

Agenda Item DELEGATION
Date: 4-20-22

**The Corporation of the
Township of Johnson**
Financial Statements
For the year ended December 31, 2021

Draft for discussion purposes only

The Corporation of the Township of Johnson
Financial Statements
For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the accompanying consolidated financial statements of The Corporation of the Township of Johnson (the Township), which comprise the balance sheet as at December 31, 2021, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Johnson as at December 31, 2021, and the results of its operations, its' change in net financial assets and its' cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many organizations, the Township derives revenues from the general public in form of cash receipts/fundraising, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, my verification of those revenues was limited to the amounts recorded in the records of the Township and I am not able to determine whether any adjustments might be necessary to cash receipts or fundraising revenue, annual surplus (deficit) and accumulated surplus (deficit).

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Township in accordance with the ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

decisions of users taken on the basis of these financial statements

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

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

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

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Stefanizzi Professional Corporation
Chartered Professional Accountant, authorized to practise public accounting by
Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
April 20, 2022

The Corporation of the Township of Johnson
Statement of Financial Position

As at December 31,	2021	2020
Financial Assets		
Cash and cash equivalents (note 4)	\$ 2,790,232	\$ 3,010,669
Taxes receivable	236,464	254,485
Accounts receivable (note 5)	329,692	321,378
	<u>3,356,388</u>	<u>3,586,532</u>
Financial Liabilities		
Accounts payable and accrued liabilities	216,400	309,458
Deferred revenue (note 5)	14,845	155,606
Landfill site closure liability (note 7)	29,682	28,762
Municipal long term debt	170,077	278,214
	<u>431,004</u>	<u>772,040</u>
Net financial assets	2,925,384	2,814,492
Non-financial assets		
Tangible capital assets (schedule 1)	4,948,347	4,480,430
Prepaid expenses	21,469	21,469
	<u>4,969,816</u>	<u>4,501,899</u>
Accumulated surplus (note 9)	\$ 7,895,200	\$ 7,316,391

Approved on behalf of council:

 Mayor

 Clerk - Treasurer

The Corporation of the Township of Johnson **Statement of Operations and Accumulated Surplus**

Year ended December 31, (with comparative figures for the prior year)

	Budget 2021	Actual 2021	Actual 2020
	(unaudited, see note 11)		
Revenues			
Taxation (note 13)	\$ 1,584,135	\$ 1,676,656	\$ 1,416,065
Federal grants	47,636	234,192	132,602
Provincial grants	864,272	751,908	835,581
Other municipalities	22,000	46,155	19,524
Fees and user charges	227,112	214,704	219,986
Investment income and other	2,444	174,391	52,657
	2,747,599	3,098,006	2,676,415
Expenditures			
Current			
General government	597,669	551,678	636,790
Protection	252,760	266,926	312,948
Transportation services	759,806	732,888	693,040
Environmental services	171,977	327,890	317,838
Health services	36,247	24,531	33,804
Social and family services	336,443	330,866	333,101
Recreation and cultural services	260,467	277,187	246,381
Planning and development	29,000	7,231	8,424
	2,444,369	2,519,197	2,582,326
Annual surplus	303,230	578,809	94,089
Accumulated surplus, beginning of year	7,316,391	7,316,391	7,222,302
Accumulated surplus, end of year	\$ 7,619,621	\$ 7,895,200	\$ 7,316,391

The Corporation of the Township of Johnson
Statement of Change in Net Financial Assets

Year ended December 31, (with comparative figures for the prior year)

	Budget (Unaudited) 2021	Actual 2021	Actual 2020
Annual surplus for the year	\$ 303,230	\$ 578,809	\$ 94,089
Acquisition of tangible capital assets	(303,230)	(794,067)	(257,428)
Amortization of tangible capital assets	-	326,150	291,468
(Acquisition) utilization of prepaid expenses	-	-	12,097
	(303,230)	(467,917)	46,137
Net change in net financial assets	-	110,892	140,226
Net financial assets, beginning of year	2,814,492	2,814,492	2,674,266
Net financial assets, end of year	\$ 2,814,492	\$ 2,925,384	\$ 2,814,492

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The Corporation of the Township of Johnson
Statement of Cash Flow

For the year ended December 31,

2021

2020

Cash provided by (used for):

