



Financial Statements

The Corporation of the Municipality of Shuniah

December 31, 2011



# MUNICIPALITY OF SHUNIAH

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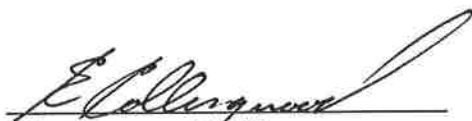
## Statement of Administrative Responsibility

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 2011 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

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## Independent Auditor's Report

**Grant Thornton LLP**

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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, 2011 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.



**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, 2011, 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  
May 14, 2012

Chartered Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Shuniah

## Statement of Financial Position

As at December 31

	2011	2010
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	718,751	411,365
Investments <i>[note 3]</i>	4,174,411	3,123,209
Taxes receivable	293,855	302,486
Accounts receivable	198,578	545,039
<b>Total financial assets</b>	<b>5,385,595</b>	<b>4,382,099</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	342,902	479,473
Deferred revenue <i>[note 5]</i>	566,929	451,501
Landfill closure and post-closure liability <i>[note 8]</i>	952,700	838,530
Debt <i>[note 7]</i>	—	10,204
<b>Total liabilities</b>	<b>1,862,531</b>	<b>1,779,708</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,523,064</b>	<b>2,602,391</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 9] [schedule 2]</i>	9,018,270	8,725,795
Land inventory	41,545	166,181
Deposit on capital asset	—	50,800
Prepaid expenses	19,066	—
	<b>9,078,881</b>	<b>8,942,776</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>12,601,945</b>	<b>11,545,167</b>

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 2011 \$	Actual 2011 \$	Actual 2010 \$
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	4,055,425	4,107,748	3,935,159
Commercial and industrial	722,228	722,228	719,861
Taxation from other governments	39,905	39,905	38,824
	<b>4,817,558</b>	<b>4,869,881</b>	<b>4,693,844</b>
<b>Deduct</b>			
Amounts received or receivable on behalf of school boards	(1,163,962)	(1,171,251)	(1,179,249)
	<b>3,653,596</b>	<b>3,698,630</b>	<b>3,514,595</b>
<b>User charges</b>			
Other fees and service charges	78,500	107,616	42,758
	<b>3,732,096</b>	<b>3,806,246</b>	<b>3,557,353</b>
<b>Grants</b>			
Government of Canada	298,201	99,174	315,595
Province of Ontario	1,935,101	1,933,323	2,117,916
	<b>2,233,302</b>	<b>2,032,497</b>	<b>2,433,511</b>
<b>Other</b>			
Investment income	5,000	47,954	25,321
Penalties and late payment charges	30,000	49,688	35,214
Other	79,264	270,739	142,956
	<b>114,264</b>	<b>368,381</b>	<b>203,491</b>
<b>Total revenues</b>	<b>6,079,662</b>	<b>6,207,124</b>	<b>6,194,355</b>

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
<b>EXPENSES [note 10] [schedule 3]</b>			
General government	810,851	770,015	737,508
Protection to persons and property	1,143,495	1,096,850	1,151,771
Transportation services	1,128,633	1,600,798	1,336,572
Environmental services	194,446	268,398	177,289
Health services	327,080	339,807	324,244
Social and family services	837,328	849,982	1,021,371
Recreation and cultural services	65,465	79,844	72,144
Planning and development	175,281	75,401	91,370
<b>Total expenses</b>	<b>4,682,579</b>	<b>5,081,095</b>	<b>4,912,269</b>
<b>NET REVENUES</b>	<b>1,397,083</b>	<b>1,126,029</b>	<b>1,282,086</b>
<b>Other</b>			
Loss on disposal of tangible capital assets	—	69,251	33,902
<b>Annual surplus</b>	<b>1,397,083</b>	<b>1,056,778</b>	<b>1,248,184</b>
Accumulated surplus, beginning of year	—	11,545,167	10,296,983
<b>Accumulated surplus, end of year</b>	<b>1,397,083</b>	<b>12,601,945</b>	<b>11,545,167</b>

