

**THE CORPORATION OF THE
TOWNSHIP OF JOHNSON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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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, 2016, 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.

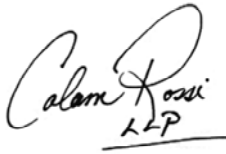
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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, 2016, 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
November 15, 2017

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,

2016

2015

FINANCIAL ASSETS

Cash and temporary investments	\$ 2,499,204	\$ 1,223,852
Taxes receivable	233,623	253,140
Accounts receivable	180,327	892,664
	<u>2,913,154</u>	<u>2,369,656</u>

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities	264,876	297,747
Deferred revenue (note 8)	199,981	155,189
Municipal long term debt (note 6)	506,120	330,482
Landfill site closure and post closure liabilities (note 11)	44,218	50,170
	<u>1,015,195</u>	<u>833,588</u>

NET FINANCIAL ASSETS	1,897,959	1,536,068
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NON - FINANCIAL ASSETS

Prepaid expenses	29,238	22,599
Tangible capital assets (note 12)	4,057,212	4,155,650
NON - FINANCIAL ASSETS	4,086,450	4,178,249

ACCUMULATED SURPLUS (note 7)	\$ 5,984,409	\$ 5,714,317
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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 2016	Actual 2016	Actual 2015
Revenues			
Taxation, net (note 9)	\$ 1,474,305	\$ 1,537,673	\$ 1,443,810
Government grants	597,839	534,513	585,013
Other municipalities	2,000	24,636	20,453
User charges and other	393,516	349,215	266,564
Penalties and interest	20,000	41,041	44,719
Other income	1,500	67,902	45,846
	<u>2,489,160</u>	<u>2,554,980</u>	<u>2,406,405</u>
Expenditures			
General government	386,353	400,041	383,079
Protection to persons and property	327,921	323,449	251,032
Transportation services	592,659	627,492	669,492
Environmental services	230,559	256,599	258,995
Health services	47,544	41,421	41,200
Social and family services	274,834	274,834	271,865
Recreation and cultural services	338,731	351,201	135,171
Planning and development	19,640	9,851	7,797
	<u>2,218,241</u>	<u>2,284,888</u>	<u>2,018,631</u>
Annual surplus	270,919	270,092	387,774
Accumulated Surplus, Beginning of year	5,714,317	5,714,317	5,326,543
Accumulated Surplus, End of year	<u>\$ 5,985,236</u>	<u>\$ 5,984,409</u>	<u>\$ 5,714,317</u>

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

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

	Budget	2016	2015
Annual Surplus	\$ 270,919	\$ 270,092	\$ 387,774
Acquisition of Tangible Capital Assets	(142,712)	(187,328)	(578,430)
Amortization of Tangible Capital Assets	-	285,766	262,921
Loss/(gain) on Tangible Capital Assets	-	-	(116,736)
Proceeds on Sale Tangible Capital Assets	-	-	254,324
	128,207	368,530	209,853
Acquisition (utilization) of Prepaid Expenses	-	(6,639)	(13,325)
Change in Net Financial Assets	128,207	361,891	196,528
Net Financial Assets, Beginning of Year	1,536,068	1,536,068	1,339,540
Net Financial Assets, End of Year	\$ 1,664,275	\$ 1,897,959	\$ 1,536,068

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31,

2016

2015

CASH FLOWS FROM OPERATING ACTIVITIES

Annual surplus	\$ 270,092	\$ 387,774
Annual amortization	285,766	262,921
Loss/(Gain) on Tangible Capital Assets	-	(116,736)
Uses:		
Increase in prepaid expenses	(6,639)	(13,325)
Increase in accounts receivable	-	(364,495)
Decrease in accounts payable and accrued liabilities	(32,871)	-
Decrease in landfill liability	(5,952)	-
	(45,462)	(377,820)
Sources:		
Decrease in taxes receivable	19,517	29,809
Decrease in accounts receivable	712,337	-
Increase in deferred liabilities	44,792	45,063
Increase in accounts payable and accrued liabilities	-	78,060
	776,646	152,932
Net increase in cash from operating activities	1,287,042	309,071

