

**The Corporation of  
the Township of Gillies**  
**Financial Statements**  
For the year ended December 31, 2023

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	<b>Contents</b>
<b>Management's Statement of Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements</b>	
Statement of Financial Position	6
Statement of Operations and Accumulated Surplus	7
Statement of Change in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

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## The Corporation of the Township of Gillies Management's Statement of Responsibility for Financial Reporting

December 31, 2023

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The accompanying financial statements of the Corporation of the Township of Gillies are the responsibility of management and have been approved by the Reeve and Council.

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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 the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Reeve and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been reported on by the Corporation of the Township of Gillies external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements. BDO Canada LLP have access to financial management and the Reeve and Council of the Corporation of the Township of Gillies and meet when required.



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Reeve



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Clerk-Treasurer

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## Independent Auditor's Report

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**To the Members of Council of  
The Corporation of the Township of Gillies**

### **Qualified Opinion**

We have audited the financial statements of the Corporation of the Township of Gillies (the Township), which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, change in net assets and the 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, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2023 and the results of its operations, its change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

Effective January 1, 2023, the Township was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

As a result of PS 3280 not being adopted, the Township accounts for its landfill closure and post-closure liability in accordance with the withdrawn PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, landfill closure and post-closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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 qualified opinion.

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## Independent Auditor's Report (cont'd)

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### **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 the 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 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.

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## Independent Auditor's Report (cont'd)

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### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
August 15, 2024

**The Corporation of the Township of Gillies  
Statement of Financial Position**

<u>December 31</u>	<u>2023</u>	<u>2022</u>
<b>Financial assets</b>		
Cash (Note 2)	\$ 639,048	\$ 707,465
Taxes receivable	186,222	99,089
Accounts and grants receivable (Note 3)	36,026	20,880
	<u>861,296</u>	<u>827,434</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	83,657	69,291
Taxation revenue paid in advance	16,140	16,964
Deferred revenue (Note 4)	532,666	517,922
Landfill closure and post-closure liability (Note 5)	65,048	78,925
Debt (Note 6)	115,640	145,603
	<u>813,151</u>	<u>828,705</u>
<b>Net financial assets (debt)</b>	<u>48,145</u>	<u>(1,271)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	1,745,870	1,701,428
Prepaid expenses	2,034	4,341
Inventory - supplies	5,245	5,245
	<u>1,753,149</u>	<u>1,711,014</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 1,801,294</u>	<u>\$ 1,709,743</u>

  
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Reeve

  
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Clerk-Treasurer

## The Corporation of the Township of Gillies Statement of Operations and Accumulated Surplus

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 12)		
<b>Revenue</b>			
Taxation			
Residential and farm	\$ 643,952	\$ 658,675	\$ 516,295
Commercial and industrial	10,198	10,431	8,242
Taxation from other governments	-	7,010	5,942
User charges			
Other fees and service charges	18,180	5,907	14,923
Government transfers (Note 9)			
Government of Canada	137,772	58,675	8,568
Province of Ontario	332,929	305,614	214,445
Other municipalities	1,000	-	1,305
Other			
Investment income	-	11,347	5,483
Penalties and late payment charges	10,000	9,436	13,333
Other revenues	-	23,827	13,680
	<b>1,154,031</b>	<b>1,090,922</b>	<b>802,216</b>
<b>Expenses (Note 10)</b>			
General government	406,927	341,311	341,085
Protection to persons and property	168,292	170,017	154,875
Transportation services	334,009	348,211	343,220
Environmental services	27,645	40,078	25,357
Health services	48,173	49,188	48,432
Social and family services	49,367	49,219	47,123
Recreation and cultural services	984	984	984
Planning and development	250	363	250
	<b>1,035,647</b>	<b>999,371</b>	<b>961,326</b>
<b>Annual surplus (deficit)</b>	<b>118,384</b>	<b>91,551</b>	<b>(159,110)</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,709,743</b>	<b>1,709,743</b>	<b>1,868,853</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 1,828,127</b>	<b>\$ 1,801,294</b>	<b>\$ 1,709,743</b>