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, 2011

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
<b>Annual surplus</b>	<b>1,397,083</b>	<b>1,056,778</b>	<b>1,248,184</b>
Acquisition of tangible capital assets	(1,320,005)	(1,209,320)	(1,065,862)
Amortization of tangible capital assets	—	736,208	666,453
Proceeds from sale of tangible capital assets	15,000	—	100
Loss on disposal of tangible capital assets	—	69,251	33,902
Disposal (acquisition) of land inventory	—	124,636	(166,181)
Deposit on capital asset	—	50,800	(50,800)
Acquisition of prepaid expenses	—	(19,066)	—
Insurance proceeds on disposal of tangible capital asset	—	111,386	—
<b>Increase in net financial assets</b>	<b>92,078</b>	<b>920,673</b>	<b>665,796</b>
<b>Net financial assets, beginning of year</b>	<b>—</b>	<b>2,602,391</b>	<b>1,936,595</b>
<b>Net financial assets, end of year</b>	<b>92,078</b>	<b>3,523,064</b>	<b>2,602,391</b>

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Shuniah

## Statement of Cash Flows

Year ended December 31	2011	2010
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	1,056,778	1,248,184
<b>Non-cash charges</b>		
Amortization of tangible capital assets	736,208	666,453
Increase in landfill closure and post-closure liabilities	114,170	18,731
Loss on disposal of tangible capital assets	69,251	33,902
	1,976,407	1,967,270
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in taxes receivable	8,631	(16,077)
Decrease (increase) in accounts receivable	346,461	(19,266)
Decrease in accounts payable and accrued liabilities	(136,571)	(151,906)
Increase in deferred revenue	115,428	56,713
Increase in prepaid expenses	(19,066)	—
<b>Cash provided by operating transactions</b>	<b>2,291,290</b>	<b>1,836,734</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,209,320)	(1,065,862)
Proceeds on sale of tangible capital assets	111,386	100
Disposal (aquisition) of land inventory	124,636	(166,181)
Deposit on capital asset	50,800	(50,800)
<b>Cash used in capital transactions</b>	<b>(922,498)</b>	<b>(1,282,743)</b>
<b>INVESTING</b>		
Increase in investments	(1,051,202)	(517,009)
<b>Cash used in investing transactions</b>	<b>(1,051,202)</b>	<b>(517,009)</b>
<b>FINANCING</b>		
Repayment of long-term debt	(10,204)	(203,324)
<b>Cash used in financing transactions</b>	<b>(10,204)</b>	<b>(203,324)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>307,386</b>	<b>(166,342)</b>
Opening cash and cash equivalents	411,365	577,707
<b>Closing cash and cash equivalents</b>	<b>718,751</b>	<b>411,365</b>

See accompanying notes to the financial statements.

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# **The Corporation of the Municipality of Shuniah**

## **Notes to the Financial Statements**

December 31, 2011

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### **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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2011

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### [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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2011

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[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.

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# **The Corporation of the Municipality of Shuniah**

## **Notes to the Financial Statements**

December 31, 2011

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### **Investment income**

Investment income earned on surplus funds is 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## **2. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$62,110 [2010 - \$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 0.85% - 3.54% maturing January, February, April and December, 2012. 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 [2010 - \$732,000] for which the Municipality has provided a borrowing by-law as security, of which \$nil [2010 - \$nil] was borrowed at year-end. The Municipality cannot exceed borrowings of \$750,000 of the aggregate of temporary loans and long-term loans.

