



Financial Statements

The Corporation of the Township of Gillies

December 31, 2017

June 25th, 2018

Statement of Administrative Responsibility

The management of The Corporation of the Township of Gillies has prepared the accompanying financial statements and is responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the CPA Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Township of Gillies. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2017 Financial Statements have been reported on by The Corporation of the Township of Gillies' external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.


Rick Kieri, Reeve


Laura Jones, Treasurer

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 18
Schedule 1 - Schedule of Accumulated Surplus	19
Schedule 2 - Schedule of Tangible Capital Assets	20
Schedule 3 - Schedule of Segment Disclosure	21 - 22
Cemetery Perpetual Care Trust Fund	
Independent Auditor's Report	23 - 24
Statement of Financial Position	25
Statement of Operations and Fund Balance	26
Statement of Cash Flows	27
Notes to the Financial Statements	28

Independent Auditor's Report

Grant Thornton LLP
Suite 300
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8
T +1 807 345 6571
F +1 807 345 0032
www.GrantThornton.ca

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

We have audited the accompanying financial statements of The Corporation of the Township of Gillies, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, 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 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 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 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 auditor's 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 Township'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 Township'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, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Gillies as at December 31, 2017, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada
June 25, 2018

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Gillies

Statement of Financial Position

As at December 31	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	259,673	122,373
Taxes receivable	67,196	90,133
Accounts receivable	115,595	174,519
Total financial assets	442,464	387,025
LIABILITIES		
Accounts payable and accrued liabilities	54,030	90,369
Deferred revenue <i>[note 3]</i>	60,239	19,425
Vested sick leave liability <i>[note 4]</i>	-	8,074
Debt <i>[note 6]</i>	92,182	102,515
Landfill closure and post-closure liability <i>[note 7]</i>	37,499	37,167
Total liabilities	243,950	257,550
NET FINANCIAL ASSETS	198,514	129,475
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 8] [schedule 2]</i>	1,622,373	1,574,054
Inventory	4,436	5,532
Prepaid expenses	2,076	2,238
	1,628,885	1,581,824
Accumulated surplus <i>[schedule 1]</i>	1,827,399	1,711,299

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Statement of Operations and Accumulated Surplus

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	396,104	400,753	388,589
Commercial and industrial	6,050	6,050	6,109
Taxation from other governments	4,663	4,663	4,935
	406,817	411,466	399,633
Government transfers			
Government of Canada	10,875	10,875	28,761
Province of Ontario	488,138	342,909	495,163
Other municipalities	3,800	4,466	3,189
	502,813	358,250	527,113
Other			
Investment income	1,100	1,299	1,189
Penalties and late payment charges	11,000	9,391	10,746
Other	8,625	20,195	26,126
	20,725	30,885	38,061
Total revenues	930,355	800,601	964,807
EXPENSES [note 9] [schedule 3]			
General government	216,990	209,740	202,670
Protection to persons and property	133,480	122,582	120,587
Transportation services	273,571	249,477	273,170
Environmental services	14,805	17,241	44,122
Health services	36,263	37,944	35,684
Social and family services	41,425	41,425	39,347
Recreation and cultural services	2,584	2,302	2,239
Planning and development	250	250	250
	719,368	680,961	718,069
NET REVENUES BEFORE UNDERNOTED ITEM	210,987	119,640	246,738
Other			
Loss on disposal of tangible capital assets	-	(3,540)	(17,954)
Annual surplus	210,987	116,100	228,784
Accumulated surplus, beginning of year	73,977	1,711,299	1,482,515
Accumulated surplus, end of year	284,964	1,827,399	1,711,299

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Statement of Change in Net Financial Assets

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
Annual surplus	210,987	116,100	228,784
Acquisition of tangible capital assets	(195,411)	(117,408)	(347,856)
Amortization of tangible capital assets	65,549	65,549	63,430
Proceeds on disposal of tangible capital assets	-	-	3,955
Loss on disposal of tangible capital assets	-	3,540	17,954
Acquisition of prepaid expenses	-	(2,076)	(2,238)
Use of prepaid expenses	-	2,238	10,001
Acquisition of inventory	-	(4,436)	(5,532)
Consumption of inventory	-	5,532	1,237
Increase (decrease) in net financial assets	81,125	69,039	(30,265)
Net financial assets, beginning of year	129,475	129,475	159,740
Net financial assets, end of year	210,600	198,514	129,475

