

**The Corporation of
the Township of Gillies**
Financial Statements
For the year ended December 31, 2021

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

December 31, 2021

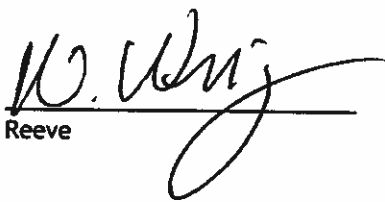
The accompanying financial statements of the Corporation of the Township of Gillies are the responsibility of management and have been approved by the Reeve and Council.

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.


Reeve


Clerk-Treasurer

Independent Auditor's Report

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

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, 2021 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2021 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 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 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.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Independent Auditor's Report (cont'd)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 27, 2022

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

December 31	2021	2020
Financial assets		
Cash (Note 2)	\$ 529,583	\$ 595,470
Taxes receivable	110,398	88,113
Accounts and grants receivable (Note 3)	18,191	94,907
	<u>658,172</u>	<u>778,490</u>
Liabilities		
Accounts payable and accrued liabilities	43,911	140,584
Taxation revenue paid in advance	9,162	9,468
Deferred revenue (Note 4)	291,687	199,472
Landfill closure and post-closure liability (Note 5)	70,548	53,180
Debt (Note 6)	174,685	202,905
	<u>589,993</u>	<u>605,609</u>
Net financial assets	<u>68,179</u>	<u>172,881</u>
Non-financial assets		
Tangible capital assets (Note 7)	1,790,796	1,857,150
Prepaid expenses	4,633	1,221
Inventory - supplies	5,245	5,245
	<u>1,800,674</u>	<u>1,863,616</u>
Accumulated surplus (Note 8)	<u>\$ 1,868,853</u>	<u>\$ 2,036,497</u>



Reeve



Clerk-Treasurer

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

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

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
	(Note 12)		
Revenue			
Taxation			
Residential and farm	\$ 472,407	\$ 471,462	\$ 428,482
Commercial and industrial	7,707	7,692	7,528
Taxation from other governments	-	5,661	5,228
User charges			
Other fees and service charges	38,000	6,417	11,889
Government transfers (Note 9)			
Government of Canada	-	16,790	12,954
Province of Ontario	242,775	243,745	326,602
Other municipalities	500	821	1,174
Other			
Investment income	8,000	3,002	5,664
Penalties and late payment charges	4,500	6,089	4,328
Other revenues	-	26,384	15,807
	773,889	788,063	819,656
Expenses (Note 10)			
General government	356,626	363,058	289,031
Protection to persons and property	133,009	140,126	130,333
Transportation services	275,338	326,756	286,288
Environmental services	23,987	33,386	18,026
Health services	47,497	45,332	43,951
Social and family services	45,816	45,815	45,163
Recreation and cultural services	2,034	984	1,581
Planning and development	250	250	250
	884,557	955,707	814,623
Annual surplus (deficit)	(110,668)	(167,644)	5,033
Accumulated surplus, beginning of year	2,036,497	2,036,497	2,031,464
Accumulated surplus, end of year	\$ 1,925,829	\$ 1,868,853	\$ 2,036,497

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	2021 Budget	2021 Actual	2020 Actual
	(Note 12)		
Annual surplus (deficit)	\$ (110,668)	\$ (167,644)	\$ 5,033
Net acquisition of tangible capital assets	(21,394)	(20,400)	(105,241)
Amortization of tangible capital assets	-	86,754	86,293
Change in prepaid expenses	-	(3,412)	1,115
Net change in net assets	(132,062)	(104,702)	(12,800)
Net financial assets, beginning of year	172,881	172,881	185,681
Net financial assets, end of year	\$ 40,819	\$ 68,179	\$ 172,881