# **The Corporation of the Municipality of Shuniah**

## **Notes to the Financial Statements**

December 31, 2011

### **5. DEFERRED REVENUE**

	2011 \$	2010 \$
Obligatory reserve funds		
Recreational purposes	86,942	78,607
Federal Gas Tax revenue	479,987	372,894
	<b>566,929</b>	<b>451,501</b>

The continuity of deferred revenue is as follows:

	2011 \$	2010 \$
<b>Balance, beginning of year</b>	<b>451,501</b>	394,788
Investment income	6,386	6,976
Amounts deferred during the year	186,214	184,228
Net contributions to operations	(77,172)	(134,491)
<b>Balance, end of year</b>	<b>566,929</b>	<b>451,501</b>

### **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 2011 was \$58,214 [2010 - \$55,138] for current service.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

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December 31, 2011

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### 7. DEBT

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

	2011 \$	2010 \$
Repaid in the year.	—	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 include 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 \$114,170 [2010 - \$18,731] based on a total estimated undiscounted outflow in the future of \$3,564,707 [2010 - \$3,899,708], leaving an amount to be recognized in the future of \$2,612,006 [2010 - \$3,061,178] 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 \$674,123 [2010 - \$591,101] has been provided for these costs as a reserve.

The estimated remaining life of the McTavish site is approximately 25 years and the estimated remaining life of the MacGregor site is approximately 12 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.



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# **The Corporation of the Municipality of Shuniah**

## **Notes to the Financial Statements**

December 31, 2011

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### **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 2011 [2010 - \$nil].

Interest capitalized during 2011 was \$nil [2010 - \$nil].

There were no contributed tangible capital assets in 2011 [2010 - \$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).

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# **The Corporation of the Municipality of Shuniah**

## **Notes to the Financial Statements**

December 31, 2011

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### **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 include public health services, hospital and ambulance services. Public health services covers 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).

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

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December 31, 2011

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### 11. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

	2011 \$	2010 \$
<b>Reserves</b>		
Balance, beginning of year	2,467,467	2,088,530
<b>Revenues</b>		
Contributions from operations	934,467	557,692
<b>Expenses</b>		
Contributions to operations	(47,500)	(178,755)
<b>Balance, end of year</b>	<b>3,354,434</b>	<b>2,467,467</b>
<b>Reserve funds</b>		
Balance, beginning of year	1,200,639	881,392
<b>Revenues</b>		
Contributions from operations	251,350	323,122
Interest earned	16,407	16,383
	<b>267,757</b>	<b>339,505</b>
<b>Expenses</b>		
Contributions to operations	(286,455)	(20,258)
<b>Balance, end of year</b>	<b>1,181,941</b>	<b>1,200,639</b>

### 12. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$1,181,941 [2010 - \$1,200,639] to support reserve funds.

### 13. BUDGET FIGURES

The operating budget approved by Municipal Council for 2011 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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2011

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### 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 March, 2014 and June, 2014. The future minimum annual lease and maintenance payments over the next three years are as follows:

	\$
2012	12,723
2013	15,504
2014	4,768
	<hr/> 32,995 <hr/>

# The Corporation of the Municipality of Shuniah

## Schedule 1

### Schedule of Accumulated Surplus

Year ended December 31	2011	2010
	\$	\$
<b>Surpluses</b>		
Invested in tangible capital assets	9,018,270	8,725,795
Unfunded		
Landfill closure and post-closure liabilities	(952,700)	(838,530)
Debt	—	(10,204)
<b>Total surpluses</b>	<b>8,065,570</b>	<b>7,877,061</b>
<b>Reserves set aside for specific purposes by Council</b>		
For contingencies	395,000	410,000
For land development	20,529	20,529
For planning and development	66,482	66,482
For recreation	3,592	3,592
For road improvements	1,290,096	632,977
For roads equipment replacement	241,210	241,210
For working capital	1,337,525	1,092,677
<b>Total reserves</b>	<b>3,354,434</b>	<b>2,467,467</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For fire department equipment replacement	214,350	390,506
For municipal land for public use	44,845	44,245
For office building replacement	139,337	84,194
For sick leave credits	8,238	8,128
For computerization	35,944	23,092
For landfill contingencies	674,123	591,101
For election	7,896	4,830
For Isku Park	24,716	24,386
For insurance	6,179	6,096
For fire department training	2,106	2,077
For Josh Klukie Memorial Fund	24,207	21,984
<b>Total reserve funds</b>	<b>1,181,941</b>	<b>1,200,639</b>
<b>Accumulated surplus</b>	<b>12,601,945</b>	<b>11,545,167</b>