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
OPERATIONS		
Annual surplus	116,100	228,784
Non-cash charges		
Amortization of tangible capital assets	65,549	63,430
Loss on disposal of tangible capital assets	3,540	17,954
Landfill closure and post-closure costs	332	28,129
	185,521	338,297
Net change in non-cash working capital balances		
Decrease (increase) in taxes receivable	22,937	(6,936)
Decrease in accounts receivable	58,924	3,637
Increase (decrease) in accounts payable and accrued liabilities	(36,339)	12,073
Increase in deferred revenue	40,814	1,443
Increase (decrease) in vested sick leave liability	(8,074)	24
Increase in inventory	1,096	(4,295)
Decrease in prepaid expenses	162	7,763
Cash provided by operating transactions	265,041	352,006
CAPITAL		
Acquisition of tangible capital assets	(117,408)	(347,856)
Proceeds on disposal of tangible capital assets	-	3,955
Cash used in capital transactions	(117,408)	(343,901)
FINANCING		
Debt principal repayment	(10,333)	(9,992)
Cash used in financing transactions	(10,333)	(9,992)
Increase (decrease) in cash and cash equivalents	137,300	(1,887)
Opening cash and cash equivalents	122,373	124,260
Closing cash and cash equivalents	259,673	122,373

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

GENERAL

The Corporation of the Township of Gillies is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of The Corporation of the Township of Gillies are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Township, and which are owned or controlled by the Township.

The reporting entity only includes the Township.

Government partnerships

Certain organizations in which the Township participates are accounted for on a proportionate consolidation basis, consistent with the treatment for government partnerships. Under the proportionate consolidation basis of accounting, the Township's pro-rata share of the assets, liabilities, revenues and expenses that are subject to shared control is combined on a line-by-line basis with similar items in the Township's financial statements. The entity that is accounted for in this manner is:

Lakehead Rural Planning Board

Local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contribution to these entities are recorded in the Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit

The District of Thunder Bay Social Services Administration Board

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

Trust funds

Certain assets have been conveyed or assigned to the Township to be administered as directed by agreement or statute. The Township holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. As a result, the trust funds and assets are excluded from these financial statements.

Accounting for school board transactions

The taxation and other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

[b] Basis of accounting

Accrual accounting

The Township uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Pension and employee benefits

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending 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 annual surplus, provides the change in net financial assets for the year.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

[a] Tangible capital assets

- [i] Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 to 70 years
Equipment and machinery	10 to 30 years
Land improvements	25 to 75 years
Transportation	
- roads	15 to 60 years
- bridges and other structures	35 to 80 years
Vehicles	15 to 25 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[ii] 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. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[iii] Tangible capital assets recognized at nominal value

Certain assets were recorded at a nominal value on adoption of tangible capital assets due to the difficulty in determining an appropriate value. The most significant of such assets are the Township's road allowances and the Township's landfill site.

[iv] Capitalization of interest

The Township has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use.

[v] Leases

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

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

[b] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Reserves and reserve funds

Council segregates its accumulated surplus into various categories including reserves and reserve funds which are specifically for future operating and capital purposes.

Taxation revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluated the extent to which its taxes receivable are ultimately collectible and valuation allowances are used to reflect taxes receivable at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

Revenue recognition

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Interest is recognized as it is earned. Interest earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance. Interest earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized in the Statement of Operations and Accumulated Surplus in the year in which it is used for the specific purpose.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Township are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Township receives development charges under the authority of provincial legislation and Township by-laws as well as Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses and are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended. See note 3 for more details.

Landfill closure and post-closure liability

The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimate inflation and is charged to expenses as the landfill site's capacity is used.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Township may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

2. TRUST FUNDS

Trust funds administered by the Township amounting to \$14,211 [2016 - \$13,059] have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

3. DEFERRED REVENUE

	2017 \$	2016 \$
Obligatory reserve funds		
Ontario Community Infrastructure Fund	7,758	-
Federal Gas Tax proceeds	29,271	-
Helipad proceeds	18,184	15,174
General deferred revenue		
Tax deposits	5,026	4,251
	60,239	19,425

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	2017 Total \$	2016 Total \$
Balance, beginning of year	-	19,425	19,425	17,982
Conditional grant proceeds				
received in year	79,271	-	79,271	-
Other income received	-	8,526	8,526	3,500
Revenue recognized in year	(42,242)	(4,741)	(46,983)	(2,057)
Balance, end of year	37,029	23,210	60,239	19,425

4. LIABILITY FOR EMPLOYEE VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate up to 200 hours for certain eligible employees. Active employees may become entitled to that sick leave if they are unable to work due to a valid medication condition. The Township recognizes these costs in the period in which the employees rendered the services.