Operating

Increase (decrease) in accumulated surplus	\$ 578,809	\$ 94,089
Changes in non-cash operating items:		
(Increase) decrease in taxes receivable	18,021	57,753
(Increase) decrease in other receivables	(8,316)	150,892
Increase in other assets	-	12,097
Increase (decrease) in accounts payable	(93,058)	(65,934)
Increase in landfill post-closure costs	923	(21,408)
Increase (decrease) in deferred revenue	(140,762)	(247,962)
	355,617	(20,473)
Annual depreciation	326,150	291,468
	681,767	270,995

Financing:

Principal repayment on long-term debt	(108,137)	(101,818)
	(108,137)	(101,818)

Capital transactions:

Capital additions	(794,067)	(257,428)
Increase (decrease) in cash for the year	(220,437)	(88,251)
Cash and cash equivalents, beginning of year	3,010,669	3,098,920
Cash and cash equivalents, end of year	\$ 2,790,232	\$ 3,010,669

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

1. Summary of significant accounting policies

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.

Management Responsibility

The 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 Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates and approximations have been made using careful judgment.

The Statement of Financial Position reports financial and non-financial assets and liabilities of the Township. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

Reporting Entity

These statements reflect the assets, liabilities, operating revenues and expenditures, reserve funds and reserves and tangible capital assets of The 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 the Township.

All material inter-entity transactions and balances are eliminated on consolidation.

Related entities

The financial statements do not reflect the assets, liabilities, sources of financing, expenses and the activities of the following Boards and enterprises which are not under the control of Council:

Algoma District Services Administration Board
Algoma Public Health
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

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

Revenue recognition

The Township prepares tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated balance sheet. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

Reserves and reserve funds

Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Contributed goods and services

Goods and services contributed to the Township are recorded at their fair market value at the time of their occurrence.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include allowance for doubtful accounts, environmental liabilities, useful life of assets and accruals. Actual results could differ from those estimates.

Accounting for school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements. As a result of the province wide reform of the tax system overlevies (underlevies) are reported on the consolidated balance sheet as current liabilities or current assets.

Trust funds

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

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

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.

Capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line bases over their estimated useful lives as follows:

	Useful Life - Years
Buildings	26-50
Roads	10-50
Equipment & Machinery	3-25
Water & Sewer Mains	10-50
Bridge Structure	50

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized

(a) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(b) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(d) Threshold

The Corporation of the Township of Johnson has a capitalization threshold of \$5,000 to \$50,000 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 Municipality's threshold for pooled assets is \$5,000.

Amounts to be recovered

Amounts to be recovered are reported in the municipal position on the consolidated balance sheet. The balance represents future expenditures not yet levied on the ratepayers.

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

Budget figures

Budget figures have been reclassified for the purposes of these 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 project-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 expenditure amounts. As well, the Town does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

2. Segmented information

The Township is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal 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.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

Protection

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishments of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental

The environmental department provides garbage collection and waste minimization programs and facilities for solid waste disposal.

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

Health

Through the Algoma Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social and family

Through the Algoma District Services Administration Board, the municipality contributes to social assistance payments, child care services and social housing.

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, arena, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the municipality's citizens through the provision of library services.

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

3. Financial instruments

The Township's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, landfill site liability and municipal long term debt. Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

4. Cash and cash equivalents

	2021	2020
Unrestricted cash	\$ 204,858	\$ 283,351
Restricted cash - Infrastructure fund account	398,775	4,096
Restricted cash - Landfill legislated fund account	15,861	15,830
Restricted cash - Other reserves account	128,100	2,707,392
Temporary investments - Mutual funds	2,042,638	-
	\$ 2,790,232	\$ 3,010,669

The infrastructure fund account is not interest bearing and represents funds set aside from the Ontario Community Infrastructure Fund (OCIF) and the Canada Community Building Fund (CCB). The landfill legislated fund account and other reserves account generates interest at 0.2% per year. During the current year, \$2,000,000 was withdrawn from the other reserves account and invested into mutual funds, which are reported above at their fair market value at the end of the fiscal year.

