

**The Corporation of
the Township of Gillies**
Financial Statements
For the year ended December 31, 2024

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

December 31, 2024

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, MNP 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. MNP 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

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

Qualified Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Gillies (the "Township"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2024 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. 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, 2024 and 2023, tangible capital assets and the asset retirement obligation as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 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 sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, landfill closure and post-closure liability as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 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.

Other Matters

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those statements on August 15, 2024 for the reasons described in the Basis for Qualified opinion paragraph.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Ontario

December 29, 2025

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Gillies Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash (Note 2)	\$ 910,772	\$ 639,048
Taxes receivable	168,866	186,222
Accounts receivable (Note 3)	18,674	36,026
	<u>1,098,312</u>	<u>861,296</u>
Liabilities		
Accounts payable and accrued liabilities	77,739	83,657
Taxation revenue paid in advance	14,568	16,140
Deferred revenue (Note 4)	673,940	532,666
Landfill closure and post-closure liability (Note 5)	84,756	65,048
Debt (Note 6)	84,401	115,640
	<u>935,404</u>	<u>813,151</u>
Net financial assets	<u>162,908</u>	<u>48,145</u>
Non-financial assets		
Tangible capital assets (Note 7)	1,599,205	1,745,870
Prepaid expenses	-	2,034
Inventory - supplies	5,245	5,245
	<u>1,604,450</u>	<u>1,753,149</u>
Accumulated surplus (Note 8)	<u>\$ 1,767,358</u>	<u>\$ 1,801,294</u>


_____ Reeve


_____ Clerk-Treasurer

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

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
	(Note 12)		
Revenue			
Taxation			
Residential and farm	\$ 687,296	\$ 700,111	\$ 658,675
Commercial and industrial	9,461	9,637	10,431
Taxation from other governments	-	7,958	7,010
User charges			
Other fees and service charges	4,500	5,979	5,907
Government transfers (Note 9)			
Federal	37,588	21,791	58,675
Provincial	218,803	218,049	305,614
Other municipalities	3,000	3,627	-
Other			
Investment income	-	9,680	11,347
Penalties and late payment charges	11,000	18,600	9,436
Other revenues	14,881	15,373	23,827
	986,529	1,010,805	1,090,922
Expenses (Note 10)			
General government	363,082	370,198	341,311
Protection to persons and property	167,622	165,090	170,017
Transportation services	273,608	297,573	348,211
Environmental services	24,087	45,195	40,078
Health services	49,274	51,991	49,188
Social and family services	52,380	52,384	49,219
Recreation and cultural services	984	1,020	984
Planning and development	250	250	363
	931,287	983,701	999,371
Annual surplus before the undernoted item	55,242	27,104	91,551
Write-down of tangible capital assets	-	(61,040)	-
Annual surplus (deficit)	55,242	(33,936)	91,551
Accumulated surplus, beginning of year	1,801,294	1,801,294	1,709,743
Accumulated surplus, end of year	\$ 1,856,536	\$ 1,767,358	\$ 1,801,294

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	2024 Budget	2024 Actual	2023 Actual
	(Note 12)		
Annual surplus (deficit)	\$ 55,242	\$ (33,936)	\$ 91,551
Acquisition of tangible capital assets	(35,000)	-	(137,463)
Amortization of tangible capital assets	-	85,625	90,026
Loss on disposal of tangible capital assets	-	-	2,995
Write-down of tangible capital assets	-	61,040	-
Change in prepaid expenses	-	2,034	2,307
Net change in net assets	20,242	114,763	49,416
Net assets (debt), beginning of year	48,145	48,145	(1,271)
Net financial assets, end of year	\$ 68,387	\$ 162,908	\$ 48,145