The liability for these accumulated days, if the eligible employees took the maximum available hours is approximately \$nil [2016 - \$8,074]. An amount of \$nil [2016 - \$nil] has been provided for this past service liability as a reserve.

5. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2017 was \$7,795 [2016 - \$7,795] for current service.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

6. DEBT

[a] The balance of debt reported on the Statement of Financial Position is made up of the following:

	2017	2016
	\$	\$
Term loan repayable in bi-weekly instalments of \$527, including interest at 3.46%, maturing October, 2020.	92,182	102,515

[b] Principal due on debt is summarized as follows:

	\$
2018	10,697
2019	11,073
2020	70,412
	92,182

[c] The debt in [a] issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Statement of Operations and Accumulated Surplus are \$3,378 [2016 - \$3,717].

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

7. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance, and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Township's average long-term borrowing rate of 3.46% and inflation adjusted at 1.00% per annum to the estimated year of closure. The change in the recorded liability is \$332 [2016 - \$28,129] based on a total estimated undiscounted outflow in the future of \$268,558 [2016 - \$300,479], leaving an amount to be recognized in the future of \$231,059 [2016 - \$263,312], over the closure and post-closure period. An amount of \$23,281 [2016 - \$20,586] has been provided to fund this liability and future landfill expansion and is included in a reserve fund for infrastructure [Schedule 1]. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is approximately 26 years and the remaining capacity is 11,914 cubic metres. Post-closure care is estimated to continue for a period of approximately 20 years.

8. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Township by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2017 [2016 - \$nil].

Interest capitalized during 2017 was \$nil [2016 - \$nil].

There were no contributed tangible capital assets in 2017 [2016 - \$nil].

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. This includes the land under road allowance. There are 65 km of road assigned a value of \$1 each. Other assets include the Township's landfill site, which includes 2 sites assigned a value of \$1 each. The total of assets so valued in 2017 was \$67 [2016 - \$67].

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

9. SEGMENTED INFORMATION

The Township provides a wide range of services to its citizens. The Schedule of Segment Disclosure [Schedule 3] provides a breakdown of the annual surplus reported on the Statement of Operations and Accumulated Surplus by major reporting segment. The segments correspond to the major functional categories used in the Township's Financial Information Return, which include the following activities:

General government

General government comprises various administrative services, including the Finance Department, Corporate Services Department, and Reeve and Council.

Protection to persons and property

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression, fire prevention programs, and training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants.

Transportation services

Transportation services include roadways and winter control. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts, and signage. Winter control includes snowplowing, sanding and salting, snow removal and flood control.

Environmental services

Environmental services consist of waste disposal and recycling. Waste disposal and recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health services

Health services includes public health services and ambulance services. Public health services represents the Township's contribution to the activities of the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services, advocates for healthy public policy, investigates reportable diseases, and upholds regulations that apply to public health. Ambulance services represents the Township's contribution to the activities of Superior North Emergency Medical Services ("SNEMS"). SNEMS is responsible for providing emergency medical and ambulatory services to the residents of the District of Thunder Bay.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

Social and family services

Social and family services represents the Township's contribution to the activities of The District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

Recreation and cultural services

Recreation and cultural services include parks, recreation programs and facilities, and public library services. The Township provides for the development and maintenance of various recreational facilities, and the maintenance of parks and open spaces. The public library services are contracted with the Oliver-Paipoonge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

Planning and development

The planning and development services include planning and zoning activities. The Township's contribution to the activities of the Lakehead Rural Planning Board are included in the planning activities.

For additional information see the Schedule of Segment Disclosure [Schedule 3].

10. RESERVES AND RESERVE FUNDS

The continuity of reserves which make up a part of accumulated surplus noted in Schedule 1 is as follows:

	2017 \$	2016 \$
Reserves		
Balance, beginning of year	22,000	22,000
Balance, end of year	22,000	22,000
Reserve funds		
Balance, beginning of year	263,524	228,095
Increases		
Transfers to reserve funds	20,150	37,418
Interest earned	1,159	427
	21,309	37,845
Decreases		
Transfers from reserve funds	5,855	2,416
Balance, end of year	278,978	263,524

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

11. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$207,088 [2016 - \$64,327] to support reserve funds.

12. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	406,817	-	406,817
Government transfers	547,426	(44,613)	502,813
Other	26,580	(5,855)	20,725
	980,823	(50,468)	930,355
Expenses			
General government	233,630	(16,640)	216,990
Protection to persons and property	135,544	(2,064)	133,480
Transportation services	457,944	(184,373)	273,571
Environmental services	16,653	(1,848)	14,805
Health services	36,263	-	36,263
Social and family services	41,425	-	41,425
Recreation and cultural services	2,584	-	2,584
Planning and development	250	-	250
	924,293	(204,925)	719,368
Annual surplus	56,530	154,457	210,987
Interfund transfers	14,295	14,295	
Capital items	195,411	195,411	
Debt repayments	10,300	10,300	
Amortization	-	(65,549)	
Approved surplus	220,006	154,457	

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2017

13. COMMITMENTS

The Township leases office space under an operating lease expiring in August 31, 2023 and other office equipment expiring November, 2021. The future minimum annual lease payments are as follows:

	\$
2018	15,044
2019	15,044
2020	15,044
2021	15,044
2022	12,846
Thereafter	8,564
	<hr/> 81,586 <hr/>

14. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 financial statements.

The Corporation of the Township of Gillies Schedule 1 Schedule of Accumulated Surplus

Year ended December 31	2017	2016
	\$	\$
Surpluses		
General fund	36,823	5,477
Investment in tangible capital assets	1,622,373	1,574,054
Unfunded		
Employee benefits and post-employment liabilities	(3,094)	(14,074)
Debt	(92,182)	(102,515)
Landfill closure and post-closure liability	(37,499)	(37,167)
Total surpluses	1,526,421	1,425,775
Reserves set aside for specific purposes by Council		
For working capital	22,000	22,000
Total reserves	22,000	22,000
Reserve funds set aside for specific purposes by Council		
For contingencies	132,691	132,151
For Volunteer Fire Department	28,823	24,706
For roads	55,691	42,914
For infrastructure	59,763	62,751
For centenary	2,010	1,002
Total reserve funds	278,978	263,524
Accumulated surplus	1,827,399	1,711,299

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

Schedule 2

Year ended December 31, 2017

	General						Infrastructure					Totals		
	Land	Land	Leasehold	Buildings	Vehicles	Equipment and Machinery	Capital Work-in-progress	Land	Buildings	Roads	Equipment, Machinery and Vehicles	Bridges and Other Structures	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST														
Balance, beginning of year	32,546	22,746	-	61,374	220,423	21,449	-	392,018	47,500	1,457,072	455,609	648,123	3,358,860	3,052,735
Add														
Additions during the year	-	-	16,357	-	-	-	-	-	-	87,736	-	13,315	117,408	347,856
Less														
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	4,765	4,765	41,731
Balance, end of year	32,546	22,746	16,357	61,374	220,423	21,449	-	392,018	47,500	1,544,808	455,609	656,673	3,471,503	3,358,860
ACCUMULATED AMORTIZATION														
Balance, beginning of year	-	9,096	-	27,606	68,516	6,768	-	-	38,514	1,227,918	201,091	205,297	1,784,806	1,741,198
Add														
Amortization during the year	-	1,137	1,090	1,258	9,841	752	-	-	946	22,250	18,788	9,487	65,549	63,430
Less														
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-	-	1,225	1,225	19,822
Balance, end of year	-	10,233	1,090	28,864	78,357	7,520	-	-	39,460	1,250,168	219,879	213,559	1,849,130	1,784,806
Net book value, beginning of year	32,546	13,650	-	33,768	151,907	14,681	-	392,018	8,986	229,154	254,518	442,826	1,574,054	1,311,537
Net book value, end of year	32,546	12,513	15,267	32,510	142,066	13,929	-	392,018	8,040	294,640	235,730	443,114	1,622,373	1,574,054

The Corporation of the Township of Gillies
Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2017

