Grant Thornton

# Financial Statements

# The Corporation of the Municipality of Shuniah

December 31, 2010

# MUNICIPALITY OF SHUNIAH

420 Leslie Avenue, Thunder Bay, Ontario P7A 1X8
**Phone: (807) 683-4545 Fax: (807) 683-6982**
**E-mail: shuniah@shuniah.org www.shuniah.org**


**Statement of Administrative Responsibility**

The management of The Corporation of the Municipality of Shuniah have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Municipality has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the CICA.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Municipality of Shuniah. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2010 Financial Statements have been reported on by The Corporation of the Municipality of Shuniah's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Eric Collingwood, CAO

Maria Harding, Reeve

# Contents


| | Page |
|---|---|
| Independent Auditor's Report | 1 - 2 |
| Statement of Financial Position | 3 |
| Statement of Operations and Accumulated Surplus | 4 - 5 |
| Statement of Change In Net Financial Assets | 6 |
| Statement of Cash Flows | 7 |
| Notes to the Financial Statements | 8 - 17 |
| Schedule 1 - Schedule of Accumulated Surplus | 18 |
| Schedule 2 - Schedule of Tangible Capital Assets | 19 |
| Schedule 3 - Schedule Of Segment Disclosure | 20 - 21 |
| Trust Fund | |
| Independent Auditor's Report | 22 - 23 |
| Statement of Financial Position | 24 |
| Statement of Continuity | 25 |
| Note to the Financial Statements | 26 |

Grant Thornton

# Independent Auditor's Report

**Grant Thornton LLP**
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8

T +1 807 345 6571
+1 800 446 4794 (Toll Free)
F +1 807 345 0032
E ThunderBay@ca.gt.com
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Shuniah

We have audited the accompanying financial statements of The Corporation of the Municipality of Shuniah, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

**Auditor's responsibility**
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Audit • Tax • Advisory**
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Shuniah as at December 31, 2010, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
July 5, 2011

Chartered Accountants
Licensed Public Accountants

# The Corporation of the Municipality of Shuniah
## Statement of Financial Position

| As at December 31 | **2010** | 2009 |
|---|---|---|
| | $ | $ |
| **FINANCIAL ASSETS** | | |
| Cash and cash equivalents | **411,365** | 577,707 |
| Investments *[note 3]* | **3,123,209** | 2,606,200 |
| Taxes receivable | **302,486** | 286,409 |
| Accounts receivable | **545,039** | 525,773 |
| **Total financial assets** | **4,382,099** | 3,996,089 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | **479,473** | 631,379 |
| Deferred revenue *[note 5]* | **451,501** | 394,788 |
| Landfill closure and post-closure liability *[note 8]* | **838,530** | 819,799 |
| Debt *[note 7]* | **10,204** | 213,528 |
| **Total liabilities** | **1,779,708** | 2,059,494 |
| **NET FINANCIAL ASSETS** | **2,602,391** | 1,936,595 |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets - net *[note 9] [schedule 2]* | **8,725,795** | 8,360,388 |
| Land inventory | **166,181** | — |
| Deposit on capital asset | **50,800** | — |
| | **8,942,776** | 8,360,388 |
| **Accumulated surplus *[schedule 1]*** | **11,545,167** | 10,296,983 |

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Shuniah
## Statement of Operations and Accumulated Surplus
Year ended December 31