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	2024	2023
Operating transactions		
Annual surplus (deficit)	\$ (33,936)	\$ 91,551
Items not involving cash		
Amortization	85,625	90,026
Loss on sale of tangible capital assets	-	2,995
Write-down of tangible capital assets	61,040	-
Landfill closure and post-closure liabilities	19,708	(13,877)
	<u>132,437</u>	<u>170,695</u>
Changes in non-cash operating balances		
Taxes receivable	17,356	(87,133)
Accounts receivable	17,352	(15,146)
Accounts payable and accrued liabilities	(5,918)	14,366
Taxation revenue paid in advance	(1,572)	(824)
Deferred revenue	141,274	14,744
Prepaid expenses	2,034	2,307
	<u>302,963</u>	<u>99,009</u>
Capital transactions		
Acquisition of tangible capital assets	-	(137,463)
Financing transactions		
Repayment of debt	(31,239)	(29,963)
Increase (decrease) in cash for the year	271,724	(68,417)
Cash, beginning of year	<u>639,048</u>	<u>707,465</u>
Cash, end of year	\$ 910,772	\$ 639,048

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

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

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="text-align: center;">Thunder Bay District Health Unit The District of Thunder Bay Social Services Administration Board Lakehead Rural Planning Board</p>
Cash and Cash Equivalents	Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.
Financial Instruments	<p>Cash and equity instruments quoted in an active market are measured at fair value. All other financial assets and financial liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (cont'd)

Accounting for School Board Transactions The Township collects taxation revenue on behalf of the school boards. 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.

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. 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:

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

Assets under construction are not amortized until the asset is available for use.

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.

Trust Funds 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.

Inventory Inventory supplies are recorded at the lower of cost or replacement cost.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (cont'd)

Pension and Employee Benefits	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.
Deferred Revenue	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.
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 estimated inflation and is charged to expense as the landfill site's capacity is used.
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	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, 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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies (cont'd)

Taxation Revenue 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.

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. 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. 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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

2. Cash

	2024	2023
Operating accounts	\$ 321,510	\$ 117,966
High interest savings accounts	425,843	328,796
Reserve account	163,419	192,286
	\$ 910,772	\$ 639,048

The Township's high interest savings accounts earns interest at an effective interest rate of 4.275% at December 31, 2024.

The Township's credit facilities include a revolving demand line of credit with authorized credit of \$200,000 which carries interest at prime plus 1.00%. The prime rate was 5.45% at December 31, 2024 (2023 - 7.2%). As at December 31, 2024, the Township utilized \$nil (2023 - \$nil) of this facility.

3. Accounts Receivable

	2024	2023
GST/HST public service bodies' rebate	\$ 18,674	\$ 30,860
Trade	-	5,166
	\$ 18,674	\$ 36,026

4. Deferred Revenue

	2024	2023
Canada Community Building Fund (previously Federal Gas Tax)	\$ 143,262	\$ 135,221
Northern Ontario Resource Development Support (NORDS)	240,708	178,960
Ontario Community Infrastructure Fund (OCIF)	287,740	198,271
Other	2,230	20,214
	\$ 673,940	\$ 532,666

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

4. Deferred Revenue (cont'd)

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

	2024	2023
Balance, beginning of year	\$ 532,666	\$ 517,922
Interest earned	13,731	9,067
Transfers from revenue	185,833	188,251
Transfers to revenue	(58,290)	(182,574)
	\$ 673,940	\$ 532,666

Gas tax revenue is provided by the Government of Canada. The Township is required to put unspent gas tax funding into a reserve fund. The funding and interest earned in the reserve must be spent on approved projects.

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 \$33,484 (2023 - \$31,684) 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.

Total estimated expenses for closure and post-closure as at December 31, 2024	\$129,703
Landfill closure and post-closure liabilities as at December 31, 2024	\$84,756
Total expenditures remaining to be recognized	\$44,947
Remaining capacity of the site (cubic metres)	6,238
Remaining landfill site life (years)	19
Number of years required for post-closure care	20
Discount rate	4.21%

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

6. Debt

	2024	2023
Royal Bank of Canada		
Term loan payable in bi-weekly instalments of \$520 including interest at 2.52%, maturing October 2025	\$ 7,300	\$ 20,825
Ontario Infrastructure Debenture		
Debenture payable in semi-annual instalments of \$10,385, including interest at 3.38%, maturing November 2028	77,101	94,815
	\$ 84,401	\$ 115,640