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

The Corporation of the Township of Gillies  
Statement of Change in Net Assets

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 12)		
Annual surplus (deficit)	\$ 118,384	\$ 91,551	\$ (159,110)
Net acquisition of tangible capital assets	(130,700)	(137,463)	(3,380)
Amortization of tangible capital assets	-	90,026	92,748
Loss on disposal of tangible capital assets	-	2,995	-
Change in prepaid expenses	-	2,307	292
Net change in net assets (debt)	(12,316)	49,416	(69,450)
Net assets (debt), beginning of year	(1,271)	(1,271)	68,179
Net assets (debt), end of year	\$ (13,587)	\$ 48,145	\$ (1,271)

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



## The Corporation of the Township of Gillies Statement of Cash Flows

For the year ended December 31	2023	2022
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 91,551	\$ (159,110)
Items not involving cash		
Amortization	90,026	92,748
Loss on sale of tangible capital assets	2,995	-
Landfill closure and post-closure liabilities	(13,877)	8,377
	<u>170,695</u>	<u>(57,985)</u>
Changes in non-cash operating balances		
Taxes receivable	(87,133)	11,309
Accounts and grants receivable	(15,146)	(2,689)
Accounts payable and accrued liabilities	14,366	25,380
Deferred taxation revenue	(824)	7,802
Deferred revenue	14,744	226,235
Prepaid expenses	2,307	292
	<u>99,009</u>	<u>210,344</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(137,463)	(3,380)
<b>Financing transactions</b>		
Repayment of debt	(29,963)	(29,082)
<b>Increase (decrease) in cash for the year</b>	<b>(68,417)</b>	<b>177,882</b>
Cash, beginning of year	<u>707,465</u>	<u>529,583</u>
<b>Cash, end of year</b>	<b>\$ 639,048</b>	<b>\$ 707,465</b>

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

## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 1. Significant Accounting Policies

<b>Management's Responsibility for the Financial Statements</b>	The financial statements of the Township are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Township of Gillies (the "Township") is a township in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Township provides municipal services such as protection to persons and property, public works, planning, recreation and other general government services.
<b>Reporting Entity</b>	<p>The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township.</p> <p>The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:</p> <p style="margin-left: 40px;">Thunder Bay District Health Unit The District of Thunder Bay Social Services Administration Board Lakehead Rural Planning Board</p>
<b>Accounting for School Board Transactions</b>	<p>The Township collects taxation revenue on behalf of the school boards.</p> <p>The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these financial statements. Education taxes collected by the Township and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the statement of financial position.</p>
<b>Tangible Capital Assets</b>	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 1. Significant Accounting Policies (cont'd)

<b>Tangible Capital Assets (cont'd)</b>	<p>Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">40 to 70 years</td> </tr> <tr> <td>Leasehold improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 25 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 30 years</td> </tr> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">25 to 75 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 60 years</td> </tr> <tr> <td>Bridges and other structures</td> <td style="text-align: right;">-</td> <td style="text-align: right;">35 to 80 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p> <p>Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances and landfill site.</p>	Buildings	-	40 to 70 years	Leasehold improvements	-	5 years	Vehicles	-	15 to 25 years	Machinery and equipment	-	10 to 30 years	Land improvements	-	25 to 75 years	Roads	-	15 to 60 years	Bridges and other structures	-	35 to 80 years
Buildings	-	40 to 70 years																				
Leasehold improvements	-	5 years																				
Vehicles	-	15 to 25 years																				
Machinery and equipment	-	10 to 30 years																				
Land improvements	-	25 to 75 years																				
Roads	-	15 to 60 years																				
Bridges and other structures	-	35 to 80 years																				
<b>Trust Funds</b>	<p>Any funds held in trust by the Township, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.</p>																					
<b>Inventory</b>	<p>Inventory supplies are recorded at the lower of cost or replacement cost.</p>																					
<b>Pension and Employee Benefits</b>	<p>The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investments of the assets and administration of the benefits. The Township records pension expense when contributions are due.</p>																					
<b>Deferred Revenue</b>	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.</p>																					
<b>Landfill Closure and Post-Closure Liability</b>	<p>The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expense as the landfill site's capacity is used.</p>																					

## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 1. Significant Accounting Policies (cont'd)

<b>Revenue Recognition</b>	<p>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.</p> <p>Interest is recognized as it is earned. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.</p> <p>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 specified purpose.</p>
<b>Government Transfers</b>	<p>Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.</p>
<b>Taxation Revenue</b>	<p>The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.</p> <p>Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the Township are provided to the Township in the form of the returned assessment roll in December of each year.</p>

## The Corporation of the Township of Gillies Notes to Financial Statements

**December 31, 2023**

### 1. Significant Accounting Policies (cont'd)

**Taxation Revenue (cont'd)** The amount of property taxes levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets and landfill closure and post closure liabilities.

### 2. Cash

	2023	2022
Operating accounts	\$ 117,966	\$ 213,335
High interest savings accounts	328,796	326,029
Reserve account	192,286	168,101
	\$ 639,048	\$ 707,465

The Township's high interest savings accounts earns interest at an effective interest rate of 5.465% at December 31, 2023.

## The Corporation of the Township of Gillies Notes to Financial Statements

**December 31, 2023**

### 3. Accounts and Grants Receivable

	<u>2023</u>	<u>2022</u>
GST/HST public service bodies' rebate (payable)	\$ 30,860	\$ 14,411
Trade	5,166	6,469
	<u>\$ 36,026</u>	<u>\$ 20,880</u>

### 4. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Canada Community Building Fund (previously Federal Gas Tax)	\$ 135,221	\$ 160,913
COVID-19 recovery funding	6,219	6,882
Fire safety grant	2,230	2,230
Orange - helipad maintenance	11,765	11,765
Northern Ontario Resource Development Support (NORDS)	178,960	116,818
Ontario Community Infrastructure Fund (OCIF)	198,271	219,314
	<u>\$ 532,666</u>	<u>\$ 517,922</u>

The net change during the year in the deferred revenue is made up as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 517,922	\$ 291,687
Interest earned	9,067	4,636
Transfers from revenue	188,251	439,828
Transfers to revenue	<u>(182,574)</u>	<u>(218,229)</u>
Balance, end of year	<u>\$ 532,666</u>	<u>\$ 517,922</u>

### 5. Landfill Closure and Post-Closure Liability

The statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill site. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

An amount of \$31,684 (2022 - \$29,835) has been provided to fund this liability and future landfill expansion and is included in a reserve fund for landfill (Note 8). The unfunded portion of the liability will be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

## The Corporation of the Township of Gillies Notes to Financial Statements

**December 31, 2023**

### 5. Landfill Closure and Post-Closure Liability (cont'd)

Total estimated expenses for closure and post-closure costs as at December 31, 2023	\$108,879
Landfill closure and post-closure liabilities as at December 31, 2023	\$65,048
Total expenditures remaining to be recognized	\$43,831
Remaining capacity of the site (cubic metres)	7,246
Remaining landfill site life (years)	20
Number of years required for post-closure care	20
Discount rate	4.69%

### 6. Debt

	<u>2023</u>	<u>2022</u>
<b>Royal Bank of Canada</b>		
Term loan payable in bi-weekly instalments of \$520 including interest at 2.52%, maturing October 2025	\$ 20,825	\$ 33,659
<b>Ontario Infrastructure Debenture</b>		
Debenture payable in semi-annually instalments of \$10,385, including interest at 3.38%, maturing November 2028	<u>94,815</u>	<u>111,944</u>
	<u>\$ 115,640</u>	<u>\$ 145,603</u>

Principal payments due in the next five years and thereafter are as follows:

	<u>Current Banking Agreements</u>
<u>Year</u>	<u>Amount</u>
2024	30,870
2025	25,990
2026	18,940
2027	19,590
2028	<u>20,250</u>
	<u>\$ 115,640</u>