| | Budget 2010 $ | Actual 2010 $ | Actual 2009 $ |
|---|---|---|---|
| **REVENUES** ***[schedule 3]*** | | | |
| **Taxation** | | | |
| Residential and farm taxation | **4,025,100** | **3,935,159** | 3,783,709 |
| Commercial and industrial | **655,249** | **719,861** | 840,580 |
| Taxation from other governments | **34,304** | **38,824** | 42,423 |
| | **4,714,653** | **4,693,844** | 4,666,712 |
| **Deduct** | | | |
| Amounts received or receivable on behalf of school boards | **(1,180,362)** | **(1,179,249)** | (1,328,806) |
| | **3,534,291** | **3,514,595** | 3,337,906 |
| **User charges** | | | |
| Other fees and service charges | **53,500** | **42,758** | 66,565 |
| | **3,587,791** | **3,557,353** | 3,404,471 |
| **Grants** | | | |
| Government of Canada | **462,883** | **315,595** | 230,326 |
| Province of Ontario | **2,173,392** | **2,117,916** | 2,570,713 |
| | **2,636,275** | **2,433,511** | 2,801,039 |
| **Other** | | | |
| Investment income | **5,000** | **25,321** | 31,980 |
| Penalties and late payment charges | **45,000** | **35,214** | 47,224 |
| Other | **69,300** | **142,956** | 160,169 |
| | **119,300** | **203,491** | 239,373 |
| **Total revenues** | **6,343,366** | **6,194,355** | 6,444,883 |



Grant Thornton

| | Budget 2010 $ | Actual 2010 $ | Actual 2009 $ |
|---|---|---|---|
| **EXPENSES** ***[note 10] [schedule 3]*** | | | |
| General government | **753,576** | **737,508** | 699,219 |
| Protection to persons and property | **1,161,764** | **1,151,771** | 999,127 |
| Transportation services | **803,176** | **1,336,572** | 1,541,102 |
| Environmental services | **217,009** | **177,289** | 222,252 |
| Health services | **314,830** | **324,244** | 312,110 |
| Social and family services | **1,001,628** | **1,021,371** | 1,113,420 |
| Recreation and cultural services | **69,015** | **72,144** | 87,739 |
| Planning and development | **154,525** | **91,370** | 111,400 |
| **Total expenses** | **4,475,523** | **4,912,269** | 5,086,369 |
| **NET REVENUES** | **1,867,843** | **1,282,086** | 1,358,514 |
| **Other** | | | |
| Loss on disposal of tangible capital assets | — | **33,902** | 73,534 |
| **Annual surplus** | **1,867,843** | **1,248,184** | 1,284,980 |
| Accumulated surplus, beginning of year | — | **10,296,983** | 9,012,003 |
| **Accumulated surplus, end of year** | — | **11,545,167** | 10,296,983 |

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Shuniah
## Statement of Change in Net Financial Assets
Year ended December 31, 2010

| | Budget 2010 $ | Actual 2010 $ | Actual 2009 $ |
|---|---|---|---|
| **Annual surplus** | **1,867,843** | **1,248,184** | 1,284,980 |
| Acquisition of tangible capital assets | **(1,934,276)** | **(1,065,862)** | (1,205,714) |
| Amortization of tangible capital assets | — | **666,453** | 648,106 |
| Proceeds from sale of tangible capital assets | — | **100** | 5,800 |
| Loss on disposal of tangible capital assets | — | **33,902** | 73,534 |
| Acquisition of land inventory | — | **(166,181)** | — |
| Deposit on capital asset | — | **(50,800)** | — |
| Increase (decrease) in net financial assets | **(66,433)** | **665,796** | 806,706 |
| Net financial assets, beginning of year | — | **1,936,595** | 1,129,889 |
| **Net financial assets, end of year** | **(66,433)** | **2,602,391** | 1,936,595 |

