

Financial Statements

The Corporation of the Municipality of Shuniah

December 31, 2014



# MUNICIPALITY OF SHUNIAH

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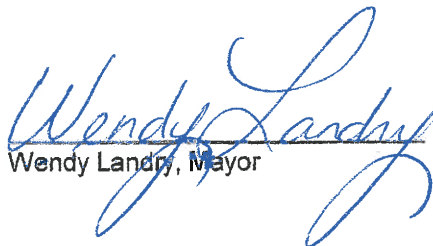
## Statement of Administrative Responsibility

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 CPA Canada.

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 2014 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 independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

  
Paul Greenwood, Acting CAO  
Wendy Landry, Mayor

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## 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 accompanying financial statements of The Corporation of the Municipality of Shuniah, which comprise the statement of financial position as at December 31, 2014 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, 2014, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada  
May 11, 2015

Chartered Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Shuniah

## Statement of Financial Position

As at December 31	2014	2013
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	4,265,305	3,791,631
Investments <i>[note 3]</i>	2,791,012	2,753,971
Taxes receivable	514,179	514,354
Accounts receivable	162,346	226,062
<b>Total financial assets</b>	<b>7,732,842</b>	<b>7,286,018</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	439,042	493,668
Deferred revenue <i>[note 5]</i>	455,071	473,356
Landfill closure and post-closure liability <i>[note 7]</i>	1,626,343	1,359,246
<b>Total liabilities</b>	<b>2,520,456</b>	<b>2,326,270</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,212,386</b>	<b>4,959,748</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 8] [schedule 2]</i>	9,965,199	9,578,668
Prepaid expenses	13,295	10,824
	<b>9,978,494</b>	<b>9,589,492</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>15,190,880</b>	<b>14,549,240</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	2014	2014	2013
	Budget	Actual	Actual
	\$	\$	\$
	[note 14]		
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	3,694,565	3,729,394	3,606,954
Commercial and industrial	359,486	360,085	387,506
Taxation from other governments	60,423	60,384	41,742
	4,114,474	4,149,863	4,036,202
<b>User charges</b>			
Other fees and service charges	98,250	124,807	90,225
	4,212,724	4,274,670	4,126,427
<b>Grants</b>			
Government of Canada	200,000	200,000	200,000
Province of Ontario	1,545,951	1,590,680	1,851,283
Other municipalities	30,000	47,462	18,987
	1,775,951	1,838,142	2,070,270
<b>Other</b>			
Investment income	25,000	74,216	74,560
Penalties and late payment charges	30,000	66,443	56,051
Other	110,340	148,384	121,775
	165,340	289,043	252,386
<b>Total revenues</b>	<b>6,154,015</b>	<b>6,401,855</b>	<b>6,449,083</b>

	2014	2014	2013
	Budget	Actual	Actual
	\$	\$	\$
	[note 14]		
<b>EXPENSES [note 9] [schedule 3]</b>			
General government	906,222	928,758	887,245
Protection to persons and property	1,328,839	1,179,022	1,172,409
Transportation services	1,765,819	1,708,892	1,753,811
Environmental services	542,351	454,658	213,304
Health services	451,732	460,578	420,985
Social and family services	852,224	846,105	871,292
Recreation and cultural services	108,342	90,762	78,006
Planning and development	124,420	97,335	94,795
<b>Total expenses</b>	<b>6,079,949</b>	<b>5,766,110</b>	<b>5,491,847</b>
<b>NET REVENUES BEFORE THE UNDERNOTED ITEMS</b>	<b>74,066</b>	<b>635,745</b>	<b>957,236</b>
<b>Other</b>			
Loss (gain) on disposal of tangible capital assets	-	(5,895)	31,956
<b>Annual surplus</b>	<b>74,066</b>	<b>641,640</b>	<b>925,280</b>
Accumulated surplus, beginning of year	-	14,549,240	13,623,960
<b>Accumulated surplus, end of year</b>	<b>74,066</b>	<b>15,190,880</b>	<b>14,549,240</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	2014	2014	2013
	Budget	Actual	Actual
	\$	\$	\$
	[note 14]		
<b>Annual surplus</b>	<b>74,066</b>	<b>641,640</b>	925,280
Acquisition of tangible capital assets	(1,122,000)	(1,162,647)	(695,768)
Amortization of tangible capital assets	749,584	749,584	715,576
Proceeds from sale of tangible capital assets	-	32,427	5,000
Loss (gain) on disposal of tangible capital assets	-	(5,895)	31,956
Acquisition of prepaid expenses	-	(13,295)	(10,824)
Use of prepaid expenses	-	10,824	11,088
<b>Increase in net financial assets</b>	<b>(298,350)</b>	<b>252,638</b>	982,308
<b>Net financial assets, beginning of year</b>	<b>-</b>	<b>4,959,748</b>	3,977,440
<b>Net financial assets, end of year</b>	<b>(298,350)</b>	<b>5,212,386</b>	4,959,748