Principal payments due in the next four years are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 25,618
2026	18,942
2027	19,587
2028	20,254
	\$ 84,401

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

December 31, 2024

7. Tangible Capital Assets

	General						Infrastructure						2024 Total	2023 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	\$ 29,551	\$ 22,746	\$ 16,357	\$ 61,374	\$ 276,973	\$ 57,595	\$ 392,018	\$ 76,826	\$ 1,531,087	\$ 622,203	\$ 723,844	\$ 158,768	\$ 3,969,342	\$ 3,834,874
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	137,463
Disposals and writedowns	-	-	-	-	-	-	-	-	-	-	-	(61,040)	(61,040)	(2,995)
Transfers	-	-	-	-	-	-	-	(11,245)	90,359	11,245	7,369	(97,728)	-	-
Cost, end of year	29,551	22,746	16,357	61,374	276,973	57,595	392,018	65,581	1,621,446	633,448	731,213	-	3,908,302	3,969,342
Accumulated amortization, beginning 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
Amortization	-	1,137	-	1,258	11,450	5,261	-	773	29,431	23,098	13,217	-	85,625	90,026
Accumulated amortization, end of year	-	18,196	16,357	37,667	138,519	22,862	-	43,747	1,345,156	380,475	306,118	-	2,309,097	2,223,472
Net carrying amount, end of year	\$ 29,551	\$ 4,550	\$ -	\$ 23,707	\$ 138,454	\$ 34,733	\$ 392,018	\$ 21,834	\$ 276,290	\$ 252,973	\$ 425,095	\$ -	\$ 1,599,205	\$ 1,745,870

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

8. Accumulated Surplus

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

	2024	2023
Surpluses (deficits)		
General fund	\$ 88,990	\$ 6,973
Investment in tangible capital assets	1,599,205	1,745,870
Amounts to be funded		
Debt	(84,401)	(115,640)
Landfill closure and post-closure liability	(51,272)	(33,364)
Total surpluses	1,552,522	1,603,839
Reserves set aside for specific purposes by Council		
For working capital	22,000	22,000
Reserve funds set aside for specific purposes by Council		
For contingencies	32,522	32,586
For volunteer fire department	38,849	36,878
For roads	60,639	52,238
For infrastructure	273	259
For conference planning	4,200	-
For office construction	20,869	19,810
For landfill	35,484	33,684
Total reserve funds	192,836	175,455
Accumulated surplus	\$ 1,767,358	\$ 1,801,294

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, 2024

9. Government Transfers

	Budget 2024	2024	2023
Federal			
Canada Community Building Fund (previously Federal Gas Tax)	\$ 37,588	\$ 21,791	\$ 58,675
Provincial			
Ontario Municipal Partnership Fund	170,000	170,000	166,900
Ontario Community Infrastructure Fund	35,000	13,514	123,236
Other	13,803	34,535	15,478
	218,803	218,049	305,614
Other Municipalities			
Provincial Offences Act	3,000	3,627	-
	\$ 259,391	\$ 243,467	\$ 364,289

10. Expenses By Object

	Budget 2024	2024	2023
Salaries, wages and employee benefits	\$ 379,411	\$ 330,912	\$ 360,937
Interest on debt	3,640	3,056	4,331
Materials and supplies	293,762	306,181	262,014
Contracted services	129,803	130,530	161,373
Rents and financial expenses	20,026	20,741	19,382
External transfers	104,645	106,656	101,309
Amortization	-	85,625	90,025
	\$ 931,287	\$ 983,701	\$ 999,371