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Shuniah
## Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **OPERATIONS** | | |
| Annual surplus | **1,248,184** | 1,284,980 |
| **Non-cash charges** | | |
| Amortization of tangible capital assets | **666,453** | 648,106 |
| Increase in landfill closure and post-closure liabilities | **18,731** | 47,887 |
| Loss on disposal of tangible capital assets | **33,902** | 73,534 |
| | **1,967,270** | 2,054,507 |
| **Net change in non-cash working capital balances** | | |
| Increase in taxes receivable | **(16,077)** | (14,836) |
| Increase in accounts receivable | **(19,266)** | (348,187) |
| Increase (decrease) in accounts payable | **(151,906)** | 188,267 |
| Increase (decrease) in deferred revenue | **56,713** | (154,404) |
| | **1,836,734** | 1,725,347 |
| **CAPITAL** | | |
| Acquisition of tangible capital assets | **(1,065,862)** | (1,205,714) |
| Proceeds on disposal of tangible capital assets | **100** | 5,800 |
| Aquisition of land inventory | **(166,181)** | — |
| Deposit on capital asset | **(50,800)** | — |
| **Cash used in capital transactions** | **(1,282,743)** | (1,199,914) |
| **INVESTING** | | |
| Increase in investments | **(517,009)** | (34,375) |
| **Cash provided by investing transactions** | **(517,009)** | (34,375) |
| **FINANCING** | | |
| Repayment of long-term debt | **(203,324)** | (192,470) |
| **Cash provided by financing transactions** | **(203,324)** | (192,470) |
| **Increase (decrease) in cash and cash equivalents** | **(166,342)** | 298,588 |
| Opening cash and cash equivalents | **577,707** | 279,119 |
| **Closing cash and cash equivalents** | **411,365** | 577,707 |

See accompanying notes to the financial statements.

## GENERAL

The Corporation of the Municipality of Shuniah is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

## 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of The Corporation of the Municipality of Shuniah are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

### [a] Basis of presentation

**Reporting entity**

These financial statements reflect the assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Municipality, and which are owned or controlled by the Municipality.

**Joint local boards**

The financial activities of certain entities associated with the Municipality are not consolidated. The Municipality's contribution to these entities are recorded in the Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board
Thunder Bay Area Emergency Measures Organization

**Trust funds**

Trust funds administered by the Municipality have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. They are reported separately on the Trust Fund Statement of Financial Position and Statement of Continuity.

**Accounting for school board transactions**

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these financial statements.

## [b] Basis of accounting

**Accrual accounting**

The Municipality uses the accrual basis of accounting and recognizes revenues as they are levied or earned and become measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances in banks.

**Investments**

The Municipality accounts for investments using the cost method. The carrying value of an investment is written-down to its net recoverable amount if a decline in market value is judged to be other than temporary.

**Employee benefits**

Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

**Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Financial Assets for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 30 to 50 years |
| Equipment and vehicles | 5 to 25 years |
| Infrastructure | |
| - roads | 5 to 10 years |
| - bridges and structures | 20 to 50 years |

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a reliable valuation. The most significant of such assets are the Municipality's road allowances.

[d] Capitalization of interest

The Municipality has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use, per PS 3150.17.

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**Deferred revenue**

Deferred revenue represents conditional grants which have been received but for which the related expenses have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the expenses are incurred. The Municipality receives development charges under the authority of provincial legislation and Municipality by-laws (obligatory reserve funds) as well as Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses and are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

**Reserves and reserve funds**

Certain amounts, as approved by the Municipal Council, are set aside in reserves and reserve funds for future operating and capital purposes.

**Investment income**

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

**Government transfers**

Government transfers are the transfer of assets from senior levels of government that are not the results of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## 2. TRUST FUNDS

Trust funds administered by the Municipality amounting to $6,190 [2009 - $6,190] have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

## 3. INVESTMENTS

Investments consist of deposits in Money Market and Bond Funds, Guaranteed Investment Certificates carrying interest at 0.25% - 0.90% maturing April and December 2011. The carrying value of these investments reported on the Statement of Financial Position closely reflects fair market value.

## 4. TEMPORARY LOANS

The Municipality has available a credit facility of $732,000 [2009 - $732,000] for which the Municipality has provided a borrowing by-law as security, of which $nil [2009 - $nil] was borrowed at year-end. The Municipality cannot exceed borrowings of $750,000 of the aggregate of temporary loans and long-term loans.