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Shuniah

## Statement of Cash Flows

Year ended December 31	2014	2013
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	641,640	925,280
<b>Non-cash charges</b>		
Amortization of tangible capital assets	749,584	715,576
Increase in landfill closure and post-closure liabilities	267,097	25,284
Loss (gain) on disposal of tangible capital assets	(5,895)	31,956
	1,652,426	1,698,096
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in taxes receivable	175	(155,202)
Decrease in accounts receivable	63,716	71,108
Decrease (increase) in accounts payable and accrued liabilities	(54,626)	139,355
Decrease in deferred revenue	(18,285)	(14,164)
Decrease (increase) in prepaid expenses	(2,471)	264
<b>Cash provided by operating transactions</b>	1,640,935	1,739,457
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,162,647)	(695,768)
Proceeds on sale of tangible capital assets	32,427	5,000
<b>Cash used in capital transactions</b>	(1,130,220)	(690,768)
<b>INVESTING</b>		
Increase in investments	(37,041)	(38,886)
<b>Cash used in investing transactions</b>	(37,041)	(38,886)
<b>Increase in cash and cash equivalents</b>	473,674	1,009,803
Opening cash and cash equivalents	3,791,631	2,781,828
<b>Closing cash and cash equivalents</b>	4,265,305	3,791,631

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, 2014

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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 CPA Canada. 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.

##### **Government partnerships**

Certain organizations in which the Municipality participates are accounted for on a proportionate consolidation basis, consistent with the treatment for government partnerships. Under the proportionate consolidation basis of accounting, the Municipality pro-rata share of the assets, liabilities, revenues and expenses that are subject to shared control is combined on a line-by-line basis with similar items in the Municipality's financial statements. The entity that is accounted for in this manner is:

Thunder Bay Area Emergency Measures Organization

##### **Local boards**

The financial activities of certain entities associated with the Municipality are not consolidated. The Municipality's contributions 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

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

## **Notes to the Financial Statements**

December 31, 2014

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### **Trust funds**

Certain assets have been conveyed or assigned to the Municipality to be administered as directed by agreement or statute. The Municipality holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries, as a result, the trust funds and assets are excluded from their financial statements.

### **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 which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

### **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**

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer defined benefit plan, as a defined contribution plan. Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

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December 31, 2014

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### 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 less accumulated amortization and write-downs, if any. Costs include 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 transferred to their respective tangible capital asset categories.

#### [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.

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

## **Notes to the Financial Statements**

December 31, 2014

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### **[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 to the Municipality are accounted for as the acquisition of a capital asset and the incurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

### **Reserves and reserve funds**

Council segregates its surplus into various categories including reserves and reserve funds which are specifically for future operating and capital purposes.

### **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.

### **Revenue**

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.

Interest is recognized as it is earned.

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.

### **Government transfers**

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Municipality are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

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

## **Notes to the Financial Statements**

December 31, 2014

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### **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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

### **Taxation revenue**

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which its tax receivables are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

### **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 estimate inflation and is charged to expenses as the landfill site's capacity is used.

## **2. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$63,769 [2013 - \$63,244] 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 0.80% - 1.00%, maturing April and December, 2015. The carrying value of these investments reported on the Statement of Financial Position closely reflects fair market value.

# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2014

### 4. TEMPORARY LOANS

The Municipality has available a credit facility of \$732,000 [2013 - \$732,000] for which the Municipality has provided a borrowing by-law as security, of which \$nil [2013 - \$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

	2014 \$	2013 \$
Obligatory reserve funds		
Recreational purposes	113,560	99,340
Federal Gas Tax revenue	341,511	374,016
	<b>455,071</b>	<b>473,356</b>

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2014 \$	Total 2013 \$
<b>Balance, beginning of year</b>	<b>374,016</b>	<b>99,340</b>	<b>473,356</b>	487,520
Investment income	4,219	720	4,939	5,373
Amounts deferred during the year	163,276	13,500	176,776	180,463
Net contributions to operations	(200,000)	-	(200,000)	(200,000)
<b>Balance, end of year</b>	<b>341,511</b>	<b>113,560</b>	<b>455,071</b>	<b>473,356</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 2014 was \$92,189 [2013 - \$75,682] for current service.



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

## **Notes to the Financial Statements**

December 31, 2014

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### **7. 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 2.74% for a 25-year term and 2.87% for a 30-year term. The change in the recorded liability is \$267,097 [2013 - \$25,284] based on a total estimated undiscounted outflow in the future of \$2,614,788 [2013 - \$2,593,483], leaving an amount to be recognized in the future of \$988,445 [2013 - \$1,234,237] 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 \$925,906 [2013 - \$841,438] has been provided to fund this liability and future landfill expansion (Schedule 1). The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the McTavish site is approximately 17 years and the estimated capacity remaining is 9,919 cubic metres. The estimated remaining life of the MacGregor site is approximately 8 years and the estimated capacity remaining is 29,456 cubic metres. 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.

### **8. 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 2014 [2013 - \$nil].

Interest capitalized during 2014 was \$nil [2013 - \$nil].

There were no contributed tangible capital assets in 2014 [2013 - \$nil].

