



Financial Statements

The Corporation of the Township of Gillies

December 31, 2018


## Statement of Administrative Responsibility

The management of The Corporation of the Township of Gillies have prepared the accompanying financial statements and are 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 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 2018 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.

  
\_\_\_\_\_  
Laura Jones, Treasurer

  
\_\_\_\_\_  
Wendy Wright, Reeve

# Contents

	<b>Page</b>
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 (Net Debt)	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

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 ("the Township") which comprise the statement of financial position as at December 31, 2018 and the statements of operations and accumulated surplus, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Gillies as at December 31, 2018, and its results of operations, its changes in its net asset (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## **Basis for Opinion**

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

## **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to a 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**

Our 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 our 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 a 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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.
- Obtain 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 our auditor's report. However, future events or conditions may cause the Township to cease to continue 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.

We 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.

*Grant Thornton LLP*

Thunder Bay, Canada  
May 13, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# The Corporation of the Township of Gillies

## Statement of Financial Position

As at December 31	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	288,353	259,673
Taxes receivable	65,757	67,196
Accounts receivable	55,043	115,595
<b>Total financial assets</b>	<b>409,153</b>	<b>442,464</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	69,551	54,030
Deferred revenue <i>[note 3]</i>	79,671	60,239
Debt <i>[note 6]</i>	256,477	92,182
Landfill closure and post-closure liability <i>[note 7]</i>	49,561	37,499
<b>Total liabilities</b>	<b>455,260</b>	<b>243,950</b>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>(46,107)</b>	<b>198,514</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 8] [schedule 2]</i>	1,869,719	1,622,373
Inventory	5,245	4,436
Prepaid expenses	2,268	2,076
	<b>1,877,232</b>	<b>1,628,885</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>1,831,125</b>	<b>1,827,399</b>

See accompanying notes to the financial statements.

# The Corporation of the Township of Gillies

## Statement of Operations and Accumulated Surplus

Year ended December 31	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	407,442	415,218	400,753
Commercial and industrial	7,729	7,729	6,050
Taxation from other governments	4,481	4,481	4,663
	<b>419,652</b>	<b>427,428</b>	411,466
<b>Government transfers</b>			
Government of Canada	59,484	31,579	10,875
Province of Ontario	282,340	274,791	342,909
Other municipalities	2,120	2,033	4,466
	<b>343,944</b>	<b>308,403</b>	358,250
<b>Other</b>			
Investment income	1,600	3,327	1,299
Penalties and late payment charges	6,000	5,081	9,391
Other	14,175	7,693	20,195
	<b>21,775</b>	<b>16,101</b>	30,885
<b>Total revenues</b>	<b>785,371</b>	<b>751,932</b>	800,601
<b>EXPENSES [note 9] [schedule 3]</b>			
General government	226,444	227,323	209,740
Protection to persons and property	133,767	125,862	122,582
Transportation services	318,993	276,898	249,477
Environmental services	18,561	31,886	17,241
Health services	37,520	38,017	37,944
Social and family services	41,919	40,938	41,425
Recreation and cultural services	3,234	1,666	2,302
Planning and development	250	250	250
	<b>780,688</b>	<b>742,840</b>	680,961
<b>NET REVENUES BEFORE UNDERNOTED ITEM</b>	<b>4,683</b>	<b>9,092</b>	119,640
<b>Other</b>			
Loss on disposal of tangible capital assets	-	(5,366)	(3,540)
<b>Annual surplus</b>	<b>4,683</b>	<b>3,726</b>	116,100
Accumulated surplus, beginning of year	73,977	1,827,399	1,711,299
<b>Accumulated surplus, end of year</b>	<b>78,660</b>	<b>1,831,125</b>	1,827,399

See accompanying notes to the financial statements.

## The Corporation of the Township of Gillies

### Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
<b>Annual surplus</b>	<b>4,683</b>	<b>3,726</b>	116,100
Acquisition of tangible capital assets	<b>(357,065)</b>	<b>(334,926)</b>	(117,408)
Amortization of tangible capital assets	<b>82,214</b>	<b>82,214</b>	65,549
Loss on disposal of tangible capital assets	-	<b>5,366</b>	3,540
Acquisition of prepaid expenses	-	<b>(2,268)</b>	(2,076)
Use of prepaid expenses	-	<b>2,076</b>	2,238
Acquisition of inventory	-	<b>(5,245)</b>	(4,436)
Consumption of inventory	-	<b>4,436</b>	5,532
Increase (decrease) in net financial assets	<b>(270,168)</b>	<b>(244,621)</b>	69,039
Net financial assets, beginning of year	<b>198,514</b>	<b>198,514</b>	129,475
<b>Net financial assets (net debt), end of year</b>	<b>(71,654)</b>	<b>(46,107)</b>	198,514

See accompanying notes to the financial statements.



## The Corporation of the Township of Gillies

### Statement of Cash Flows

Year ended December 31	2018	2017
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	3,726	116,100
<b>Non-cash charges</b>		
Amortization of tangible capital assets	82,214	65,549
Loss on disposal of tangible capital assets	5,366	3,540
Landfill closure and post-closure costs	12,062	332
	<b>103,368</b>	<b>185,521</b>
<b>Net change in non-cash working capital balances</b>		
Decrease in taxes receivable	1,439	22,937
Decrease in accounts receivable	60,552	58,924
Increase (decrease) in accounts payable and accrued liabilities	15,521	(36,339)
Increase in deferred revenue	19,432	40,814
Increase (decrease) in vested sick leave liability	-	(8,074)
Increase (decrease) in inventory	(809)	1,096
(Increase) decrease in prepaid expenses	(192)	162
<b>Cash provided by operating transactions</b>	<b>199,311</b>	<b>265,041</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(334,926)	(117,408)
<b>Cash used in capital transactions</b>	<b>(334,926)</b>	<b>(117,408)</b>
<b>FINANCING</b>		
Debt principal repayment	(10,705)	(10,333)
Proceeds from issue of debt	175,000	-
<b>Cash provided by (used in) financing transactions</b>	<b>164,295</b>	<b>(10,333)</b>
<b>Increase in cash and cash equivalents</b>	<b>28,680</b>	<b>137,300</b>
Opening cash and cash equivalents	259,673	122,373
<b>Closing cash and cash equivalents</b>	<b>288,353</b>	<b>259,673</b>

See accompanying notes to the financial statements.

---

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

---

### 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, 2018

---

### **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, 2018

---

[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, 2018

---

### [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, 2018

---

### **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 \$14,626 [2017 - \$14,211] 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, 2018

### 3. DEFERRED REVENUE

	2018	2017
	\$	\$
Obligatory reserve funds		
Ontario Community Infrastructure Fund	-	7,758
Federal Gas Tax proceeds	29,893	29,271
Helipad proceeds	9,092	18,184
The Association of Municipalities of Ontario	35,983	-
General deferred revenue		
Tax deposits	4,703	5,026
	<b>79,671</b>	<b>60,239</b>

The continuity of deferred revenue is as follows:

	Government Transfer	Other	2018 Total	2017 Total
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>55,213</b>	<b>5,026</b>	<b>60,239</b>	19,425
Conditional grant proceeds				
received in year	84,592	-	84,592	79,271
Other income received	-	38,115	38,115	8,526
Revenue recognized in year	(100,820)	(2,455)	(103,275)	(46,983)
<b>Balance, end of year</b>	<b>38,985</b>	<b>40,686</b>	<b>79,671</b>	<b>60,239</b>

### 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.

### 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 2018 was \$11,701 [2017 - \$7,795] for current service.

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

### 6. DEBT

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

	2018 \$	2017 \$
<b>RBC Royal Bank</b>		
Term loan repayable in bi-weekly instalments of \$527, including interest at 3.46%, maturing October, 2020.	81,477	92,182
<b>Ontario Infrastructure and Lands Corporation</b>		
Debenture repayable semi-annually in installments of \$10,385, including interest at 3.38%, maturing November, 2028.	175,000	-
	<b>256,477</b>	<b>92,182</b>

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

	\$
2019	26,053
2020	85,895
2021	16,019
2022	16,565
2023	111,945
	<b>256,477</b>

[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 \$3,004 [2017 - \$3,378].



---

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

---

### 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 1.95% per annum to the estimated year of closure. The change in the recorded liability is \$12,062 [2017 - \$332] based on a total estimated undiscounted outflow in the future of \$336,018 [2017 - \$268,558], leaving an amount to be recognized in the future of \$286,457 [2017 - \$231,059], over the closure and post-closure period. An amount of \$24,927 [2017 - \$23,281] 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 25 years and the remaining capacity is 11,786 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 2018 [2017 - \$nil].

Interest capitalized during 2018 was \$nil [2017 - \$nil].

There were no contributed tangible capital assets in 2018 [2017 - \$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 2018 was \$67 [2017 - \$67].

---

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

---

### 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, 2018

---

### 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:

	2018	2017
	\$	\$
<b>Reserves</b>		
Balance, beginning of year	22,000	22,000
<b>Balance, end of year</b>	<b>22,000</b>	<b>22,000</b>
<b>Reserve funds</b>		
Balance, beginning of year	278,978	263,524
<b>Increases</b>		
Transfers to reserve funds	4,950	20,150
Interest earned	2,117	1,159
	<b>7,067</b>	<b>21,309</b>
<b>Decreases</b>		
Transfers from reserve funds	71,569	5,855
<b>Balance, end of year</b>	<b>214,476</b>	<b>278,978</b>

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

### 11. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$176,389 [2017 - \$207,088] 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 \$
<b>Revenues</b>			
Taxation	419,652	-	419,652
Government transfers	366,109	(22,165)	343,944
Other	276,110	(254,335)	21,775
	<b>1,061,871</b>	<b>(276,500)</b>	<b>785,371</b>
<b>Expenses</b>			
General government	234,271	(7,827)	226,444
Protection to persons and property	251,326	(117,559)	133,767
Transportation services	545,722	(226,729)	318,993
Environmental services	19,209	(648)	18,561
Health services	2,775	34,745	37,520
Social and family services	41,919	-	41,919
Recreation and cultural services	3,234	-	3,234
Planning and development	250	-	250
	<b>1,098,706</b>	<b>(318,018)</b>	<b>780,688</b>
<b>Annual surplus</b>	<b>(36,835)</b>	<b>41,518</b>	<b>4,683</b>
Interfund transfers	(75,485)	(75,485)	
Capital items	-	357,065	
Debt proceeds	(175,000)	(175,000)	
Debt repayments	17,152	17,152	
Amortization	-	(82,214)	
<b>Approved surplus</b>	<b>(233,333)</b>	<b>41,518</b>	

---

# The Corporation of the Township of Gillies

## Notes to the Financial Statements

December 31, 2018

---

### 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:

	\$
2019	15,044
2020	15,044
2021	15,044
2022	12,846
2023	8,564
	<hr/> 66,542

### 14. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2018 financial statements.

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

Year ended December 31	2018	2017
	\$	\$
<b>Surpluses</b>		
General fund	38,449	36,823
Investment in tangible capital assets	1,869,719	1,622,373
Unfunded		
Employee benefits and post-employment liabilities	(7,481)	(3,094)
Debt	(256,477)	(92,182)
Landfill closure and post-closure liability	(49,561)	(37,499)
<b>Total surpluses</b>	<b>1,594,649</b>	<b>1,526,421</b>
<b>Reserves set aside for specific purposes by Council</b>		
For working capital	22,000	22,000
<b>Total reserves</b>	<b>22,000</b>	<b>22,000</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For contingencies	112,358	132,691
For Volunteer Fire Department	10,931	28,823
For roads	26,879	55,691
For infrastructure	61,773	59,763
For centenary	2,535	2,010
<b>Total reserve funds</b>	<b>214,476</b>	<b>278,978</b>
<b>Accumulated surplus</b>	<b>1,831,125</b>	<b>1,827,399</b>

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

**Schedule 2**

Year ended December 31, 2018

	General						Infrastructure					Totals		
	Land \$	Land Improvements \$	Leasehold Improvements \$	Buildings \$	Vehicles \$	Equipment and Machinery \$	Capital Work-in-progress \$	Land \$	Buildings \$	Roads \$	Equipment, Machinery and Vehicles \$	Bridges and Other Structures \$	2018 \$	2017 \$
<b>COST</b>														
Balance, beginning 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
Add														
Additions during the year	-	-	-	-	83,375	-	-	-	-	95,757	155,794	-	334,926	117,408
Less														
Disposals during the year	-	-	-	-	26,825	-	-	-	-	123,200	-	-	150,025	4,765
Balance, end of year	32,546	22,746	16,357	61,374	276,973	21,449	-	392,018	47,500	1,517,365	611,403	656,673	3,656,404	3,471,503
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning 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
Add														
Amortization during the year	-	1,137	3,053	1,258	11,925	752	-	-	321	24,547	27,753	11,468	82,214	65,549
Less														
Accumulated amortization on disposals	-	-	-	-	21,459	-	-	-	-	123,200	-	-	144,659	1,225
Balance, end of year	-	11,370	4,143	30,122	68,823	8,272	-	-	39,781	1,151,515	247,632	225,027	1,786,685	1,849,130
<b>Net book value, beginning of year</b>	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
<b>Net book value, end of year</b>	32,546	11,376	12,214	31,252	208,150	13,177	-	392,018	7,719	365,850	363,771	431,646	1,869,719	1,622,373

**The Corporation of the Township of Gillies**  
**Schedule of Segment Disclosure**

**Schedule 3**

Year ended December 31, 2018

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	427,428	411,466	-	-	-	-	-	-	-	-
Government transfers - operating	199,928	231,874	14,909	5,895	90,361	117,242	2,221	2,255	-	-
Investment income	3,327	1,299	-	-	-	-	-	-	-	-
Other revenues	5,520	20,008	3,497	4,717	-	-	1,332	1,136	2,425	3,725
	<b>636,203</b>	<b>664,647</b>	<b>18,406</b>	<b>10,612</b>	<b>90,361</b>	<b>117,242</b>	<b>3,553</b>	<b>3,391</b>	<b>2,425</b>	<b>3,725</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	138,644	128,081	11,190	10,786	114,455	105,537	11,592	8,680	-	4,265
Long-term debt charges	-	-	3,004	3,378	-	-	-	-	-	-
Materials	40,377	40,017	28,949	27,848	98,354	92,469	16,016	4,619	1,768	940
Contracted services	31,414	27,312	66,229	66,381	-	-	3,526	3,190	-	-
Rent and financials	13,835	13,240	-	-	-	-	-	-	-	-
External transfers to others	-	-	2,170	1,953	-	-	-	-	36,249	32,739
Amortization	3,053	1,090	14,320	12,236	64,089	51,471	752	752	-	-
	<b>227,323</b>	<b>209,740</b>	<b>125,862</b>	<b>122,582</b>	<b>276,898</b>	<b>249,477</b>	<b>31,886</b>	<b>17,241</b>	<b>38,017</b>	<b>37,944</b>
<b>Net revenues (expenses) before undernoted item</b>										
	<b>408,880</b>	<b>454,907</b>	<b>(107,456)</b>	<b>(111,970)</b>	<b>(186,537)</b>	<b>(132,235)</b>	<b>(28,333)</b>	<b>(13,850)</b>	<b>(35,592)</b>	<b>(34,219)</b>
Loss on disposal of tangible capital assets	-	-	(5,366)	-	-	(3,540)	-	-	-	-
<b>Annual surplus (deficit)</b>										
	<b>408,880</b>	<b>454,907</b>	<b>(112,822)</b>	<b>(111,970)</b>	<b>(186,537)</b>	<b>(135,775)</b>	<b>(28,333)</b>	<b>(13,850)</b>	<b>(35,592)</b>	<b>(34,219)</b>



**The Corporation of the Township of Gillies**  
**Schedule of Segment Disclosure**

**Schedule 3 (continued)**

Year ended December 31, 2018

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	-	-	-	-	-	-	<b>427,428</b>	411,466
Government transfers - operating	-	-	<b>984</b>	984	-	-	<b>308,403</b>	358,250
Investment income	-	-	-	-	-	-	<b>3,327</b>	1,299
Other revenues	-	-	-	-	-	-	<b>12,774</b>	29,586
	-	-	<b>984</b>	984	-	-	<b>751,932</b>	800,601
<b>Expenses</b>								
Salaries, wages and employee benefits	-	-	<b>490</b>	1,271	-	-	<b>276,371</b>	258,620
Long-term debt charges	-	-	-	-	-	-	<b>3,004</b>	3,378
Materials	-	-	<b>192</b>	47	-	-	<b>185,656</b>	165,940
Contracted services	-	-	<b>984</b>	984	-	-	<b>102,153</b>	97,867
Rent and financials	-	-	-	-	-	-	<b>13,835</b>	13,240
External transfers to others	<b>40,938</b>	41,425	-	-	<b>250</b>	250	<b>79,607</b>	76,367
Amortization	-	-	-	-	-	-	<b>82,214</b>	65,549
	<b>40,938</b>	41,425	<b>1,666</b>	2,302	<b>250</b>	250	<b>742,840</b>	680,961
<b>Net revenues (expenses) before undernoted item</b>								
	<b>(40,938)</b>	(41,425)	<b>(682)</b>	(1,318)	<b>(250)</b>	(250)	<b>9,092</b>	119,640
Loss on disposal of tangible capital assets	-	-	-	-	-	-	<b>(5,366)</b>	(3,540)
<b>Annual surplus (deficit)</b>								
	<b>(40,938)</b>	(41,425)	<b>(682)</b>	(1,318)	<b>(250)</b>	(250)	<b>3,726</b>	116,100

# 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

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

**Opinion**

We have audited the financial statements of The Corporation of the Township of Gillies Cemetery Perpetual Care Trust Fund ("the Organization"), which comprise the statement of financial position as at December 31, 2018, 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.

In our opinion, the accompanying 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, 2018, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Opinion**

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

**Responsibilities of Management and Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our 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 our 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 a 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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.
- Obtain 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 Organization'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 Organization'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 our auditor's report. However, future events or conditions may cause the Organization to cease to continue 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.

We 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.

*Grant Thornton LLP*

Thunder Bay, Canada  
May 13, 2019

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	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	14,926	13,611
Due from The Corporation of the Township of Gillies	-	600
	<b>14,926</b>	<b>14,211</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current</b>		
Due to The Corporation of the Township of Gillies	300	-
<b>Fund balance</b>	<b>14,626</b>	<b>14,211</b>
	<b>14,926</b>	<b>14,211</b>

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	2018	2017
	\$	\$
<b>REVENUES</b>		
Interest earned	165	102
Fees earned	250	1,050
<b>Total revenues</b>	<b>415</b>	<b>1,152</b>
<b>Excess of revenues over expenses for the</b>		
<b>year</b>	<b>415</b>	<b>1,152</b>
Fund balance, beginning of year	14,211	13,059
<b>Fund balance, end of year</b>	<b>14,626</b>	<b>14,211</b>

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	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	415	1,152
Increase in due from the Corporation of the Township of Gillies	600	(600)
Increase (decrease) in due to The Corporation of the Township of Gillies	300	(450)
<b>Cash provided by operating activities</b>	<b>1,315</b>	<b>102</b>
<b>Increase in cash during year</b>	<b>1,315</b>	<b>102</b>
Cash, beginning of year	13,611	13,509
<b>Cash, end of year</b>	<b>14,926</b>	<b>13,611</b>

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, 2018

---

## **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.