## 5. DEFERRED REVENUE

| | **2010** $ | 2009 $ |
|---|---|---|
| Obligatory reserve funds | | |
| Recreational purposes | **78,607** | 72,504 |
| Federal Gas Tax revenue | **372,894** | 322,284 |
| | **451,501** | 394,788 |

The continuity of deferred revenue is as follows:

| | **2010** $ | 2009 $ |
|---|---|---|
| **Balance, beginning of year** | **394,788** | 549,192 |
| Investment income | **6,976** | 7,905 |
| Amounts deferred during the year | **184,228** | 118,171 |
| Net contributions to operations | **(134,491)** | (280,480) |
| **Balance, end of year** | **451,501** | 394,788 |

## 6. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2010 was $55,138 [2009 - $46,557] for current service.

## 7. DEBT

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

| | **2010** $ | 2009 $ |
|---|---|---|
| Royal Bank of Canada non-revolving term loan payable in monthly instalments of $17,500 including interest at a rate of 5.5% per annum, due January 16, 2011. | **10,204** | 213,528 |

Principal due on debt is summarized as follows:

| | $ |
|---|---|
| 2011 | 10,204 |

[b] The debt in [a] issued in the name of the Municipality has been approved by by-law. The annual principal and interest payments required to service this liability are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

## 8. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Municipality's average long-term borrowing rate of 6%. The change in the recorded liability is $18,731 [2009 - $47,887] based on a total estimated undiscounted outflow in the future of $3,899,708, leaving an amount to be recognized in the future of $3,061,178 [2009 - $3,110,208] over the closure and post-closure period. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. An amount of $591,101 [2009 - $506,864] has been provided for these costs as a reserve.

The estimated remaining life of the McTavish site is approximately 29 years and the estimated remaining life of the MacGregor site is approximately 14 years. Post-closure care is estimated to continue for a period of approximately 25 years for the McTavish site and 30 years for the MacGregor site.

## 9. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Municipality by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2010 [2009 - $nil].

Interest capitalized during 2010 was $nil [2009 - $nil].

There were no contributed tangible capital assets in 2010 [2009 - $nil].

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. This includes road allowances which have an assigned value of $1. Municipal land inherited and purchased before 2007 has been assigned a value by applying a CPI deflation factor to the value determined by the 2007 MPAC assessment role at the Municipal incorporation date at date of purchase where available. Land purchased after 2007 is recorded at cost.

## 10. SEGMENTED INFORMATION

The Corporation of the Municipality of Shuniah is a diversified municipal government institution that provides a wide range of services to its citizens, including police, emergency services and waste management. For management reporting purposes, the Municipality's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General government**
General government comprises various administrative services, including the Finance Department, Corporate Services Department, and Reeve and Council.

**Protection to persons and property**
Protection to persons and property is comprised of police services, fire services, and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Protective inspection and control also represents the Municipality's contribution to the activities of the Thunder Bay Area Emergency Measures Organizations (EMO).

**Transportation services**
Transportation services include roadways and winter control. Roadways cover the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts and traffic lights. Winter control includes snowplowing, sanding and salting, snow removal and flood control.

**Environmental services**
Environmental services consist of waste disposal and recycling. Waste disposal and recycling includes the landfill site operations and waste minimization programs.

**Health services**
Health services includes public health services, hospital and ambulance services. Public health services covers the The Corporation of the Municipality of Shuniah's contribution to the activities of the Thunder Bay District Health Unit. In response to the health needs of the community, the Thunder Bay District Health Unit provides health information and prevention-related clinical services to people of all ages; advocates for healthy public policy; protects citizens by investigating reportable diseases; and upholds regulations that apply to public health.

**Social and family services**
Social and family services include general assistance, assistance to aged persons, child care and assistance to the disabled. General assistance represents the Municipality's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for issuing welfare payments, Ontario Works program delivery, employment assistance services and social housing. Under assistance to aged persons, TBDSSAB is responsible for providing services to seniors.

**Recreation and cultural services**
Recreation and cultural services include parks, recreation programs and facilities, and contributions to cultural organizations. The recreation committee provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services; the development and maintenance of various recreational facilities; and the maintenance of parks and open spaces. The Municipality makes contributions to various cultural organizations under specific funding programs.

**Planning and development**
The Planning Department manages semi urban and rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and approval of all land development plans.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1. For additional information see the Schedule of Segment Disclosure (Schedule 3).