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds long term debt	257,335	265,500
Repayment of long term debt	(81,697)	(53,432)
	175,638	212,068

CASH FLOWS FROM CAPITAL ACTIVITIES

Acquisition of tangible capital assets	(187,328)	(578,430)
Proceeds on sale of tangible capital asset	-	254,324
	(187,328)	(324,106)

Net increase in cash and equivalents	1,275,352	197,033
Cash and cash equivalents, beginning of year	1,223,852	1,026,819
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,499,204	\$ 1,223,852

THE CORPORATION OF THE TOWNSHIP OF JOHNSON

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 2016	Expenditures 2016
Council approved budget		
Operating fund	\$ 2,489,160	\$ 2,218,241
Reserves, Reserve funds and financing	<u>51,300</u>	<u>113,029</u>
	2,540,460	2,331,270
Capital Budget	<u>-</u>	<u>209,190</u>
Total Approved by Council	2,540,460	2,540,460
Less: Reserves, reserve funds and financing	(51,300)	(113,029)
Less Capital budget	-	(209,190)
Plus: Budgeted amortization expense	<u>NIL</u>	<u>NIL</u>
Budget per Consolidated Statement of Operations	<u>\$ 2,489,160</u>	<u>\$ 2,218,241</u>

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2016	2015
Algoma Health Unit	\$ 24,004	\$ 22,972
Algoma District Social Services Administration Board	274,834	271,865
	<u>\$ 298,838</u>	<u>\$ 294,837</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 \$ 23,108 (2015 - \$ 22,360) 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, 2016

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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87.0 billion in respect of benefits accrued for service with actuarial assets at that date of \$81.2 billion indicating an actuarial deficit of \$5.7 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 aggregate contributions to OMERS was \$79,130 (2015 - \$63,798) for the current year service and the employer's portion \$39,565 (2015 - \$31,899) is included as an expenditure on the Consolidated Statement of Operations.

6. LONG TERM LIABILITIES

	2016	2015
3.36% loan payable \$3,552 monthly including interest maturing, December 31, 2022, secured by equipment	\$ 198,874	\$ 234,170
2.38% loan payable \$923 monthly including interest maturing, March 2020 secured by equipment	32,886	-
2.91% loan payable \$2,834 monthly including interest maturing, March 2023 secured by equipment	189,386	-
3.28% Loan payable \$2,143 monthly including interest maturing December 2017, secured by equipment	73,474	96,312
6.00% Loan payable \$1,562 annually including interest maturing December 2026	11,500	-
	\$ 506,120	\$ 330,482

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 and beyond is approximately as follows:

2017	-	\$100,313
2018	-	\$103,500
2019	-	\$106,791
2020	-	\$73,823
2021	-	\$75,284
Beyond 2022		\$46,409

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

DECEMBER 31, 2016

7. ACCUMULATED SURPLUS

The accumulated surplus of individual fund surplus and reserve and reserve funds, \$ 5,984,409 (2015 - \$ 5,714,317) respectively are made up of the following:

	2016	2015
Surplus (Deficit)		
Invested in Tangible Capital Assets	\$ 4,057,212	\$ 4,155,650
Less: amounts financed by long term debt	(506,120)	(330,482)
Land fill liability	(44,218)	(50,170)
	<u>3,506,874</u>	<u>3,774,998</u>
For offset of taxation or user charges	5,673	5,652
Reserves and reserve funds set aside for specific purposes by Council		
- for working capital	<u>1,952,417</u>	<u>1,532,220</u>
- general	105,457	104,542
- general government	7,215	2,878
- protection	66,625	42,058
- transportation	170,703	92,349
- environmental - other	109,850	86,723
- environmental land fill	15,193	15,147
- social family and social housing	12,217	32,288
- recreation and cultural	32,185	25,462
	<u>519,445</u>	<u>401,447</u>
Accumulated Surplus	<u>\$ 5,984,409</u>	<u>\$ 5,714,317</u>