**The Corporation of the Township of Gillies**  
**Notes to Financial Statements**

December 31, 2023

**7. Tangible Capital Assets**

	General						Infrastructure						2023 Total	2022 Total
	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery and Equipment	Land	Buildings	Roads	Equipment, Machinery and Vehicles	Bridges and Other Structures	Construction in Progress		
Cost, beginning of year	\$ 32,546	\$ 22,746	\$ 16,357	\$ 61,374	\$ 276,973	\$ 57,595	\$ 392,018	\$ 65,581	\$ 1,573,637	\$ 612,203	\$ 723,844	\$ 61,040	\$ 3,834,874	\$ 3,831,494
Additions	-	-	-	-	-	-	-	11,245	18,490	10,000	-	97,728	137,463	3,380
Disposals	(2,995)	-	-	-	-	-	-	-	-	-	-	-	(2,995)	-
Cost, end of year	29,551	22,746	16,357	61,374	276,973	57,595	392,018	76,826	1,592,127	622,203	723,844	158,768	3,969,342	3,834,874
Accumulated amortization, beginning of year	-	15,922	16,357	35,151	115,619	14,742	-	42,201	1,282,256	331,613	279,585	-	2,133,446	2,040,698
Amortization	-	1,137	-	1,258	11,450	2,859	-	773	33,469	25,764	13,316	-	90,026	92,748
Accumulated amortization, end of year	-	17,059	16,357	36,409	127,069	17,601	-	42,974	1,315,725	357,377	292,901	-	2,223,472	2,133,446
Net carrying amount, end of year	\$ 29,551	\$ 5,687	\$ -	\$ 24,965	\$ 149,904	\$ 39,994	\$ 392,018	\$ 33,852	\$ 276,402	\$ 264,826	\$ 430,943	\$ 158,768	\$ 1,745,870	\$ 1,701,428

The net book value of tangible capital assets not being amortized because they are a work-in-progress is \$158,768 (2022 - \$61,040).



## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 8. Accumulated Surplus

The Township segregates its accumulated surplus (deficit) into the following categories:

	<u>2023</u>	<u>2022</u>
<b>Surpluses (deficits)</b>		
General fund	\$ 6,973	\$ (14,345)
Investment in tangible capital assets	1,745,870	1,701,428
Amounts to be funded		
Debt	(115,640)	(145,604)
Landfill closure and post-closure liability	(33,364)	(49,091)
<b>Total surpluses</b>	<u>1,603,839</u>	<u>1,492,388</u>
<b>Reserves set aside for specific purposes by Council</b>		
For working capital	<u>22,000</u>	<u>22,000</u>
<b>Reserve funds set aside for specific purposes by Council</b>		
For contingencies	32,586	49,700
For volunteer fire department	36,878	34,854
For roads	52,238	59,998
For infrastructure	259	245
For office construction	19,810	18,722
For landfill	33,684	31,835
<b>Total reserve funds</b>	<u>175,455</u>	<u>195,354</u>
<b>Accumulated surplus</b>	<u>\$ 1,801,294</u>	<u>\$ 1,709,742</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 9. Government Transfers

	Budget 2023	2023	2022
<b>Federal</b>			
Canada Community Building Fund (previously Federal Gas Tax)	\$ 137,772	\$ 58,675	\$ 8,568
<b>Provincial</b>			
COVID-19 Safe Restart	405	663	9,320
Municipal Modernization Program	6,477	5,329	13,965
Ontario Municipal Partnership Fund	166,900	166,900	176,500
Ontario Community Infrastructure Fund	150,863	123,236	6,377
Other	8,284	9,486	8,283
	<b>332,929</b>	<b>305,614</b>	<b>214,445</b>
<b>Other Municipalities</b>			
Provincial Offences Act	1,000	-	1,305
	<b>\$ 471,701</b>	<b>\$ 364,289</b>	<b>\$ 224,318</b>