## 11. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

| | **2010** $ | 2009 $ |
|---|---|---|
| **Reserves** | | |
| Balance, beginning of year | **2,088,530** | 1,681,404 |
| **Revenues** | | |
| Contributions from operations | **557,692** | 506,636 |
| **Expenses** | | |
| Contributions to operations | **(178,755)** | (99,510) |
| **Balance, end of year** | **2,467,467** | 2,088,530 |
| **Reserve funds** | | |
| Balance, beginning of year | **881,392** | 626,395 |
| **Revenues** | | |
| Contributions from operations | **323,122** | 236,465 |
| Interest earned | **16,383** | 18,532 |
| | **339,505** | 254,997 |
| **Expenses** | | |
| Contributions to operations | **(20,258)** | — |
| **Balance, end of year** | **1,200,639** | 881,392 |

## 12. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated $1,200,639 [2009 - $881,392] to support reserve funds.

## 13. BUDGET FIGURES

The operating budget approved by Municipal Council for 2010 is reflected on the Statement of Operations and Accumulated Surplus. The budget is established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. The Municipality does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

## 14. CONTINGENCIES

The Province of Ontario's assessment property tax legislation results in some property owners appealing their Current Value Assessment, the outcome of which is uncertain.

## 15. COMMITMENTS

The Municipality leases certain equipment which expire October 21, 2011 and June, 2014. The future minimum annual lease and maintenance payments over the next four years are as follows:

| | $ |
|---|---|
| 2011 | 17,286 |
| 2012 | 4,380 |
| 2013 | 4,380 |
| 2014 | 1,987 |
| | 28,033 |

# The Corporation of the Municipality of Shuniah
## Schedule 1
## Schedule of Accumulated Surplus

| Year ended December 31 | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **Surpluses** | | |
| Invested in tangible capital assets | **8,725,795** | 8,360,388 |
| Unfunded | | |
| Landfill closure and post-closure liabilities | **(838,530)** | (819,799) |
| Debt | **(10,204)** | (213,528) |
| **Total surpluses** | **7,877,061** | 7,327,061 |
| **Reserves set aside for specific purposes by Council** | | |
| For contingencies | **410,000** | 410,000 |
| For land development | **20,529** | 20,529 |
| For planning and development | **66,482** | 21,482 |
| For recreation | **3,592** | 13,347 |
| For road improvements | **632,977** | 442,225 |
| For roads equipment replacement | **241,210** | 395,210 |
| For working capital | **1,092,677** | 785,737 |
| **Total reserves** | **2,467,467** | 2,088,530 |
| **Reserve funds set aside for specific purposes by Council** | | |
| For fire department equipment replacement | **390,506** | 203,672 |
| For municipal land for public use | **44,245** | 43,453 |
| For office building replacement | **84,194** | 29,906 |
| For sick leave credits | **8,128** | 7,982 |
| For computerization | **23,092** | 22,679 |
| For landfill contingencies | **591,101** | 506,864 |
| For election | **4,830** | 13,583 |
| For Isku Park | **24,386** | 23,949 |
| For insurance | **6,096** | 5,987 |
| For fire department training | **2,077** | 2,040 |
| For Josh Klukie Memorial Fund | **21,984** | 21,277 |
| **Total reserve funds** | **1,200,639** | 881,392 |
| **Accumulated surplus** | **11,545,167** | 10,296,983 |