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	411,466	399,633	-	-	-	-	-	-	-	-
Government transfers - operating	231,874	202,900	5,895	3,189	117,242	317,978	2,255	2,062	-	-
Investment income	1,299	1,189	-	-	-	-	-	-	-	-
Other revenues	20,008	32,067	4,717	1,314	-	-	1,136	1,194	3,725	2,297
	664,647	635,789	10,612	4,503	117,242	317,978	3,391	3,256	3,725	2,297
Expenses										
Salaries, wages and employee benefits	128,081	104,033	10,786	7,370	105,537	120,333	8,680	8,765	4,265	4,730
Long-term debt charges	-	-	3,378	3,717	-	-	-	-	-	-
Materials	40,017	38,871	27,848	36,015	92,469	102,395	4,619	31,583	940	916
Contracted services	27,312	46,788	66,381	58,440	-	-	3,190	3,022	-	-
Rent and financials	13,240	12,978	-	-	-	-	-	-	-	-
External transfers to others	-	-	1,953	2,809	-	-	-	-	32,739	30,038
Amortization	1,090	-	12,236	12,236	51,471	50,442	752	752	-	-
	209,740	202,670	122,582	120,587	249,477	273,170	17,241	44,122	37,944	35,684
Net revenues (expenses) before undernoted item										
	454,907	433,119	(111,970)	(116,084)	(132,235)	44,808	(13,850)	(40,866)	(34,219)	(33,387)
Gain (loss) on disposal of tangible capital assets	-	3,955	-	-	(3,540)	(21,909)	-	-	-	-
Annual surplus (deficit)										
	454,907	437,074	(111,970)	(116,084)	(135,775)	22,899	(13,850)	(40,866)	(34,219)	(33,387)

The Corporation of the Township of Gillies
Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2017

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	411,466	399,633
Government transfers - operating	-	-	984	984	-	-	358,250	527,113
Investment income	-	-	-	-	-	-	1,299	1,189
Other revenues	-	-	-	-	-	-	29,586	36,872
	-	-	984	984	-	-	800,601	964,807
Expenses								
Salaries, wages and employee benefits	-	-	1,271	1,170	-	-	258,620	246,401
Long-term debt charges	-	-	-	-	-	-	3,378	3,717
Materials	-	-	47	85	-	-	165,940	209,865
Contracted services	-	-	984	984	-	-	97,867	109,234
Rent and financials	-	-	-	-	-	-	13,240	12,978
External transfers to others	41,425	39,347	-	-	250	250	76,367	72,444
Amortization	-	-	-	-	-	-	65,549	63,430
	41,425	39,347	2,302	2,239	250	250	680,961	718,069
Net revenues (expenses) before undernoted item								
	(41,425)	(39,347)	(1,318)	(1,255)	(250)	(250)	119,640	246,738
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	(3,540)	(17,954)
Annual surplus (deficit)								
	(41,425)	(39,347)	(1,318)	(1,255)	(250)	(250)	116,100	228,784

Independent Auditor's Report

Grant Thornton LLP
Suite 300
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8
T +1 807 345 6571
F +1 807 345 0032
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Gillies
Cemetery Perpetual Care Trust Fund

We have audited the accompanying financial statements of The Corporation of the Township of Gillies Cemetery Perpetual Care Trust Fund, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and fund balance 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 financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 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 auditor's 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 Township'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 Township'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, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Gillies Cemetery Perpetual Care Trust Fund as at December 31, 2017, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Thunder Bay, Canada
June 25, 2018

Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Township of Gillies
Cemetery Perpetual Care Trust Fund
Statement of Financial Position**

As at December 31	2017	2016
	\$	\$
ASSETS		
Current		
Cash	13,611	13,509
Due from The Corporation of the Township of Gillies	600	-
	14,211	13,509
LIABILITIES AND FUND BALANCE		
Current		
Due to The Corporation of the Township of Gillies	-	450
Fund balance	14,211	13,059
	14,211	13,509

See accompanying notes to the financial statements.

**The Corporation of the Township of Gillies
Cemetery Perpetual Care Trust Fund
Statement of Operations and Fund Balance**

Year ended December 31	2017	2016
	\$	\$
REVENUES		
Interest earned	102	175
Fees earned	1,050	100
Total revenues	1,152	275
Excess of revenues over expenses for the		
year	1,152	275
Fund balance, beginning of year	13,059	12,784
Fund balance, end of year	14,211	13,059

See accompanying notes to the financial statements.

**The Corporation of the Township of Gillies
Cemetery Perpetual Care Trust Fund
Statement of Cash Flows**

Year ended December 31	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	1,152	275
Increase in due from the Corporation of the Township of Gillies	(600)	-
Decrease in due to The Corporation of the Township of Gillies	(450)	(100)
Cash provided by operating activities	102	175
Increase in cash during year	102	175
Cash, beginning of year	13,509	13,334
Cash, end of year	13,611	13,509

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies Cemetery Perpetual Care Trust Fund Notes to the Financial Statements

December 31, 2017

1. NATURE OF BUSINESS

The Corporation of the Township of Gillies administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides interment services for the benefit of the citizens of Gillies.

2. SIGNIFICANT ACCOUNTING POLICY

Basis of accounting

These financial statements of the Cemetery Perpetual Care Trust Fund have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Trust Fund uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.