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

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, 2024. The results of this valuation disclosed total actuarial liabilities of \$142.4 billion (\$136.2 billion in 2023) in respect of benefits accrued for service with actuarial assets at that date of \$139.5 billion (\$132.0 billion in 2023) indicating an actuarial deficit of \$2.9 billion (\$4.2 billion in 2023). 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 2024 were \$15,942 (\$20,425 in 2023), 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 16, 2024 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 (debt) represent the Financial Plan adopted by Council on September 16, 2024, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenses		35,000
Budgeted transfers to reserve funds		18,700
Debt repayment		30,655
Less:		
Budgeted transfers from reserve funds		(7,000)
Prior year surplus included in budget		(21,513)
Amounts held in trust		(600)
		(29,113)
Budget surplus per statement of operations	\$	55,242

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

13. Trust Fund

The Township of Gillies Cemetery Perpetual Care Trust Fund administered by the Township amounting to \$22,444 (2023 - \$21,770) 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

Subsequent to year end a claim filed against the Township was settled. No liability has been recorded in these financial statements and the costs incurred by the Township have been covered by insurance.

15. Financial Instrument Risk Management

The Township is exposed to a variety of financial risks including credit risk and liquidity 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. 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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

15. Financial Instrument Risk Management (cont'd)

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

The contractual maturities (representing undiscounted contractual cash-flows) of the Township's accounts payable and accrued liabilities, and long-term debt are as follows: within 6 months \$90,548 (2023 - \$99,092), 6 months to 1 year \$12,809 (2023 - \$15,435), and 1 to 5 years \$58,783 (2023 - \$84,770).

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. 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. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the Township's savings accounts and credit facility. The Township manages its exposure to interest rate risk holding cash in low risk investments and monitoring cashflows to minimize amounts borrowed under its credit facility. The Township does not feel it is exposed to currency or other price risk.

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.

The Corporation of the Township of Gillies Notes to Financial Statements

December 31, 2024

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

December 31, 2024

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	2024 Total
Revenue									
Taxation	\$ 717,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	717,706
Government transfers	189,734	3,627	21,791	5,566	21,765	-	984	-	243,467
User fees and service charges	-	3,029	-	-	2,950	-	-	-	5,979
Investment income	9,680	-	-	-	-	-	-	-	9,680
Other revenues	33,578	50	-	345	-	-	-	-	33,973
	<u>950,698</u>	<u>6,706</u>	<u>21,791</u>	<u>5,911</u>	<u>24,715</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>1,010,805</u>
Expenses									
Salaries, wages and employee benefits	174,685	20,332	124,804	11,091	-	-	-	-	330,912
Interest on debt	-	-	3,056	-	-	-	-	-	3,056
Materials and supplies	115,579	68,154	101,346	20,392	710	-	-	-	306,181
Contracted services	55,440	60,170	940	12,960	-	-	1,020	-	130,530
Rents and financial	20,741	-	-	-	-	-	-	-	20,741
External transfers	-	2,741	-	-	51,281	52,384	-	250	106,656
Amortization	3,753	13,693	67,427	752	-	-	-	-	85,625
	<u>370,198</u>	<u>165,090</u>	<u>297,573</u>	<u>45,195</u>	<u>51,991</u>	<u>52,384</u>	<u>1,020</u>	<u>250</u>	<u>983,701</u>
Annual surplus (deficit) before undernoted item	580,500	(158,384)	(275,782)	(39,284)	(27,276)	(52,384)	(36)	(250)	27,104
Write-down of tangible capital assets	-	-	(61,040)	-	-	-	-	-	(61,040)
Annual surplus (deficit)	<u>\$ 580,500</u>	<u>\$ (158,384)</u>	<u>\$ (336,822)</u>	<u>\$ (39,284)</u>	<u>\$ (27,276)</u>	<u>\$ (52,384)</u>	<u>\$ (36)</u>	<u>\$ (250)</u>	<u>\$ (33,936)</u>

The Corporation of the Township of Gillies
Notes to Financial Statements

December 31, 2023

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
Revenue									
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>
Expenses									
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>
Annual surplus (deficit)	\$ 670,268	\$ (164,853)	\$ (289,536)	\$ (30,458)	\$ (44,288)	\$ (49,219)	\$ -	\$ (363)	\$ 91,551