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

DECEMBER 31, 2016

8. DEFERRED REVENUE CONTINUITY

	2016	2015
Federal gas tax and other, beginning of the year:	\$ 155,189	\$ 110,126
Contributions	44,215	45,063
Interest	577	-
	199,981	155,189
Contributions used	-	-
Federal gas tax and other, end of year	\$ 199,981	\$ 155,189
	2016	2015
Federal gas tax	\$ 190,416	\$ 144,235
Other	9,565	10,954
	\$ 199,981	\$ 155,189

9. TAXATION AND OPERATIONS OF SCHOOL BOARDS

During 2016, the Municipality collected and transferred property taxes in the amount of \$175,584 (2015 - \$164,885).

10. PUBLIC SECTOR SALARY DISCLOSURE ACT

For 2016, 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, 2016 to be \$ 44,218 . 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 24 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, 2016 the landfill closure and post closure costs have been financed in the amount of \$ 44,218 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, 2016

12. TANGIBLE CAPITAL ASSETS - SUMMARY BY ASSET CLASS

	Cost			Accumulated Amortization				2016	2015	
	2016 Opening Balance	Additions and Betterments	Disposals/ Transfers	2016 Closing Balance	2016 Opening Balance	2016 Amortization Expense	Accumulated Amortization on Disposals	2016 Ending Balance	Net Book Value	Net Book Value
General Capital Assets										
Land	\$ 12,778	\$ 19,996	\$ -	\$ 32,774	\$ -	\$ -	\$ -	\$ -	\$ 32,774	\$ 12,778
Buildings	1,767,214	7,619	-	1,774,833	1,278,120	45,440	-	1,323,560	451,273	489,094
Equipment and machinery	652,252	-	-	652,252	201,424	32,061	-	233,485	418,767	450,828
	2,432,244	27,615	-	2,459,859	1,479,544	77,501	-	1,557,045	902,814	952,700
Infrastructure Assets										
Land	\$ 2,014	\$ -	\$ -	\$ 2,014	\$ -	\$ -	\$ -	\$ -	\$ 2,014	\$ 2,014
Buildings	179,197	-	-	179,197	98,036	4,501	-	102,537	76,660	81,161
Equipment and machinery	687,705	15,609	-	703,314	29,888	40,843	-	70,731	632,583	657,817
Linear	7,990,397	55,879	-	8,046,276	5,528,439	162,921	-	5,691,360	2,354,916	2,461,958
Assets Work-in-process	-	88,225	-	88,225	-	-	-	-	88,225	-
	8,859,313	159,713	-	9,019,026	5,656,363	208,265	-	5,864,628	3,154,398	3,202,950
	\$11,291,557	\$ 187,328	\$ -	\$11,478,885	\$ 7,135,907	\$ 285,766	\$ -	\$ 7,421,673	\$ 4,057,212	\$ 4,155,650

Corporation of the Township of Johnson
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

	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

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 576 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, 2016

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, 2016

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

	General Government		Protection Services		Transportation Services		Environmental Services	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Taxation (net)	\$ 272,168	\$ 255,554	\$ 178,370	\$ 167,482	\$ 475,141	\$ 446,137	\$ 182,983	\$ 171,813
Government grants and transfers	106,588	95,782	82,154	64,216	131,219	190,661	68,637	80,097
User Charges & other	74,961	53,633	21,952	26,320	10,925	13,594	183,315	154,359
Other Municipalities	-	-	3,208	3,184	-	-	21,428	17,269
	453,717	404,969	285,684	261,202	617,285	650,392	456,363	423,538
Expenditures								
Salaries, wages and benefits	271,195	283,835	96,163	32,973	188,206	208,910	14,680	8,012
Materials and Contracts	127,611	98,009	208,191	198,303	273,880	284,882	199,060	210,218
Amortization	1,235	1,235	19,095	19,756	165,406	149,299	42,859	40,765
Loss (gain) on Tangible Capital Assets	-	-	-	-	-	26,401	-	-
	400,041	383,079	323,449	251,032	627,492	669,492	256,599	258,995
Annual Surplus (deficit)	\$ 53,676	\$ 21,890	\$ (37,765)	\$ 10,170	\$ (10,207)	\$ (19,100)	\$ 199,764	\$ 164,543

