

Township of Jocelyn
Consolidated Financial Statements
For the year ended December 31, 2017

Township of Jocelyn
Consolidated Financial Statements
For the year ended December 31, 2017

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
Township of Jocelyn

We have audited the accompanying consolidated financial statements of Township of Jocelyn, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Township of Jocelyn as at December 31, 2017 and the consolidated results of its operations, change in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

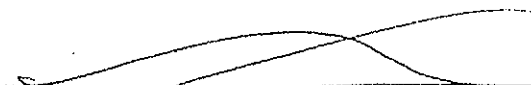
Chartered Professional Accountants, Licensed Public Accountants

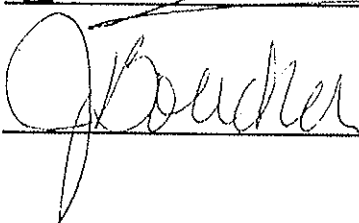
Sault Ste. Marie, Ontario
May 1, 2018

Township of Jocelyn
Consolidated Statement of Financial Position

December 31	2017	Restated (see Note 12) 2016
Financial assets		
Cash and short term investments	\$ 718,265	\$ 685,566
Taxes receivable	62,569	60,959
Accounts receivable	81,586	93,792
	<u>862,420</u>	<u>840,317</u>
Liabilities		
Accounts payable and accrued liabilities	66,568	86,063
Obligatory park reserve fund	14,534	14,123
Deferred revenue - Federal gas tax	570	28,342
Accrued landfill closure and post-closure costs (Note 7)	155,000	148,700
Long term debt (Note 4)	102,862	126,739
	<u>339,534</u>	<u>403,967</u>
Net financial assets	522,886	436,350
Non-financial assets		
Tangible capital assets (Schedule 1)	2,069,790	1,954,540
Accumulated surplus (Note 3)	<u>\$ 2,592,676</u>	<u>\$ 2,390,890</u>

On behalf of the Council:


 _____ Head of Council


 _____ Clerk-Treasurer

Township of Jocelyn
Consolidated Statement of Operations

For the year ended December 31	Budget	2017	Restated (see Note 12) 2016
Revenue			
Taxation (Note 2)	\$ 671,477	\$ 672,625	\$ 661,191
Government grants - Provincial	467,403	442,653	332,503
Government grants - Federal	16,411	46,664	1,987
Other municipalities	1,623	1,698	1,337
User fees and service charges	38,250	33,233	39,593
Licences, permits and rents	3,125	2,374	3,919
Penalties and interest on taxes	11,300	11,123	11,393
Investment income	7,450	6,742	8,195
Gain on disposal of tangible capital assets and other	-	300	16,617
	<u>1,217,039</u>	<u>1,217,412</u>	<u>1,076,735</u>
Expenses			
General government	227,115	205,631	206,014
Protection services	169,039	160,407	145,940
Transportation services	257,069	228,353	221,627
Environmental services	70,197	71,146	100,518
Health services	130,069	129,140	113,929
Social and family services	143,957	144,120	138,300
Recreation and cultural services	76,742	68,180	72,208
Planning and development	9,898	8,649	7,703
	<u>1,084,086</u>	<u>1,015,626</u>	<u>1,006,239</u>
Annual surplus	132,953	201,786	70,496
Accumulated surplus, beginning of year	<u>2,390,890</u>	<u>2,390,890</u>	<u>2,320,394</u>
Accumulated surplus, end of year	<u>\$ 2,523,843</u>	<u>\$ 2,592,676</u>	<u>\$ 2,390,890</u>

The accompanying notes are an integral part of these financial statements.

Township of Jocelyn
Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2017</u>	<u>Restated (see Note 12) 2016</u>
Annual surplus	\$ 132,953	\$ 201,786	\$ 70,496
Acquisition of tangible capital assets	-	(245,543)	(150,056)
Amortization of tangible capital assets	139,192	130,293	114,558
Net change in net financial assets	272,145	86,536	34,998
Net financial assets, beginning of year	436,350	436,350	401,352
Net financial assets, end of year	\$ 708,495	\$ 522,886	\$ 436,350

The accompanying notes are an integral part of these financial statements.