5. Accounts receivable

	2021	2020
Trade receivables and other, net of \$10,000 allowance	\$ 177,164	\$ 160,237
Government remittances recoverable	118,257	116,185
Water and sewer	34,271	44,956
	\$ 329,692	\$ 321,378

6. Deferred revenue

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Ontario is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as a provincial and municipal legislation restricts how these funds may be used. Deferred revenue including balances in the obligatory reserve funds of the Township are summarized below:

	2021	2020
Canada Community Building Fund	\$ 9,386	\$ 150,147
Parks, water and sewer	5,459	5,459
	\$ 14,845	\$ 155,606

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

7. Landfill site closure liability

The Township jointly owns and operates one landfill site with the Township of Tarbutt. The consolidated statement of financial position reflects a liability for anticipated future costs related to the closing and monitoring of the existing landfill site. As of the most recent report, the anticipated closure date is September 12, 2038 with 8,810 tonnes remaining. 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 10 years. A discount rate has been used that is equal to the rate available to the government long term borrowing rate. As at December 31, 2021, the landfill closure and post closure costs have been actuarially estimated to be \$29,682.

8. Municipal long term debt

	2021	2020
Bank loan, payable \$3,552 monthly including interest at 3.46% maturing January 31, 2022 secured by equipment	\$ -	\$ 45,331
OSIFA Debenture, payable \$1,562 annually including interest at 1.95% (compounded semi-annually), maturing December 2026	8,375	8,375
Bank loan, payable \$2,834 monthly including interest at 2.91% maturing January 2023 secured by equipment	36,227	68,667
Bank loan, payable \$3,028 monthly including interest at 4.20%, secured by equipment, maturing October 2023	125,474	155,841
	\$ 170,076	\$ 278,214

Long-term debt repayments to be made during the next five years is approximately as follows:

2022	-	\$ 71,883
2023	-	\$ 40,141
2024	-	\$ 37,898
2025	-	\$ 12,720
2026	-	\$ 7,436

The annual principal and interest payments required to service the long-term obligations of the Township are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

9. Accumulated surplus

The accumulated surplus is comprised of the following:

	2021	2020
Reserves set aside for specific purposes by Council:		
- General working capital (unrestricted)	499,539	\$ 277,322
- Landfill post-closure	14,437	13,337
- Lagerholm recreation	29,655	29,655
- Roads capital	507,025	564,525
- Fire capital	176,414	176,414
- Water and sewer	663,882	733,882
- Arena capital	282,262	282,262
- Administration capital	112,905	112,905
- Recreation capital	138,679	84,679
- Gordon Lake Hall	7,057	7,057
- Legal	56,452	56,452
- Hamlet development	64,792	98,792
- Bridges and culverts	169,357	169,357
- Health services	21,170	21,170
- Roads equipment	367,702	479,846
- Planning	28,226	28,226
- Emergency services	7,057	7,057
	3,146,611	3,142,938
Total reserves and reserve funds	3,146,611	3,142,938
Invested in tangible capital assets	4,948,347	4,480,430
Funds to be provided from future revenues (note 10)	(199,758)	(306,976)
Accumulated surplus	\$ 7,895,200	\$ 7,316,392

The Corporation of the Township of Johnson

Notes to Financial Statements

December 31, 2021

10. Amounts to be recovered

The total balance of amounts to be recovered of \$199,758 (2020 - \$306,976) is comprised of the following:

	2021	2020
Municipal debt:		
Fire Tanker Bank Loan	\$ 125,474	\$ 155,841
Grader Bank Loan	-	45,331
Plow Truck Bank Loan	36,227	68,667
Landfill closure costs and other	38,057	37,137
	\$ 199,758	\$ 306,976

11. 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 Public Sector Accounting Standards reporting requirements.

	(Unaudited)	
	Revenue	Expenses
Council approved budget		
Operating fund	\$ 2,747,599	\$ 2,444,369
Reserves and reserve funds	-	-
	2,747,599	2,444,369
Capital budget	-	303,230
Total approved by council	2,747,599	2,747,599
Budget per consolidated statement of operations	\$ 2,747,599	\$ 2,747,599

The Corporation of the Township of Johnson
Notes to Financial Statements

December 31, 2021

12. Accounts payable

	2021	2020
Trade payables	\$ 183,508	\$ 241,644
Accrued liabilities	32,892	67,814
	\$ 216,400	\$ 309,458

13. Taxation

	2021	2020
Taxation revenue	\$ 1,866,775	\$ 1,604,428
Less: Amount levied and remitted to school boards	190,119	188,363
	\$ 1,676,656	\$ 1,416,065

14. Expenditures by object

	2021	2020
Salaries, wages and employee benefits	\$ 703,685	\$ 738,410
Materials	1,053,831	1,076,597
Contracted services	435,528	475,852
Amortization	326,153	291,467
	\$ 2,519,197	\$ 2,582,326

The Corporation of the Township of Johnson
Notes to Financial Statements

December 31, 2021

15. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of five members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their length of service and rates of pay. No liability for this type of plan is recorded in the financial statements of the municipality. The employees have each made similar contributions and are detailed below.