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

YEAR ENDED DECEMBER 31, 2016

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

	Health and Social Services		Recreation and Cultural Services		Planning and Development		Total	Total
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Taxation (net)	\$ 222,963	\$ 209,352	\$ 196,822	\$ 184,808	\$ 9,226	\$ 8,664	\$1,537,673	\$1,443,810
Government grants and transfers	66,088	67,135	77,911	84,344	1,916	2,778	534,513	585,013
User Charges & other	5,702	8,857	161,119	96,502	184	3,864	458,158	357,129
Other Municipalities	-	-	-	-	-	-	24,636	20,453
	294,753	285,344	435,852	365,654	11,326	15,306	2,554,980	2,406,405
Expenditures								
Salaries, wages and benefits	13,387	10,504	92,182	82,580	266	-	676,079	626,814
Materials and Contracts	302,868	302,561	201,848	143,863	9,585	7,797	1,323,043	1,245,633
Amortization	-	-	57,171	51,866	-	-	285,766	262,921
Loss (gain) on Tangible Capital Assets	-	-	-	(143,138)	-	-	-	(116,737)
	316,255	313,065	351,201	135,171	9,851	7,797	2,284,888	2,018,631
Annual Surplus (deficit)	\$ (21,502)	\$ (27,721)	\$ 84,651	\$ 230,483	\$ 1,475	\$ 7,509	\$ 270,092	\$ 387,774



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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, 2016, 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, 2016, 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
November 15, 2017

**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	2016 Actual	2015 Actual
ASSETS				
Cash	\$ 6,215	\$ 16,893	\$ 23,108	\$ 22,360
SURPLUS				
	\$ 6,215	\$ 16,893	\$ 23,108	\$ 22,360

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	2016 Actual	2015 Actual
BALANCE, BEGINNING OF YEAR	\$ 5,697	\$ 16,663	\$ 22,360	\$ 21,371
REVENUES				
Interest earned	18	130	148	239
Sale of plots and marker fees		100	100	750
Donations	500	-	500	
	<u>518</u>	<u>230</u>	<u>748</u>	<u>989</u>
BALANCE, END OF YEAR	<u>\$ 6,215</u>	<u>\$ 16,893</u>	<u>\$ 23,108</u>	<u>\$ 22,360</u>



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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, 2016 and the statement of operations and accumulated surplus in our report thereon dated November 15, 2017 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
November 15, 2017

THE CORPORATION OF THE TOWNSHIP OF JOHNSON
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, **2016** **2015**

ASSETS

Cash & Term Deposit	\$	5,673	\$	5,652
Care and maintenance		16,893		16,663
		<hr/>		<hr/>
	\$	22,566	\$	22,315

LIABILITIES AND ACCUMULATED SURPLUS

Care and maintenance	\$	16,893	\$	16,663
Accumulated Surplus				
To be used to offset user charges (note 1)		5,673		5,652
		<hr/>		<hr/>
	\$	22,566	\$	22,315

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)	2016	2015
REVENUES		
Sale of plots, markers and burial fees	\$ 100	\$ 789
Donations	-	50
Interest	1	73
	<u>101</u>	<u>912</u>
EXPENDITURES		
Maintenance	80	1,181
Annual Surplus (Deficit)	21	(269)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,652	5,921
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 5,673</u>	<u>\$ 5,652</u>

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

DECEMBER 31, 2016

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, 2016

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.