Township of Jocelyn
Consolidated Statement of Cash Flows

For the year ended December 31	2017	Restated (see Note 12) 2016
Operating transactions		
Annual surplus	\$ 201,786	\$ 70,496
Item not involving cash		
Amortization	130,293	114,558
	332,079	185,054
Changes in non-cash operating balances		
Taxes receivable	(1,610)	10,556
Accounts receivable	12,206	(43,318)
Accounts payable and accrued liabilities	(19,495)	25,000
Obligatory reserve and deferred revenue	(27,361)	14,866
Accrued landfill costs	6,300	13,400
	302,119	205,558
Capital transactions		
Acquisition of tangible capital assets	(245,543)	(150,056)
Financing activities		
Repayment of long term debt	(23,877)	(23,190)
Net change in cash and cash equivalents	32,699	32,312
Cash and cash equivalents, beginning of year	685,566	653,254
Cash and cash equivalents, end of year	\$ 718,265	\$ 685,566

The accompanying notes are an integral part of these financial statements.

Township of Jocelyn

Notes to Consolidated Financial Statements

December 31, 2017

1. Significant accounting policies

Management Responsibility for Financial Statements	The consolidated financial statements of the municipality are the representation of management prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.												
Basis of Consolidation	<p>These consolidated statements reflect the assets, liabilities, sources of financing and expenses of all municipal organizations, committees and boards which are owned or controlled by the municipality.</p> <p>In addition the St. Joseph Island Museum Board, a joint local board, has been proportionately consolidated at 19.13%.</p>												
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of twelve months or less at acquisition to be cash equivalents.												
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Land improvements</td><td>25 to 50 years</td></tr><tr><td>Buildings</td><td>25 to 50 years</td></tr><tr><td>Machinery and equipment</td><td>5 to 30 years</td></tr><tr><td>Vehicles</td><td>10 to 25 years</td></tr><tr><td>Furnishings and fixtures</td><td>5 to 20 years</td></tr><tr><td>Infrastructure</td><td>10 to 25 years</td></tr></table>	Land improvements	25 to 50 years	Buildings	25 to 50 years	Machinery and equipment	5 to 30 years	Vehicles	10 to 25 years	Furnishings and fixtures	5 to 20 years	Infrastructure	10 to 25 years
Land improvements	25 to 50 years												
Buildings	25 to 50 years												
Machinery and equipment	5 to 30 years												
Vehicles	10 to 25 years												
Furnishings and fixtures	5 to 20 years												
Infrastructure	10 to 25 years												
Collection of Taxes on Behalf of other Taxation Authorities	The municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these consolidated financial statements.												
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.												
Trust Funds	Funds held in trust by the municipality and their related operations are not included in these consolidated financial statements. The financial activity and financial position of the trust funds are reported separately.												

Township of Jocelyn
Notes to Consolidated Financial Statements

December 31, 2017

1. Significant accounting policies (continued)

Government Transfers Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenue Recognition Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized, and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

Solid Waste Landfills The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used. Future events may result in significant changes to the estimated total expenses, capacity used, or total capacity and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.

Use of Estimates The preparation of financial statements in conformity 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Taxation

	2017	2016
Residential and farm taxation	\$ 761,904	\$ 744,203
Commercial and industrial taxation	34,382	38,638
Taxation from other governments	12,083	12,902
	808,369	795,743
Deduct: amounts received or receivable for school boards	(135,744)	(134,552)
	\$ 672,625	\$ 661,191