### 10. Expenses By Object

	Budget 2023	2023	2022
Salaries, wages and employee benefits	\$ 356,079	\$ 360,937	\$ 347,352
Interest on debt	3,640	4,331	5,214
Materials and supplies	415,479	262,014	267,434
Contracted services	141,969	161,373	132,919
Rents and financial expenses	18,000	19,382	18,099
External transfers	100,480	101,309	97,560
Amortization	-	90,025	92,748
	<b>\$ 1,035,647</b>	<b>\$ 999,371</b>	<b>\$ 961,326</b>

## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

### 11. Pension and Employee Benefits

The Township makes contributions to the Ontario Municipal Employees Retirement System (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 the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provides pension services to almost half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.2 billion (\$130.3 billion in 2022) in respect of benefits accrued for service with actuarial assets at that date of \$132.0 billion (\$123.6 billion in 2022) indicating an actuarial deficit of \$4.2 billion (\$6.7 billion in 2022). Because OMERS is a multi-employer Plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2023 were \$20,425 (\$15,953 in 2022), which is included as an expense on the statement of operations and accumulated surplus.

### 12. Budget

The Financial Plan (Budget) By-Law adopted by Council on August 14, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net assets (debit) represent the Financial Plan adopted by Council on August 14, 2023, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenses	130,700
Debt repayment	30,656
Less:	
Budgeted transfers from reserve funds	(30,700)
Prior year surplus included in budget	(12,272)
	<hr/>
Budget deficit per statement of operations	<u>\$ 118,384</u>

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## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

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### 13. Trust Fund

The Township of Gillies Cemetery Perpetual Care Trust Fund administered by the Township amounting to \$21,770 (2022 - \$21,535) has not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus.

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### 14. Contingency

A claim has been filed against the Township, but management believes that the claim is without merit. No liability has been recorded in these financial statements and any costs to be incurred are expected to be covered by insurance.

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### 15. Financial Instrument Risk Management

The Township is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Township is exposed to credit risk through its cash, accounts and grants receivable and taxes receivable. The Township is subject to credit risk on the excess deposits over the amount not covered by the Canadian Deposit Insurance Corporation (CDIC). Credit risk also arises on receivables over the collectibility of these balances.

The Township manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. Accounts and grants receivable largely consists of amounts due for Public Service Bodies' (PSB) rebates for HST paid on purchases and government funding where all eligibility criteria has been met. Amounts due from the Provincial and Federal governments are not considered high risk. The risk surrounding taxes receivable is minimized as the Township can put a property up for tax sale after it has been vested.

The Township's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and receivables as presented on the statement of financial position.

There have not been any changes from the prior year in the Township's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

#### Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting obligations associated with financial liabilities. The Township is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term debt.

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## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

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### 15. Financial Instrument Risk Management (cont'd)

The Township manages its liquidity risk by monitoring cash activities and expected outflows through budgeting.

There have not been any changes from the prior year in the Township's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Township is mainly exposed to interest rate risk. The Township does not feel it is exposed to currency or other price risk.

The Township's risk management strategies are described below.

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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### 16. Segmented Information

The Corporation of the Township of Gillies provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### a) General Government

General government is comprised of various administrative services including general administration and finance, the services of the Reeve and Council, the health and safety program, and the operation and maintenance of the Township Office. Township office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Township.

#### b) Protection to Persons and Property

Protection services include police services, fire services and protective inspection and control and services provided by the Lakehead Region Conservation Authority. The volunteer fire department is responsible for being the first response to emergencies in the Township and is responsible for staffing, training, and the maintenance of the fire hall, fleet, and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police and building inspections are currently contracted out to ensure compliance with building code and zoning requirements.

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## The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2023

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### 16. Segmented Information (cont'd)

#### c) Transportation Services

Transportation services include roadway maintenance of the Township roadway systems, culverts, signage and winter control that includes plowing, salt/sand application, snow removal and flood control. Included in this segment is maintenance of all public works equipment and the garage.

#### d) Environmental Services

The Township provides waste disposal at a landfill site and includes recycling and landfill site operations and waste minimization programs.

#### e) Health Services

Health services include public health services and ambulance services. Public health services cover the Township's contribution to the activities to 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 the 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. This reporting segment also covers the operation and maintenance of the Riverside Cemetery and Pinegrove Cemetery.

#### f) Social and Family Services

Social and family services represent 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.

#### g) Recreational and Cultural Services

Recreation and cultural services includes 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.

#### h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans. The Township's contribution to activities of the Lakehead Rural Planning Board are included in the planning activities.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**The Corporation of the Township of Gillies**  
**Notes to Financial Statements**

**16. Segmented Information (cont'd)**

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
<b>Revenue</b>									
Taxation	\$ 676,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	676,116
Government transfers	296,128	-	58,675	5,002	3,500	-	984	-	364,289
User fees and service charges	-	4,507	-	-	1,400	-	-	-	5,907
Investment income	11,347	-	-	-	-	-	-	-	11,347
Other revenues	27,988	657	-	4,618	-	-	-	-	33,263
	<u>1,011,579</u>	<u>5,164</u>	<u>58,675</u>	<u>9,620</u>	<u>4,900</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>1,090,922</u>
<b>Expenses</b>									
Salaries, wages and employee benefits	173,206	26,938	149,968	10,825	-	-	-	-	360,937
Interest on debt	-	-	4,331	-	-	-	-	-	4,331
Materials and supplies	91,115	61,706	122,487	(13,445)	151	-	-	-	262,014
Contracted services	55,349	62,324	770	41,946	-	-	984	-	161,373
Rents and financial	19,382	-	-	-	-	-	-	-	19,382
External transfers	-	2,690	-	-	49,037	49,219	-	363	101,309
Amortization	2,259	16,359	70,655	752	-	-	-	-	90,025
	<u>341,311</u>	<u>170,017</u>	<u>348,211</u>	<u>40,078</u>	<u>49,188</u>	<u>49,219</u>	<u>984</u>	<u>363</u>	<u>999,371</u>
<b>Annual surplus (deficit)</b>	<u>\$ 670,268</u>	<u>\$ (164,853)</u>	<u>\$ (289,536)</u>	<u>\$ (30,458)</u>	<u>\$ (44,288)</u>	<u>\$ (49,219)</u>	<u>\$ -</u>	<u>\$ (363)</u>	<u>\$ 91,551</u>

**The Corporation of the Township of Gillies**  
**Notes to Financial Statements**

**16. Segmented Information (cont'd)**

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total
<b>Revenue</b>									
Taxation	\$ 530,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	530,479
Government transfers	206,162	-	8,568	3,799	3,500	-	984	-	223,013
User fees and service charges	-	7,968	3,920	-	3,035	-	-	-	14,923
Investment income	5,483	-	-	-	-	-	-	-	5,483
Other municipalities	-	1,305	-	-	-	-	-	-	1,305
Other revenues	25,687	-	-	1,326	-	-	-	-	27,013
	<u>767,811</u>	<u>9,273</u>	<u>12,488</u>	<u>5,125</u>	<u>6,535</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>802,216</u>
<b>Expenses</b>									
Salaries, wages and employee benefits	167,951	25,213	145,637	8,551	-	-	-	-	347,352
Interest on debt	-	-	5,214	-	-	-	-	-	5,214
Materials and supplies	85,537	49,695	122,815	8,529	858	-	-	-	267,434
Contracted services	60,985	62,890	535	7,525	-	-	984	-	132,919
Rents and financial	18,099	-	-	-	-	-	-	-	18,099
External transfers	-	2,613	-	-	47,574	47,123	-	250	97,560
Amortization	8,513	14,464	69,019	752	-	-	-	-	92,748
	<u>341,085</u>	<u>154,875</u>	<u>343,220</u>	<u>25,357</u>	<u>48,432</u>	<u>47,123</u>	<u>984</u>	<u>250</u>	<u>961,326</u>
<b>Annual surplus (deficit)</b>	<b>\$ 426,726</b>	<b>\$ (145,602)</b>	<b>\$ (330,732)</b>	<b>\$ (20,232)</b>	<b>\$ (41,897)</b>	<b>\$ (47,123)</b>	<b>\$ -</b>	<b>\$ (250)</b>	<b>\$ (159,110)</b>