# The Corporation of the Municipality of Shuniah Schedule of Tangible Capital Assets

Year ended December 31, 2011

## Schedule 2

	General		Equipment and Vehicles \$	Infrastructure		Assets Under Construction \$		Total	
	Land \$	Buildings \$		Roads \$	Bridges and Other Structures \$			2011 \$	2010 \$
<b>COST</b>									
Balance, beginning of year	352,688	1,209,013	1,801,318	7,758,165	1,376,574	—	12,497,758	11,502,367	
<b>Add</b>									
Additions during the year	—	—	755,720	364,242	—	89,358	1,209,320	1,065,862	
<b>Less</b>									
Disposals during the year	—	—	184,371	95,289	—	—	279,660	70,471	
Balance, end of year	352,688	1,209,013	2,372,667	8,027,118	1,376,574	89,358	13,427,418	12,497,758	
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	—	680,132	991,072	1,813,162	287,597	—	3,771,963	3,141,979	
<b>Add</b>									
Amortization during the year	—	25,684	107,825	538,897	63,802	—	736,208	666,453	
<b>Less</b>									
Accumulated amortization on disposals	—	—	46,093	52,930	—	—	99,023	36,469	
Balance, end of year	—	705,816	1,052,804	2,299,129	351,399	—	4,409,148	3,771,963	
<b>Net book value</b>	352,688	503,197	1,319,863	5,727,989	1,025,175	89,358	9,018,270	8,725,795	

# The Corporation of the Municipality of Shuniah

## Schedule of Segment Disclosure

### Schedule 3

Year ended December 31, 2011

	General Government 2011 \$	General Government 2010 \$	Protection to Persons and Property 2011 \$	Protection to Persons and Property 2010 \$	Transportation Services 2011 \$	Transportation Services 2010 \$	Environmental Services 2011 \$	Environmental Services 2010 \$	Health Services 2011 \$	Health Services 2010 \$
<b>Revenues</b>										
Taxation	3,698,630	3,514,595	—	—	—	—	—	—	—	—
Operating grants	1,763,400	1,752,500	156,089	70,874	—	60,257	—	—	—	—
User fees and service charges	—	—	59,148	11,000	—	—	46,005	29,833	—	—
Other municipalities	—	—	51,809	20,908	—	—	—	—	—	—
Other revenues	253,835	149,300	—	—	3,758	11,045	—	—	—	—
Interest income - general	31,547	8,938	—	—	—	—	—	—	—	—
Interest income - reserves and reserve funds	16,407	16,383	—	—	—	—	—	—	—	—
Capital grants	—	—	—	—	113,008	528,972	—	—	—	—
	<b>5,763,819</b>	<b>5,441,716</b>	<b>267,046</b>	<b>102,782</b>	<b>116,766</b>	<b>600,274</b>	<b>46,005</b>	<b>29,833</b>	<b>—</b>	<b>—</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	518,024	468,155	186,137	223,868	434,998	437,707	69,156	62,038	—	—
Interest on long-term debt	—	—	—	—	49	7,936	—	—	—	—
Materials	128,371	144,011	255,620	293,097	492,177	272,980	154,183	74,501	—	—
Contracted services	122,420	124,142	26,020	69,435	7,445	620	45,059	40,750	—	—
External transfers to others	—	—	570,758	528,428	—	—	—	—	339,807	324,244
Amortization	1,200	1,200	58,315	36,943	666,129	617,329	—	—	—	—
	<b>770,015</b>	<b>737,508</b>	<b>1,096,850</b>	<b>1,151,771</b>	<b>1,600,798</b>	<b>1,336,572</b>	<b>268,398</b>	<b>177,289</b>	<b>339,807</b>	<b>324,244</b>
<b>Net revenue (expense)</b>	<b>4,993,804</b>	<b>4,704,208</b>	<b>(829,804)</b>	<b>(1,048,989)</b>	<b>(1,484,032)</b>	<b>(736,298)</b>	<b>(222,393)</b>	<b>(147,456)</b>	<b>(339,807)</b>	<b>(324,244)</b>