# The Corporation of the Municipality of Shuniah
## Schedule of Tangible Capital Assets
Year ended December 31, 2010

**Schedule 2**

| | General | | | Infrastructure | | | Totals | |
|---|---|---|---|---|---|---|---|---|
| | Land $ | Buildings $ | Equipment and Vehicles $ | Roads $ | Bridges and Other Structures $ | Assets Under Construction $ | 2010 $ | 2009 $ |
| **COST** | | | | | | | | |
| Balance, beginning of year | 352,688 | 1,209,208 | 1,712,513 | 6,563,303 | 1,376,574 | 288,081 | 11,502,367 | 10,461,492 |
| **Add** | | | | | | | | |
| Additions during the year | — | — | 88,805 | 977,057 | — | — | 1,065,862 | 1,205,714 |
| Transfers | — | — | — | 288,081 | — | (288,081) | — | — |
| **Less** | | | | | | | | |
| Disposals during the year | — | 195 | — | 70,276 | — | — | 70,471 | 164,839 |
| Balance, end of year | 352,688 | 1,209,013 | 1,801,318 | 7,758,165 | 1,376,574 | — | 12,497,758 | 11,502,367 |
| **ACCUMULATED AMORTIZATION** | | | | | | | | |
| Balance, beginning of year | — | 654,031 | 907,554 | 1,356,599 | 223,795 | — | 3,141,979 | 2,579,378 |
| **Add** | | | | | | | | |
| Amortization during the year | — | 26,101 | 83,518 | 493,032 | 63,802 | — | 666,453 | 648,106 |
| **Less** | | | | | | | | |
| Accumulated amortization on disposals | — | — | — | 36,469 | — | — | 36,469 | 85,505 |
| Balance, end of year | — | 680,132 | 991,072 | 1,813,162 | 287,597 | — | 3,771,963 | 3,141,979 |
| **Net book value** | 352,688 | 528,881 | 810,246 | 5,945,003 | 1,088,977 | — | 8,725,795 | 8,360,388 |

# The Corporation of the Municipality of Shuniah

**Schedule 3**

## Schedule of Segment Disclosure

Year ended December 31, 2010

| | General Government | | Protection to Persons and Property | | Transportation Services | | Environmental Services | | Health Services | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| | **$** | $ | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| **Revenues** | | | | | | | | | | |
| Taxation | **3,514,595** | 3,337,906 | **—** | — | **—** | — | **—** | — | **—** | — |
| Operating grants | **1,752,500** | 1,873,000 | **70,874** | 88,343 | **60,257** | 84,646 | **—** | — | **—** | — |
| User fees and service charges | **—** | — | **11,000** | 11,000 | **—** | — | **29,833** | 53,040 | **—** | — |
| Other municipalities | **—** | — | **20,908** | 29,413 | **—** | — | **—** | — | **—** | — |
| Other revenues | **149,300** | 184,484 | **—** | — | **11,045** | 12,398 | **—** | — | **—** | — |
| Interest income - general | **8,938** | 13,448 | **—** | — | **—** | — | **—** | — | **—** | — |
| Interest income - reserves and reserve funds | **16,383** | 18,532 | **—** | — | **—** | — | **—** | — | **—** | — |
| Capital grants | **—** | — | **—** | — | **528,972** | 664,880 | **—** | — | **—** | — |
| | **5,441,716** | 5,427,370 | **102,782** | 128,756 | **600,274** | 761,924 | **29,833** | 53,040 | **—** | — |
| **Expenses** | | | | | | | | | | |
| Salaries, wages and employee benefits | **468,155** | 444,361 | **223,868** | 178,403 | **437,707** | 421,487 | **62,038** | 62,599 | **—** | — |
| Interest on long-term debt | **—** | — | **—** | — | **7,936** | 17,530 | **—** | — | **—** | — |
| Materials | **144,011** | 141,746 | **293,097** | 213,580 | **272,980** | 490,286 | **74,501** | 106,217 | **—** | — |
| Contracted services | **124,142** | 111,912 | **69,435** | 5,813 | **620** | 3,878 | **40,750** | 53,436 | **—** | — |
| External transfers to others | **—** | — | **528,428** | 569,827 | **—** | — | **—** | — | **324,244** | 312,110 |
| Amortization | **1,200** | 1,200 | **36,943** | 31,504 | **617,329** | 607,921 | **—** | — | **—** | — |
| | **737,508** | 699,219 | **1,151,771** | 999,127 | **1,336,572** | 1,541,102 | **177,289** | 222,252 | **324,244** | 312,110 |
| **Excess (deficiency) of revenue over expenses for the year** | **4,704,208** | 4,728,151 | **(1,048,989)** | (870,371) | **(736,298)** | (779,178) | **(147,456)** | (169,212) | **(324,244)** | (312,110) |