Township of Jocelyn
Notes to Consolidated Financial Statements

December 31, 2017

3. Accumulated surplus

	2017	2016
Reserves set aside for specific purposes by Council		
Working funds	\$ 154,010	\$ 154,010
Municipal maintenance	59,659	47,422
Municipal elections	4,949	2,196
Office equipment	453	453
Fire truck loan repayment	27,629	27,629
Roads	56,791	28,705
Roads - winter control	62,934	62,934
Landfill	13,835	7,943
Museum operations	405	699
Planning	7,581	7,581
Pay equity	1,326	1,326
Tangible capital asset replacement	176,103	176,104
Health	5,000	5,000
Total reserves	570,675	522,002
Reserve funds set aside for specific purposes by Council		
Fire department	40,864	39,567
Cemetery	13,176	12,080
Recreation Committee	60,126	50,105
Museum building	22,551	21,101
Other	8,856	8,734
Total reserve funds	145,573	131,587
Total reserves and reserve funds	716,248	653,589
Equity in tangible capital assets	1,966,928	1,827,801
Unfunded landfill liabilities	(90,500)	(90,500)
	\$ 2,592,676	\$ 2,390,890

Allocation of annual surplus (deficit):

	2017	2016
Reserves and reserve funds	\$ 62,659	\$ 16,408
Equity in tangible capital assets	139,127	58,688
Unfunded landfill liabilities	-	(4,600)
	\$ 201,786	\$ 70,496

Township of Jocelyn
Notes to Consolidated Financial Statements

December 31, 2017

4. Long term debt

	2017	2016
Ontario Infrastructure and Lands Corporation debenture, repayable \$13,729 semi-annually including interest at 2.96%, maturing December 2021	\$ 102,862	\$ 126,739

Principal repayments over the next five years are as follows:

Year	Amount
2018	\$ 24,593
2019	25,326
2020	26,082
2021	26,861
	\$ 102,862

5. Trust funds

Trust funds administered by the municipality amounting to \$5,750 (2016 - \$5,500) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

6. Credit facility

The Township of Jocelyn has a \$150,000 bank operating line of credit bearing interest at prime plus 1% and secured by a general security agreement. As at December 31, 2017, a balance of NIL was outstanding on this credit facility.

7. Landfill closure and post-closure costs

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The present value of the municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability reflects a discount rate of 2.96%.

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 37 years and the estimated remaining capacity is 17,000 cubic metres (2016 - 17,278) of the site's total capacity. The estimated length of time needed for post-closure care is 30 years.

It is estimated that the total net present value of the cost to close and maintain the landfill site is \$269,800 (2016 - \$261,800), of which \$155,000 (2016 - \$148,700) has been recognized to December 31, 2017 based on the 57.5% (2016 - 56.8%) cumulative capacity used at that date.

Township of Jocelyn
Notes to Consolidated Financial Statements

December 31, 2017

8. Post employment and retirement benefits

The municipality pays to eligible members of its staff a pension benefit calculated at the same rate as the contribution rate of the Ontario Municipal Employees Retirement Fund. During the year the municipality paid \$9,607 (2016 - \$10,682) related to this.

9. Public Sector Salary Disclosure Act

For 2017, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more.

10. Contingencies and commitments

A claim has been made against the Township with respect to a drainage issue and management has indicated that this claim has been referred to the Township's insurer.

11. Segmented information

The municipality 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 department 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 extinguishment 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 and winter control.

Township of Jocelyn

Notes to Consolidated Financial Statements

December 31, 2017

11. Segmented information (continued)

Environmental

The Township provides for the environmental needs of the municipality's citizens by providing waste minimization programs and facilities for solid waste disposal.

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, 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 and cultural needs of the municipality's citizens through the contribution to the local library and museum.

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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Schedule of Segment Disclosure.

12. Prior period error correction

During the year, it was discovered that the accrued landfill closure and post-closure costs liability did not factor in inflation. As a result, the 2016 liability and related expense were understated, while the accumulated surplus and 2016 annual surplus were overstated. The financial statement amounts that are presented for comparative purposes have been restated to correct this error as follows:

Increase in 2016 accrued landfill closure and post-closure costs	\$90,500
Increase in 2016 environmental services expense	\$ 4,600
Decrease in 2016 accumulated surplus, beginning of year	\$85,900
Decrease in 2016 annual surplus	\$ 4,600
Decrease in 2016 accumulated surplus, end of year	\$90,500

Township of Jocelyn
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended December 31, 2017