Contributions made in 2021 were in the amount of \$36,437 (2020 - \$41,323).

16. Contributions to non-consolidated joint boards

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

	2021	2020
Algoma District Service Administration Board	\$ 330,866	\$ 330,939
Algoma Public Health	20,600	25,670
	\$ 351,466	\$ 356,609

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.

17. Trust funds

Trust funds administered by the Township have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations". They are separately reported on the "Trust Funds Statement of Continuity and Statement of Financial Position."

The Corporation of the Township of Johnson
Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2021

	Cost				Accumulated Amortization				2021	2020
	2021 Opening Balance	Additions and Betterments	Disposals/ Transfers	2021 Closing Balance	2021 Opening Balance	2021 Amortization Expense	Accumulated Amortization on Disposals	2021 Ending Balance	Net Book Value	Net Book Value
Land	\$ 36,397	\$ -	\$ -	\$ 36,397	\$ -	\$ -	\$ -	\$ -	\$ 36,397	\$ 36,397
Buildings	1,991,447	-	-	1,991,447	1,643,263	48,775	-	1,692,038	299,409	348,184
Equipment & Machinery	1,864,168	432,205	-	2,296,373	613,540	129,220	-	742,760	1,553,613	1,250,628
Roads	5,258,269	151,244	-	5,409,513	4,507,191	65,892	-	4,573,183	836,330	751,078
Bridge structure	2,060,133	27,727	-	2,087,860	611,576	40,530	-	652,106	1,435,754	1,448,557
Water & Sewer	1,943,945	182,891	-	2,126,836	1,298,359	41,633	-	1,339,992	786,844	645,586
	\$13,154,359	\$ 794,067	\$ -	\$13,948,426	\$ 8,676,929	\$ 326,150	\$ -	\$ 9,000,079	\$ 4,948,347	\$ 4,480,430

Draft for discussion purposes only

The Corporation of the Township of Johnson
Segment Disclosures - Service Bundle

Schedule 2

Year ended December 31, 2021

	General Government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	Total
Expenditures									
Salaries and wages	\$ 336,581	\$ 19,717	\$ 269,721	\$ 1,627	\$ 1,048	\$ -	\$ 67,760	\$ 7,231	\$ 703,685
Materials, good and supplies	120,572	223,952	295,833	269,636	2,883	-	140,955	-	1,053,831
Contracted & general services	84,062	-	-	-	20,600	330,866	-	-	435,528
Amortization expenses	10,463	23,257	167,334	56,627	-	-	68,472	-	326,153
	551,678	266,926	732,888	327,890	24,531	330,866	277,187	7,231	2,519,197
Revenues									
Taxation	367,170	177,653	487,775	218,228	16,327	220,208	184,482	4,813	1,676,656
User charges	-	-	-	260,860	-	-	-	-	260,860
External non-tax revenues	639,156	-	244,377	-	-	-	102,567	-	986,100
Other	38,189	18,478	50,734	28,698	1,898	22,904	19,188	502	174,391
	1,044,515	196,131	782,886	507,786	18,025	243,112	306,237	5,315	3,098,007
Annual Surplus (Deficit)	\$ 492,837	\$ (70,795)	\$ 49,998	\$ 173,896	\$ (6,506)	\$ (87,754)	\$ 29,050	\$ (1,916)	\$ 578,810