# The Corporation of the Municipality of Shuniah

**Schedule 3 (continued)**

## Schedule of Segment Disclosure

Year ended December 31, 2010

| | Social and Family Services | | Recreation and Cultural Services | | Planning and Development | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 | **2010** | 2009 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** | | | | | | | | |
| Taxation | — | — | — | — | — | — | **3,514,595** | 3,337,906 |
| Operating grants | — | — | — | 20,868 | — | — | **1,883,631** | 2,066,857 |
| User fees and service charges | — | — | **1,925** | 2,525 | — | — | **42,758** | 66,565 |
| Other municipalities | — | — | — | — | — | — | **20,908** | 29,413 |
| Other revenues | — | — | — | 385 | **17,825** | 10,125 | **178,170** | 207,392 |
| Interest income - general | — | — | — | — | — | — | **8,938** | 13,448 |
| Interest income - reserves and reserve funds | — | — | — | — | — | — | **16,383** | 18,532 |
| Capital grants | — | — | — | 39,890 | — | — | **528,972** | 704,770 |
| | — | — | **1,925** | 63,668 | **17,825** | 10,125 | **6,194,355** | 6,444,883 |
| **Expenses** | | | | | | | | |
| Salaries, wages and employee benefits | — | — | **26,787** | 31,523 | **54,086** | 57,965 | **1,272,641** | 1,196,338 |
| Interest on long-term debt | — | — | — | — | — | — | **7,936** | 17,530 |
| Materials | — | — | **34,143** | 48,368 | **2,855** | 8,111 | **821,587** | 1,008,308 |
| Contracted services | — | — | **233** | 367 | **34,429** | 45,324 | **269,609** | 220,730 |
| External transfers to others | **1,021,371** | 1,113,420 | — | — | — | — | **1,874,043** | 1,995,357 |
| Amortization | — | — | **10,981** | 7,481 | — | — | **666,453** | 648,106 |
| | **1,021,371** | 1,113,420 | **72,144** | 87,739 | **91,370** | 111,400 | **4,912,269** | 5,086,369 |
| **Excess (deficiency) of revenue over expenses for the year** | **(1,021,371)** | (1,113,420) | **(70,219)** | (24,071) | **(73,545)** | (101,275) | **1,282,086** | 1,358,514 |

Grant Thornton

# Independent Auditor's Report

**Grant Thornton LLP**
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8

T +1 807 345 6571
+1 800 446 4794 (Toll Free)
F +1 807 345 0032
E ThunderBay@ca.gt.com
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Shuniah

We have audited the statement of financial position of the MacGregor Recreational Association Trust Fund of The Corporation of the Municipality of Shuniah as at December 31, 2010 and the statement of continuity for the year then ended.

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

**Auditor's responsibility**
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



**Audit • Tax • Advisory**
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the MacGregor Recreational Association Trust Fund of The Corporation of the Municipality of Shuniah as at December 31, 2010 and the continuity of the Trust Fund for the year then ended in accordance with Canadian generally accepted accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
July 5, 2011

Chartered Accountants
Licensed Public Accountants

# The Corporation of the Municipality of Shuniah
## MacGregor Recreational Association Trust Fund
## Statement of Financial Position

| As at December 31 | **2010** | 2009 |
|---|---|---|
| | $ | $ |
| **FINANCIAL ASSETS** | | |
| Cash | **6,190** | 6,190 |
| **FINANCIAL POSITION** | | |
| Fund balance | **6,190** | 6,190 |

See accompanying note to the financial statements.

# The Corporation of the Municipality of Shuniah
## MacGregor Recreational Association Trust Fund
## Statement of Continuity

| Year ended December 31 | **2010** | 2009 |
|---|---|---|
| | $ | $ |
| **Balance, beginning of year** | **6,190** | 6,189 |
| **REVENUES** | | |
| Interest earned | — | 1 |
| **Balance, end of year** | **6,190** | 6,190 |

See accompanying note to the financial statements.

## 1. SIGNIFICANT ACCOUNTING POLICY

### Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting.