7,757,337	5,182,180	157,224	-	5,339,404	2,417,933	2,550,639
	8,401,560	24,518	(114,644)	8,311,434	5,437,777	175,996	(114,644)	5,499,129	2,812,305	2,963,783
	\$10,679,261	\$ 46,939	\$ (114,645)	\$10,611,555	\$ 6,740,247	\$ 250,092	\$ (114,645)	\$ 6,875,694	\$ 3,735,861	\$ 3,939,014

**THE CORPORATION OF THE TOWNSHIP OF JOHNSON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**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 617 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, 2014**

---

**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, 2014**

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

	General Government		Protection Services		Transportation Services		Environmental Services	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues</b>								
<b>Taxation (net)</b>	\$ 227,106	\$ 277,284	\$ 117,216	\$ 138,642	\$ 644,687	\$ 415,926	\$ 117,216	\$ 138,642
Government grants and transfers	72,137	114,831	39,942	59,470	567,642	266,870	37,616	47,290
User Charges & other	32,016	38,003	11,773	20,467	16,613	10,198	160,602	143,599
Other Municipalities	-	-	9,495	284	-	-	18,657	625
	331,259	430,118	178,426	218,863	1,228,942	692,994	334,091	330,156
<b>Expenditures</b>								
Salaries, wages and benefits	247,705	258,999	19,970	20,069	242,544	190,846	2,789	6,509
Materials and Contracts	157,308	164,499	176,345	172,423	520,362	324,576	187,644	201,106
Amortization	1,558	3,177	20,635	20,794	138,143	135,382	40,614	40,614
Loss on Tangible Capital Assets	-	-	-	-	184,010	-	-	-
	406,571	426,675	216,950	213,286	1,085,059	650,804	231,047	248,229
<b>Annual Surplus (deficit)</b>	\$ (75,312)	\$ 3,443	\$ (38,524)	\$ 5,577	\$ 143,883	\$ 42,190	\$ 103,044	\$ 81,927

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

**YEAR ENDED DECEMBER 31, 2014**

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

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues</b>								
Taxation (net)	\$ 175,824	\$ 194,099	\$ 175,824	\$ 194,099	\$ 7,325	\$ 27,728	\$1,465,198	\$1,386,420
Government grants and transfers	55,848	66,206	58,734	70,912	5,327	9,458	837,246	635,037
User Charges & other	5,944	4,809	130,990	109,511	6,239	5,486	364,177	332,074
Other Municipalities	-	-	-	-	-	-	28,152	909
	237,616	265,114	365,548	374,522	18,891	42,672	2,694,773	2,354,440
<b>Expenditures</b>								
Salaries, wages and benefits	5,221	2,430	102,705	75,135	-	-	620,934	553,988
Materials and Contracts	301,397	293,883	189,895	169,938	16,195	36,669	1,549,146	1,363,094
Amortization	-	-	50,125	50,125	-	-	251,075	250,092
Loss on Tangible Capital Assets	-	-	-	-	-	-	184,010	-
	306,618	296,313	342,725	295,198	16,195	36,669	2,605,165	2,167,174
<b>Annual Surplus (deficit)</b>	\$ (69,002)	\$ (31,199)	\$ 22,823	\$ 79,324	\$ 2,696	\$ 6,003	\$ 89,608	\$ 187,266



ALEXANDER B. CALAM, CPA, CA, Partner  
ANTHONY S. ROSSI, CPA, CA, Partner

369 QUEEN ST. EAST, SUITE 202 • SAULT STE. MARIE, ON • P6A 1Z4  
Tel: 705.253.0110 • Fax: 705.253.1771

---

## 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, 2014, 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, 2014, 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 16, 2015

---

**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		2014 Actual		2013 Actual	
<b>ASSETS</b>								
Cash	\$	5,683	\$	15,688	\$	21,371	\$	21,331
<b>SURPLUS</b>								
	\$	5,683	\$	15,688	\$	21,371	\$	21,331



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

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

	<b>Desbarats Cemetery Care</b>	<b>Gordon Lake Cemetery Care</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 5,652	\$ 15,679	\$ 21,331	\$ 20,230
<b>REVENUES</b>				
Interest earned	31	9	40	351
Sale of plots and marker fees		-	-	750
	31	9	40	1,101
<b>BALANCE, END OF YEAR</b>	\$ 5,683	\$ 15,688	\$ 21,371	\$ 21,331



ALEXANDER B. CALAM, CPA, CA, Partner  
ANTHONY S. ROSSI, CPA, CA, Partner

369 QUEEN ST. EAST, SUITE 302 • SAULT STE. MARIE, ON • P6A 1Z4  
Tel: 705.253.0110 • Fax: 705.253.1771

---

## 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, 2014 and the statement of operations and accumulated surplus in our report thereon dated December 16, 2015 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 16, 2015

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

**AS AT DECEMBER 31,** **2014** **2013**

---

**ASSETS**

Cash & Term Deposit	\$	5,921	\$	5,358
Care and maintenance		15,688		15,679
<hr/>				
	\$	21,609	\$	21,037
<hr/>				

**LIABILITIES AND ACCUMULATED SURPLUS**

Care and maintenance	\$	15,688	\$	15,679
<b>Accumulated Surplus</b>				
To be used to offset user charges (note 1)		5,921		5,358
<hr/>				
	\$	21,609	\$	21,037
<hr/>				

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

<b>YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)</b>	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Sale of plots, markers and burial fees	\$ 456	\$ 810
Donations	50	-
Interest	72	110
	<u>578</u>	<u>920</u>
<b>EXPENDITURES</b>		
Maintenance	15	1,097
<b>Annual Surplus</b>	563	(177)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	5,358	5,535
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 5,921</u>	<u>\$ 5,358</u>

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

**DECEMBER 31, 2014**

---

**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, 2014**

---

**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.