The Corporation of the Township of Johnson
Segment Disclosures - Service Bundle

Schedule 3

Year ended December 31, 2020

	General Government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	Total
Expenditures									
Salaries and wages	\$ 373,801	\$ 70,597	\$ 200,488	\$ 2,125	\$ 3,222	\$ -	\$ 79,753	\$ 8,424	\$ 738,410
Materials, good and supplies	135,445	219,096	348,621	262,742	4,911	-	105,782	-	1,076,597
Contracted & general services	117,081	-	-	-	25,670	333,101	-	-	475,852
Amortization expenses	10,463	23,257	143,931	52,969	-	-	60,847	-	291,467
Allocations	(164,702)	24,782	31,511	54,883	12,014	14,111	19,633	7,768	-
	472,088	337,732	724,551	372,719	45,817	347,212	266,015	16,192	2,582,326
Revenues									
Taxation	258,875	185,201	397,321	204,387	25,125	190,400	145,874	8,881	1,416,064
User charges	-	-	-	239,515	-	-	-	-	239,515
External non-tax revenues	-	-	964,525	-	-	-	3,658	-	968,183
Other	9,623	6,887	14,775	7,800	934	7,080	5,424	330	52,653
	268,498	192,088	1,376,621	451,502	26,059	197,480	154,956	9,211	2,676,415
Annual Surplus (Deficit)	\$ (203,590)	\$ (145,644)	\$ 652,070	\$ 78,783	\$ (19,758)	\$ (149,732)	\$ (111,059)	\$ (6,981)	\$ 94,089

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the Corporation of the Township of Johnson Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2021, the statement of operations and changes in net assets (net debt), and notes to the financial statements, including a summary of significant accounting policies for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2021 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust Funds in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Stefanizzi Professional Corporation
Chartered Professional Accountant, authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
April 20, 2022

The Corporation of the Township of Johnson
Trust Funds
Statement of Financial Position

As at December 31,

	Desbarats Cemetery Care	GordonLake Cemetery Care	Actual 2021	Actual 2020
Assets				
Cash	\$ 6,618	\$ 16,194	\$ 22,812	\$ 23,302
Surplus	\$ 6,618	\$ 16,194	\$ 22,812	\$ 23,302

Draft for discussion purposes only

The Corporation of the Township of Johnson
Trust Funds
Statement of Continuity

Year ended December 31, (with comparative figures for the prior year)

	Desbarats Cemetery Care	GordonLake Cemetery Care	Actual 2021	Actual 2020
Balance, beginning of year	\$ 7,216	\$ 16,086	\$ 23,302	\$ 26,151
Revenues				
Interest earned	157	108	265	341
	157	108	265	341
Expenditures				
Current				
Contribution to Cemetery Board	755	-	755	3,190
Balance, end of year	\$ 6,618	\$ 16,194	\$ 22,812	\$ 23,302

Draft for discussion purposes only

The Corporation of the Township of Johnson
Trust Funds
Notes to Financial Statements

December 31, 2021

1. Summary of significant accounting policies

Management responsibility

The consolidated financial statements of The Corporation of the Township of Johnson Trust Funds 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 dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

Basis of accounting

Revenue 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.

Draft for discussion purposes only

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the Gordon Lake Cemetery Board of the Corporation of the Township of Johnson (the "Cemetery Board"), which comprise the statement of financial position as at December 31, 2021, the statement of operations and changes in net assets (net debt), and notes to the financial statements, including a summary of significant accounting policies for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Johnson Township Cemetery Board as at December 31, 2021 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Cemetery Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Cemetery Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cemetery Board or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Cemetery Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Stefanizzi Professional Corporation
Chartered Professional Accountant, authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
April 20, 2022

The Johnson Township Cemetery Board
Statement of Financial Position

As at December 31,	2021	2020
Assets		
Cash	\$ 8,358	\$ 8,281
Care and maintenance	16,194	16,086
	<u>\$ 24,552</u>	<u>\$ 24,367</u>
Liabilities and Accumulated Surplus		
Care and maintenance	\$ 16,194	\$ 16,086
Accumulated Surplus		
To be used to offset user charges (note 1)	8,358	8,281
	<u>\$ 24,552</u>	<u>\$ 24,367</u>

Draft for discussion purposes only

The Johnson Township Cemetery Board **Statement of Financial Activities and Fund Balances**

Year ended December 31, (with comparative figures for the prior year)

	2021	2020
Revenues		
Sale of plots, markers and burial fees	\$ 713	\$ 3,478
Transfer from Perpetual Care Trust Fund		3,190
Interest income	-	1
	713	6,669
Expenditures		
Maintenance & burial fees	576	740
Transfer to Operating	60	-
	636	740
Net income	77	5,929
Accumulated Surplus, beginning of year	8,281	2,352
Accumulated Surplus, end of year	\$ 8,358	\$ 8,281

Draft for discussion purposes only

The Johnson Township Cemetery Board

Notes to Financial Statements

December 31, 2021

**Management
responsibility**

The financial statements of The Johnson Township Cemetery Board 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 Professional Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

Basis of 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.

Accumulated surplus

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

Draft for discussion purposes only