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	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ (167,644)	\$ 5,033
Items not involving cash		
Amortization	86,754	86,293
Landfill closure and post-closure liabilities	17,368	911
	<u>(63,522)</u>	<u>92,237</u>
Changes in non-cash operating balances		
Taxes receivable	(22,285)	(20,946)
Accounts and grants receivable	76,716	38,812
Accounts payable and accrued liabilities	(96,673)	104,395
Deferred taxation revenue	(306)	1,692
Deferred revenue	92,215	40,585
Prepaid expenses	(3,412)	1,115
	<u>(17,267)</u>	<u>257,890</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(20,400)</u>	<u>(105,241)</u>
Financing transactions		
Repayment of debt	<u>(28,220)</u>	<u>(27,511)</u>
Increase (decrease) in cash for the year	(65,887)	125,138
Cash, beginning of year	<u>595,470</u>	<u>470,332</u>
Cash, end of year	<u>\$ 529,583</u>	<u>\$ 595,470</u>

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

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements	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.
Reporting Entity	<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>
Accounting for School Board Transactions	<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>
Tangible Capital Assets	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, 2021

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets (cont'd)	<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																				
Trust Funds	<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>																					
Inventory	<p>Inventory supplies are recorded at the lower of cost or replacement cost.</p>																					
Pension and Employee Benefits	<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>																					
Deferred Revenue	<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>																					
Landfill Closure and Post-Closure Liability	<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, 2021

1. Significant Accounting Policies (cont'd)

Revenue Recognition	<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>
Government Transfers	<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>
Taxation Revenue	<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, 2021

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

	2021	2020
Operating accounts	\$ 105,188	\$ 176,618
High interest savings account	269,692	417,463
Reserve account	154,703	1,389
	\$ 529,583	\$ 595,470

The Township's high interest savings account earns interest at an effective interest rate of 0.7150%.

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

December 31, 2021

3. Accounts and Grants Receivable

	<u>2021</u>	<u>2020</u>
GST/HST public service bodies' rebate (payable)	\$ (1,136)	\$ 30,879
Ministry of Infrastructure	14,368	50,852
Municipal Modernization Program	-	7,500
Other government transfers	-	1,471
Trade	4,959	4,205
	<u>\$ 18,191</u>	<u>\$ 94,907</u>

4. Deferred Revenue

	<u>2021</u>	<u>2020</u>
Canada Community - Building Fund (previously Federal Gas Tax)	\$ 138,035	\$ 95,736
Fire safety grant	2,230	-
Ornge - helipad maintenance	11,765	11,765
COVID-19 recovery funding	16,202	19,391
Ontario Community Infrastructure Fund (OCIF)	123,455	72,580
	<u>\$ 291,687</u>	<u>\$ 199,472</u>

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 199,472	\$ 158,887
Transfers from revenue	337,438	376,878
Transfers to revenue	(245,223)	(336,293)
	<u>\$ 291,687</u>	<u>\$ 199,472</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 \$29,232 (2020 - \$28,999) 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, 2021

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

Total estimated expenses for closure and post-closure costs as at December 31, 2021	\$124,049
Landfill closure and post-closure liabilities as at December 31, 2021	\$70,548
Total expenditures remaining to be recognized	\$72,081
Remaining capacity of the site (cubic metres)	9,097
Remaining landfill site life (years)	22
Number of years required for post-closure care	20
Discount rate	3.38%

6. Debt

	<u>2021</u>	<u>2020</u>
Royal Bank of Canada		
Term loan payable in bi-weekly instalments of \$520 including interest at 2.52%, maturing October 2025	\$ 46,175	\$ 58,376
Ontario Infrastructure Debenture		
Debenture payable in semi-annually instalments of \$10,385, including interest at 3.38%, maturing November 2028	<u>128,510</u>	<u>144,529</u>
	<u>\$ 174,685</u>	<u>\$ 202,905</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>
2022	\$ 29,080
2023	29,960
2024	30,870
2025	25,990
2026	18,940
Thereafter	<u>39,845</u>
	<u>\$ 174,685</u>