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infrastructure	Construction in-Progress	Total
Cost, beginning of year	\$ 49,726	\$ 503,851	\$ 549,927	\$ 74,842	\$ 343,949	\$ 28,757	\$ 2,845,347	\$ 26,964	\$ 4,423,363
Additions	-	-	-	20,523	-	-	179,826	45,194	245,543
Capitalized construction	-	-	8,279	-	-	-	-	(8,279)	-
Cost, end of year	49,726	503,851	558,206	95,365	343,949	28,757	3,025,173	63,879	4,668,906
Accumulated amortization, beginning of year	-	214,359	244,942	64,976	94,471	28,757	1,821,318	-	2,468,823
Amortization	-	20,154	13,273	4,925	14,374	-	77,567	-	130,293
Accumulated amortization, end of year	-	234,513	258,215	69,901	108,845	28,757	1,898,885	-	2,599,116
Net carrying amount, end of year	\$ 49,726	\$ 269,338	\$ 299,991	\$ 25,464	\$ 235,104	\$ -	\$ 1,126,288	\$ 63,879	\$ 2,069,790

The net book value of tangible capital assets not being amortized because they are under construction/development is \$63,879 (2016 - \$26,964).

Township of Jocelyn

Schedule 2 - Consolidated Segment Disclosure (Continued)

For the year ended December 31, 2016

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 133,476	\$ 110,801	\$ 178,453	\$ 48,273	\$ 78,486	\$ 94,430	\$ 10,550	\$ 6,722	\$ 661,191
Government grants - Provincial	61,773	51,279	107,588	22,341	36,323	43,702	6,386	3,111	332,503
Government grants - Federal	-	-	-	-	-	-	1,987	-	1,987
Other Municipalities	-	1,337	-	-	-	-	-	-	1,337
User fees and service charges	1,830	-	2,587	7,140	-	-	27,436	600	39,593
Licences, permits and rents	-	3,919	-	-	-	-	-	-	3,919
Penalties and interest on taxes	11,393	-	-	-	-	-	-	-	11,393
Investment income	8,195	-	-	-	-	-	-	-	8,195
Other	16,617	-	-	-	-	-	-	-	16,617
	233,284	167,336	288,628	77,754	114,809	138,132	46,359	10,433	1,076,735
Expenses									
Salaries and benefits	111,142	6,021	7,940	37,803	162	-	20,991	5,191	189,250
Materials and supplies	23,280	13,539	24,395	6,791	7	-	30,049	82	98,143
Contracted services	64,198	103,624	123,743	49,415	111	-	1,737	-	342,828
Rents and financial	1,310	-	-	-	-	-	-	-	1,310
Interest on long term debt	-	4,268	-	-	-	-	-	-	4,268
External transfers and other	6,084	18,488	65,549	6,509	113,649	138,300	1,503	2,430	255,882
Amortization	-	-	-	-	-	-	17,928	-	17,928
	206,014	145,940	221,627	100,518	113,929	138,300	72,208	7,703	1,006,239
Net surplus (deficit)	\$ 27,270	\$ 21,396	\$ 67,001	\$ (22,764)	\$ 880	\$ (168)	\$ (25,849)	\$ 2,730	\$ 70,496

The accompanying note are an integral part of these financial statements.

**Township of Jocelyn
Trust Funds
Financial Statements
For the year ended December 31, 2017**

**Township of Jocelyn
Trust Funds
Cemetery Care and Maintenance**

Statement of Financial Position

December 31	2017	2016
Assets		
Current		
Cash	\$ 5,750	\$ 5,500
Fund Balance		
Capital	\$ 5,750	\$ 5,500

Statement of Continuity

For the year ended December 31	2017	2016
Balance, beginning of year	\$ 5,500	\$ 5,500
Revenue		
Sale of plots	250	-
Balance, end of year	\$ 5,750	\$ 5,500

Notes to Financial Statements

December 31, 2017

1. Significant accounting policies

The financial statements of the Trust Funds of Township of Jocelyn are prepared in accordance with Canadian public sector accounting standards.

2. Cash

Cash is represented by funds on deposit in chartered banks or investment portfolios.