# **The Corporation of the Municipality of Shuniah** **Schedule of Segment Disclosure**

Year ended December 31, 2011

## **Schedule 3 (continued)**

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Taxation	—	—	—	—	—	—	3,514,595
Operating grants	—	—	—	—	—	—	1,883,631
User fees and service charges	—	—	2,463	1,925	—	—	3,698,630
Other municipalities	—	—	—	—	—	—	1,919,489
Other revenues	—	—	—	—	—	—	107,616
Interest income - general	—	—	—	—	11,025	17,825	42,758
Interest income - reserves and reserve funds	—	—	—	—	—	—	51,809
Capital grants	—	—	—	—	—	—	268,618
	—	—	2,463	1,925	11,025	17,825	178,170
							31,547
							8,938
							16,383
							528,972
							6,194,355
<b>Expenses</b>							
Salaries, wages and employee benefits	—	—	32,881	26,787	57,173	54,086	1,298,369
Interest on long-term debt	—	—	—	—	—	—	49
Materials	—	—	35,853	34,143	1,826	2,855	1,068,030
Contracted services	—	—	546	233	16,402	34,429	217,892
External transfers to others	849,982	1,021,371	—	—	—	—	1,760,547
Amortization	—	—	10,564	10,981	—	—	736,208
	849,982	1,021,371	79,844	72,144	75,401	91,370	5,081,095
	(849,982)	(1,021,371)	(77,381)	(70,219)	(64,376)	(73,545)	1,126,029
<b>Net revenue (expense)</b>							1,282,086



## Independent Auditor's Report

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

We have audited the financial statements of the MacGregor Recreational Association Trust Funds of The Corporation of the Municipality of Shuniah, which comprise the statement of financial position as at December 31, 2011 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 principles, 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 circumstances, but not for the purposes 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.

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the MacGregor Recreational Association Trust Funds of The Corporation of the Municipality of Shuniah as at December 31, 2011 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.



Thunder Bay, Canada  
May 14, 2012

Chartered Accountants  
Licensed Public Accountants

**The Corporation of the Municipality of Shuniah**  
**Trust Funds**  
**Statement of Financial Position**

As at December 31

			2011	2010
	MacGregor Recreational Association Trust Fund \$	Developers' Trust Fund \$	Total \$	Total \$
<b>FINANCIAL ASSETS</b>				
Cash	6,190	55,920	62,110	6,190
<b>FINANCIAL POSITION</b>				
Fund balances	6,190	55,920	62,110	6,190

See accompanying note to the financial statements.

**The Corporation of the Municipality of Shuniah**  
**Trust Funds**  
**Statement of Continuity**

Year ended December 31	2011		2010	
	MacGregor Recreational Association Trust Fund \$	Developers' Trust Fund \$	Total \$	Total \$
<b>Balance, beginning of year</b>	<b>6,190</b>	<b>—</b>	<b>6,190</b>	<b>6,190</b>
<b>REVENUES</b>				
Interest earned	—	420	420	—
Contributions	—	55,500	55,500	—
<b>EXPENDITURES</b>	—	—	—	—
<b>Balance, end of year</b>	<b>6,190</b>	<b>55,920</b>	<b>62,110</b>	<b>6,190</b>

See accompanying note to the financial statements.

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**The Corporation of the Municipality of Shuniah  
Trust Funds**

**Note to the Financial Statements**

December 31, 2011

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**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

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

**Developers' Trust Fund**

The Developers' Trust Fund is made up of the amounts received for the Grann Subdivision.