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

December 31, 2021

7. Tangible Capital Assets

	General					Infrastructure					2021 Total	2020 Total	
	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery and Equipment	Land	Buildings	Equipment, Machinery and Vehicles	Bridges and Other Structures			
Cost, beginning of year	\$ 32,546	\$ 22,746	\$ 16,357	\$ 61,374	\$ 276,973	\$ 54,215	\$ 392,018	\$ 65,581	\$ 1,573,637	\$ 612,203	\$ 723,844	\$ 3,831,494	\$ 3,811,094
Additions	-	-	-	-	-	14,631	-	-	5,769	-	-	20,400	105,241
Accumulated amortization, beginning of year	-	13,647	8,541	32,638	91,181	10,228	-	40,655	1,217,786	286,317	252,951	1,953,944	1,867,651
Amortization	-	1,138	1,563	1,258	12,221	1,659	-	773	32,237	22,648	13,257	86,754	86,293
Accumulated amortization, end of year	-	14,785	10,104	33,896	103,402	11,887	-	41,428	1,250,023	308,965	266,208	2,040,698	1,953,944
Net carrying amount, end of year	\$ 32,546	\$ 7,961	\$ 6,253	\$ 27,478	\$ 173,571	\$ 42,328	\$ 392,018	\$ 24,153	\$ 323,614	\$ 303,238	\$ 457,636	\$ 1,790,796	\$ 1,857,150

The net book value of tangible capital assets not being amortized because they are a work-in-progress is \$75,670 (2020 - \$55,271). This includes \$61,040 (2020 - \$55,271) in Infrastructure - Roads and \$14,630 (2020 - \$NIL) in General - Machinery and Equipment.

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

December 31, 2021

8. Accumulated Surplus

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

	<u>2021</u>	<u>2020</u>
Surpluses (deficits)		
General fund	\$ 2,379	\$ (26,078)
Investment in tangible capital assets	1,790,796	1,857,150
Unfunded		
Debt	(174,685)	(202,905)
Landfill closure and post-closure liability	(41,316)	(24,181)
Total surpluses	<u>1,577,174</u>	<u>1,603,986</u>
Reserves set aside for specific purposes by Council		
For working capital	<u>22,000</u>	<u>22,000</u>
Reserve funds set aside for specific purposes by Council		
For official plan	10,214	10,138
For contingencies	99,818	235,524
For volunteer fire department	34,142	33,887
For roads	66,853	66,415
For infrastructure	245	243
For centenary	-	5,133
For office construction	27,175	26,972
For landfill	31,232	32,199
Total reserve funds	<u>269,679</u>	<u>410,511</u>
Accumulated surplus	<u>\$ 1,868,853</u>	<u>\$ 2,036,497</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, 2021

9. Government Transfers

	Budget 2021	2021	2020
Federal			
Canada Community - Building Fund (previously Federal Gas Tax)	\$ -	\$ 16,790	\$ 12,954
Provincial			
COVID-19 Recovery / Safe Restart	59,591	45,963	7,009
Investing in Canada Infrastructure Program	-	5,131	50,852
Main Street Revitalization Initiative	-	-	27,747
Municipal Modernization Program	-	-	30,000
Ontario Cannabis Legalization Implementation Fund	-	5,000	-
Ontario Municipal Partnership Fund	176,500	176,500	173,800
Ontario Community Infrastructure Fund	-	-	18,080
Other	6,684	11,151	19,114
	242,775	243,745	326,602
Other Municipalities			
Provincial Offences Act	500	821	1,174
	\$ -	\$ 261,356	\$ 340,730

10. Expenses By Object

	Budget 2021	2021	2020
Salaries, wages and employee benefits	\$ 371,843	\$ 367,346	\$ 321,914
Interest on debt	6,925	6,074	7,453
Materials and supplies	268,746	253,825	186,350
Contracted services	130,219	132,475	107,316
Rents and financial expenses	14,082	15,478	14,521
External transfers	92,742	93,755	90,776
Amortization	-	86,754	86,293
	\$ 884,557	\$ 955,707	\$ 814,623

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2021

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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120.8 billion (\$113.1 billion in 2020) in respect of benefits accrued for service with actuarial assets at that date of \$117.7 billion (\$109.8 billion in 2020) indicating an actuarial deficit of \$3.1 billion (\$3.3 billion in 2020). 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 2021 were \$19,991 (\$19,449 in 2020), 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 September 29, 2021 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 September 29, 2021, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenses	21,394
Debt repayment	28,019
Less:	
Budgeted transfers from reserve funds	(159,783)
Prior year surplus included in budget	(298)
	<u> </u>
Budget deficit per statement of operations	<u>\$ (110,668)</u>

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2021

13. Trust Fund

The Township of Gillies Cemetery Perpetual Care Trust Fund administered by the Township amounting to \$19,068 (2020 - \$19,012) has not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus.

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.

15. Commitments

The Corporation of the Township of Gillies leases office space under an operating lease expiring August 31, 2023 and a photocopier expiring November 2025. The future minimum annual lease payments are as follows:

2022	16,300
2023	11,600
2024	2,400
2025	<u>1,800</u>
	<u>\$ 32,100</u>

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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2021

16. Segmented Information (cont'd)

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.

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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2021

16. Segmented Information (cont'd)

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	Environmenta l Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue									
Taxation	\$ 484,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 484,815
Government transfers	225,955	5,000	21,921	3,175	3,500	-	984	-	260,535
User fees and service charges	-	4,367	-	-	2,050	-	-	-	6,417
Investment income	3,002	-	-	-	-	-	-	-	3,002
Other municipalities	-	821	-	-	-	-	-	-	821
Other revenues	30,975	310	-	1,188	-	-	-	-	32,473
	<u>744,747</u>	<u>10,498</u>	<u>21,921</u>	<u>4,363</u>	<u>5,550</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>788,063</u>
Expenses									
Salaries, wages and employee benefits	174,841	17,130	165,840	9,314	221	-	-	-	367,346
Interest on debt	-	6,074	-	-	-	-	-	-	6,074
Materials and supplies	114,190	30,695	91,237	17,703	-	-	-	-	253,825
Contracted services	56,986	69,031	763	4,711	-	-	984	-	132,475
Rents and financial	15,478	-	-	-	-	-	-	-	15,478
External transfers	-	2,579	-	-	45,111	45,815	-	250	93,755
Amortization	1,563	14,617	68,916	1,658	-	-	-	-	86,754
	<u>363,058</u>	<u>140,126</u>	<u>326,756</u>	<u>33,386</u>	<u>45,332</u>	<u>45,815</u>	<u>984</u>	<u>250</u>	<u>955,707</u>
Annual surplus (deficit)	\$ 381,689	\$ (129,628)	\$ (304,835)	\$ (29,023)	\$ (39,782)	\$ (45,815)	\$ -	\$ (250)	\$ (167,644)

The Corporation of the Township of Gillies
Notes to Financial Statements

18. 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	2020 Total
Revenue									
Taxation	\$ 441,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 441,238
Government transfers	250,660	-	81,886	2,280	3,746	-	984	-	339,556
User fees and service charges	-	8,324	2,040	-	1,525	-	-	-	11,889
Investment income	5,664	-	-	-	-	-	-	-	5,664
Other municipalities	-	1,174	-	-	-	-	-	-	1,174
Other revenues	19,068	-	-	1,067	-	-	-	-	20,135
	<u>716,630</u>	<u>9,498</u>	<u>83,926</u>	<u>3,347</u>	<u>5,271</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>819,656</u>
Expenses									
Salaries, wages and employee benefits	152,613	11,858	145,831	10,232	827	-	553	-	321,914
Interest on debt	-	7,453	-	-	-	-	-	-	7,453
Materials and supplies	86,840	22,460	71,940	961	260	-	44	-	182,505
Contracted services	29,258	71,446	-	5,628	-	-	984	-	107,316
Rents and financial	14,521	-	-	-	-	-	-	-	14,521
External transfers	-	2,499	-	-	42,864	45,163	-	250	90,776
Bad debt	3,845	-	-	-	-	-	-	-	3,845
Amortization	1,954	14,617	68,517	1,205	-	-	-	-	86,293
	<u>289,031</u>	<u>130,333</u>	<u>286,288</u>	<u>18,026</u>	<u>43,951</u>	<u>45,163</u>	<u>1,581</u>	<u>250</u>	<u>814,623</u>
Annual surplus (deficit)	\$ 427,599	\$ (120,835)	\$ (202,362)	\$ (14,679)	\$ (38,680)	\$ (45,163)	\$ (597)	\$ (250)	\$ 5,033