



Financial Statements

The Corporation of the Township of Gillies

December 31, 2016

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 2016 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

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Independent Auditor's Report

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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, 2016 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, 2016, 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
September 11, 2017

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Gillies

Statement of Financial Position

As at December 31	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	122,373	124,260
Taxes receivable	90,133	83,197
Accounts receivable	174,519	178,156
Total financial assets	387,025	385,613
LIABILITIES		
Accounts payable and accrued liabilities	90,369	78,296
Deferred revenue <i>[note 3]</i>	19,425	17,982
Vested sick leave liability <i>[note 4]</i>	8,074	8,050
Debt <i>[note 6]</i>	102,515	112,507
Landfill closure and post-closure liability <i>[note 7]</i>	37,167	9,038
Total liabilities	257,550	225,873
NET FINANCIAL ASSETS	129,475	159,740
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 8] [schedule 2]</i>	1,574,054	1,311,537
Inventory	5,532	1,237
Prepaid expenses	2,238	10,001
	1,581,824	1,322,775
Accumulated surplus <i>[schedule 1]</i>	1,711,299	1,482,515

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Statement of Operations and Accumulated Surplus

Year ended December 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	380,126	388,589	362,358
Commercial and industrial	6,109	6,109	5,617
Taxation from other governments	4,935	4,935	4,517
	391,170	399,633	372,492
Government transfers			
Government of Canada	28,761	28,761	178,877
Province of Ontario	231,282	495,163	234,511
Other municipalities	3,800	3,189	-
	263,843	527,113	413,388
Other			
Investment income	900	1,189	1,119
Penalties and late payment charges	5,500	10,746	732
Other	10,300	26,126	33,832
	16,700	38,061	35,683
Total revenues	671,713	964,807	821,563
EXPENSES [note 9] [schedule 3]			
General government	195,663	202,670	192,723
Protection to persons and property	124,182	120,587	98,142
Transportation services	279,939	273,170	326,644
Environmental services	15,544	44,122	9,145
Health services	33,811	35,684	33,494
Social and family services	39,212	39,347	42,156
Recreation and cultural services	2,584	2,239	1,901
Planning and development	250	250	250
	691,185	718,069	704,455
NET REVENUES (EXPENSES) BEFORE UNDERNOTED ITEM	(19,472)	246,738	117,108
Other			
Gain (loss) on disposal of tangible capital assets	2,825	(17,954)	-
Annual surplus (deficit)	(16,647)	228,784	117,108
Accumulated surplus, beginning of year	73,977	1,482,515	1,365,407
Accumulated surplus, end of year	57,330	1,711,299	1,482,515

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	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 12]</i>		
Annual surplus (deficit)	(16,647)	228,784	117,108
Acquisition of tangible capital assets	(87,000)	(347,856)	(99,038)
Amortization of tangible capital assets	63,430	63,430	56,959
Proceeds on disposal of tangible capital assets	-	3,955	-
Loss (gain) on disposal of tangible capital assets	(2,825)	17,954	-
Acquisition of prepaid expenses	-	(2,238)	(10,001)
Use of prepaid expenses	-	10,001	19,292
Acquisition of inventory	-	(5,532)	-
Consumption of inventory	-	1,237	-
Increase (decrease) in net financial assets	(43,042)	(30,265)	84,320
Net financial assets, beginning of year	159,740	159,740	75,420
Net financial assets, end of year	116,698	129,475	159,740

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Statement of Cash Flows

Year ended December 31	2016	2015
	\$	\$
OPERATIONS		
Annual surplus (deficit)	228,784	117,108
Non-cash charges		
Amortization of tangible capital assets	63,430	56,959
Loss on disposal of tangible capital assets	17,954	-
Landfill closure and post-closure costs	28,129	(6,428)
	338,297	167,639
Net change in non-cash working capital balances		
Increase in taxes receivable	(6,936)	(16,942)
Decrease (increase) in accounts receivable	3,637	(114,120)
Increase in accounts payable and accrued liabilities	12,073	39,536
Increase (decrease) in deferred revenue	1,443	(25,629)
Increase (decrease) in vested sick leave liability	24	(2,633)
Increase in inventory	(4,295)	-
Decrease in prepaid expenses	7,763	9,291
Cash provided by operating transactions	352,006	57,142
CAPITAL		
Acquisition of tangible capital assets	(347,856)	(99,038)
Proceeds on disposal of tangible capital assets	3,955	-
Cash used in capital transactions	(343,901)	(99,038)
FINANCING		
Debt principal repayment	(9,992)	(9,388)
Cash used in financing transactions	(9,992)	(9,388)
Decrease in cash and cash equivalents	(1,887)	(51,284)
Opening cash and cash equivalents	124,260	175,544
Closing cash and cash equivalents	122,373	124,260

See accompanying notes to the financial statements.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

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 entities that are accounted for in this manner are:

Thunder Bay Area Emergency Measures Organization
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, 2016

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, 2016

[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, 2016

[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, 2016

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 \$13,059 [2015 - \$12,784] 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, 2016

3. DEFERRED REVENUE

	2016 \$	2015 \$
Obligatory reserve funds		
Helipad proceeds	15,174	12,767
General deferred revenue		
Tax deposits	4,251	5,215
	19,425	17,982

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	2016 Total \$	2015 Total \$
Balance, beginning of year	-	17,982	17,982	43,611
Conditional grant proceeds				
received in year	-	-	-	27,392
Other income received	-	3,500	3,500	3,036
Revenue recognized in year	-	(2,057)	(2,057)	(56,057)
Balance, end of year	-	19,425	19,425	17,982

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 \$8,074 [2015 - \$8,050]. An amount of \$nil [2015 - \$2,416] 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 2016 was \$7,795 [2015 - \$6,995] for current service.

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

6. DEBT

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

	2016	2015
	\$	\$
Term loan repayable in bi-weekly instalments of \$527, including interest at 3.46%, maturing October, 2020.	102,515	112,507

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

	\$
2017	10,333
2018	10,697
2019	11,073
2020	70,412
	102,515

[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 \$3,717 [2015 - \$4,849].

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

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 3.71% and inflation adjusted at 1.44% per annum to the estimated year of closure. The change in the recorded liability is \$28,129 [2015 - (\$6,428)] based on a total estimated undiscounted outflow in the future of \$300,479 [2015 - \$472,457], leaving an amount to be recognized in the future of \$263,312 [2015 - \$463,419], over the closure and post-closure period. An amount of \$20,586 [2015 - \$19,151] 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 27 years and the remaining capacity is 12,046 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 2016 [2015 - \$nil].

Interest capitalized during 2016 was \$nil [2015 - \$nil].

There were no contributed tangible capital assets in 2016 [2015 - \$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 2016 was \$67 [2015 - \$67].

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

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. Protective inspection and control also represents the Township's contribution to the activities of the Thunder Bay Area Emergency Measures Organization ("EMO").

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, 2016

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:

	2016	2015
	\$	\$
Reserves		
Balance, beginning of year	22,000	22,000
Balance, end of year	22,000	22,000
Reserve funds		
Balance, beginning of year	228,095	154,179
Increases		
Transfers to reserve funds	37,418	73,362
Interest earned	427	554
	37,845	73,916
Decreases		
Transfers from reserve funds	2,416	-
Balance, end of year	263,524	228,095

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

11. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$64,327 [2015 - \$94,888] 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	391,170	-	391,170
Government transfers	263,843	-	263,843
Other	19,525	-	19,525
	674,538	-	674,538
Expenses			
General government	200,163	(4,500)	195,663
Protection to persons and property	127,256	(3,074)	124,182
Transportation services	329,047	(49,108)	279,939
Environmental services	16,192	(648)	15,544
Health services	33,811	-	33,811
Social and family services	39,212	-	39,212
Recreation and cultural services	2,584	-	2,584
Planning and development	250	-	250
	748,515	(57,330)	691,185
Annual surplus (deficit)	(73,977)	57,330	(16,647)
Interfund transfers	23,950	23,950	
Capital items	87,000	87,000	
Debt repayments	9,810	9,810	
Amortization	-	(63,430)	
Approved surplus	120,760	57,330	

The Corporation of the Township of Gillies

Notes to the Financial Statements

December 31, 2016

13. COMMITMENTS

The Township leases office space under an operating lease expiring in August 31, 2017 and other office equipment expiring November, 2021. The future minimum annual lease payments are as follows:

	\$
2017	10,683
2018	2,198
2019	2,198
2020	2,198
2021	2,198
	<hr/> 19,475

14. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 financial statements.

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

Year ended December 31	2016	2015
	\$	\$
Surpluses		
General fund	5,477	53,515
Investment in tangible capital assets	1,574,054	1,311,537
Unfunded		
Employee benefits and post-employment liabilities	(14,074)	(11,087)
Debt	(102,515)	(112,507)
Landfill closure and post-closure liability	(37,167)	(9,038)
Total surpluses	1,425,775	1,232,420
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	132,151	114,980
For Volunteer Fire Department	24,706	19,164
For roads	42,914	30,291
For sick leave liability	-	2,416
For infrastructure	62,751	61,244
For centenary	1,002	-
Total reserve funds	263,524	228,095
Accumulated surplus	1,711,299	1,482,515

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

Schedule 2

Year ended December 31, 2016

	General						Infrastructure					Totals	
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Equipment and Machinery \$	Capital Work-in-progress \$	Land \$	Buildings \$	Roads \$	Equipment, Machinery and Vehicles \$	Bridges and Other Structures \$	2016 \$	2015 \$
COST													
Balance, beginning													
of year	32,546	22,746	61,374	220,423	21,449	-	392,018	47,500	1,386,633	455,609	412,437	3,052,735	2,953,697
Add													
Additions during the year	-	-	-	-	-	-	-	-	70,439	-	277,417	347,856	99,038
Less													
Disposals during the year	-	-	-	-	-	-	-	-	-	-	41,731	41,731	-
Balance, end 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
ACCUMULATED AMORTIZATION													
Balance, beginning of year	-	7,959	26,348	58,675	6,016	-	-	37,568	1,208,918	180,218	215,496	1,741,198	1,684,239
Add													
Amortization during the year	-	1,137	1,258	9,841	752	-	-	946	19,000	20,873	9,623	63,430	56,959
Less													
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-	19,822	19,822	-
Balance, end 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
Net book value, beginning of year	32,546	14,787	35,026	161,748	15,433	-	392,018	9,932	177,715	275,391	196,941	1,311,537	1,269,458
Net book value, end 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

The Corporation of the Township of Gillies
Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2016

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	399,633	372,492	-	-	-	-	-	-	-	-
Government transfers - operating	202,900	229,663	3,189	-	317,978	178,876	2,062	3,865	-	-
Investment income	1,189	1,119	-	-	-	-	-	-	-	-
Other revenues	34,308	30,434	(927)	4,130	-	-	1,194	-	2,297	-
	638,030	633,708	2,262	4,130	317,978	178,876	3,256	3,865	2,297	-
Expenses										
Salaries, wages and employee benefits	100,032	81,234	7,370	12,590	120,333	114,761	8,765	8,892	4,730	4,377
Long-term debt charges	-	-	3,717	4,849	-	-	-	-	-	-
Materials	42,872	36,286	36,015	28,290	102,395	167,913	31,583	(3,393)	916	-
Contracted services	46,788	58,437	58,440	37,178	-	-	3,022	2,894	-	-
Rent and financials	12,978	16,766	-	-	-	-	-	-	-	-
External transfers to others	-	-	2,809	2,998	-	-	-	-	30,038	29,117
Amortization	-	-	12,236	12,237	50,442	43,970	752	752	-	-
	202,670	192,723	120,587	98,142	273,170	326,644	44,122	9,145	35,684	33,494
Net revenues (expenses) before undernoted item										
	435,360	440,985	(118,325)	(94,012)	44,808	(147,768)	(40,866)	(5,280)	(33,387)	(33,494)
Gain (loss) on disposal of tangible capital assets	3,955	-	-	-	(21,909)	-	-	-	-	-
Annual surplus (deficit)										
	439,315	440,985	(118,325)	(94,012)	22,899	(147,768)	(40,866)	(5,280)	(33,387)	(33,494)

The Corporation of the Township of Gillies
Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2016

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	399,633	372,492
Government transfers - operating	-	-	984	984	-	-	527,113	413,388
Investment income	-	-	-	-	-	-	1,189	1,119
Other revenues	-	-	-	-	-	-	36,872	34,564
	-	-	984	984	-	-	964,807	821,563
Expenses								
Salaries, wages and employee benefits	-	-	1,170	528	-	-	242,400	222,382
Long-term debt charges	-	-	-	-	-	-	3,717	4,849
Materials	-	-	85	389	-	-	213,866	229,485
Contracted services	-	-	984	984	-	-	109,234	99,493
Rent and financials	-	-	-	-	-	-	12,978	16,766
External transfers to others	39,347	42,156	-	-	250	250	72,444	74,521
Amortization	-	-	-	-	-	-	63,430	56,959
	39,347	42,156	2,239	1,901	250	250	718,069	704,455
Net revenues (expenses) before undernoted item								
	(39,347)	(42,156)	(1,255)	(917)	(250)	(250)	246,738	117,108
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	(17,954)	-
Annual surplus (deficit)								
	(39,347)	(42,156)	(1,255)	(917)	(250)	(250)	228,784	117,108

Independent Auditor's Report

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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, 2016, 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, 2016, 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
September 11, 2017

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	2016	2015
	\$	\$
ASSETS		
Current		
Cash	13,509	13,334
LIABILITIES AND FUND BALANCE		
Current		
Due to The Corporation of the Township of Gillies	450	550
Fund balance	13,059	12,784
	13,509	13,334

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	2016	2015
	\$	\$
REVENUES		
Interest earned	175	-
Fees earned	100	200
Total revenues	275	200
EXPENSES	-	-
Excess of revenues over expenses for the year	275	200
Fund balance, beginning of year	12,784	12,584
Fund balance, end of year	13,059	12,784

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	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	275	200
Decrease in due to The Corporation of the Township of Gillies	(100)	-
Cash provided by operating activities	175	200
Increase in cash during year	175	200
Cash, beginning of year	13,334	13,134
Cash, end of year	13,509	13,334

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, 2016

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.