Certain assets were recorded at a nominal value on adoption of tangible capital assets 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 roll at the Municipal incorporation date at date of purchase where available. Land purchased after 2007 is recorded at cost.

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

## **Notes to the Financial Statements**

December 31, 2014

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### **9. 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 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.

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

## **Notes to the Financial Statements**

December 31, 2014

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### **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, 2014

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### 10. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds that make up part of the accumulated surplus noted in Schedule 1 is as follows:

	2014 \$	2013 \$
<b>Reserves</b>		
Balance, beginning of year	4,743,451	3,890,405
<b>Revenues</b>		
Contributions from operations	719,637	961,046
<b>Expenses</b>		
Contributions to operations	(381,255)	(108,000)
<b>Balance, end of year</b>	<b>5,081,833</b>	<b>4,743,451</b>
<b>Reserve funds</b>		
Balance, beginning of year	1,586,367	1,432,085
<b>Revenues</b>		
Contributions from operations	150,000	154,000
Contributions from capital operations	20,600	-
Interest earned	17,886	17,282
	<b>188,486</b>	<b>171,282</b>
<b>Expenses</b>		
Contributions to operations	(4,662)	(17,000)
<b>Balance, end of year</b>	<b>1,770,191</b>	<b>1,586,367</b>

### 11. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$1,770,191 [2013 - \$1,586,367] to support reserve funds.

# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2014

### 12. CONTINGENCIES

The Municipality is subject to legal proceedings and claims from time to time, which arise in the normal course of business for which the amount of settlement, if any, is indeterminable at this time. The settlement, if any, will be expensed in the financial statements at the time of settlement.

### 13. COMMITMENTS

The Municipality leases certain equipment which expires February, 2020. The future minimum annual lease and maintenance payments over the next five years are as follows:

	\$
2015	2,906
2016	2,906
2017	2,906
2018	2,906
2019	2,906
Thereafter	484
	15,014

### 14. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved 2014 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
<b>Revenue</b>	<b>6,154,015</b>	<b>-</b>	<b>6,154,015</b>
<b>Expenses</b>	<b>4,700,470</b>	<b>1,379,479</b>	<b>6,079,949</b>
<b>Annual surplus</b>	<b>1,453,545</b>	<b>(1,379,479)</b>	<b>74,066</b>
Less:			
Acquisition of tangible capital assets	(1,482,800)	360,800	(1,122,000)
Add:			
Amortization of tangible capital assets	-	749,584	749,584
	(1,482,800)	1,110,384	(372,416)
<b>Decrease in net financial assets</b>	<b>(29,255)</b>	<b>(269,095)</b>	<b>(298,350)</b>

# The Corporation of the Municipality of Shuniah

## Schedule 1

### Schedule of Accumulated Surplus

Year ended December 31	2014	2013
	\$	\$
<b>Surpluses</b>		
Invested in tangible capital assets	9,965,199	9,578,668
Unfunded		
Landfill closure and post-closure liabilities	(1,626,343)	(1,359,246)
<b>Total surpluses</b>	<b>8,338,856</b>	<b>8,219,422</b>
<b>Reserves set aside for specific purposes by Council</b>		
For contingencies	395,000	395,000
For land development	20,529	20,529
For planning and development	86,482	76,482
For recreation	3,592	3,592
For road improvements	1,908,096	1,863,096
For roads equipment replacement	521,210	521,210
For working capital	2,016,924	1,733,542
For municipal office building	130,000	130,000
<b>Total reserves</b>	<b>5,081,833</b>	<b>4,743,451</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For fire department equipment replacement	470,421	370,651
For municipal land for public use	46,456	45,939
For office building replacement	230,277	227,715
For sick leave credits	3,684	3,643
For computerization	21,889	21,645
For landfill contingencies	925,906	841,438
For election	11,655	16,135
For Isku Park	25,604	25,319
For insurance	6,401	6,330
For fire department training	2,181	2,157
For Josh Klukie Memorial Fund	25,717	25,395
<b>Total reserve funds</b>	<b>1,770,191</b>	<b>1,586,367</b>
<b>Accumulated surplus</b>	<b>15,190,880</b>	<b>14,549,240</b>

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

Year ended December 31, 2014

## Schedule 2

	General			Infrastructure		Total
	Land \$	Buildings \$	Equipment and Vehicles \$	Roads \$	Bridges and Other Structures \$	Assets Under Construction \$
<b>COST</b>						
Balance, beginning of year	557,849	1,755,812	2,690,523	8,758,661	1,376,574	- 15,139,419 14,660,877
<b>Add</b>						
Additions during the year	-	303,754	481,179	252,579	-	125,135 1,162,647 695,768
<b>Less</b>						
Disposals during the year	-	-	433,066	36,424	-	- 469,490 217,226
Balance, end of year	557,849	2,059,566	2,738,636	8,974,816	1,376,574	125,135 15,832,576 15,139,419
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	-	795,290	1,246,914	3,039,542	479,005	- 5,560,751 5,025,445
<b>Add</b>						
Amortization during the year	-	60,618	139,722	485,441	63,803	- 749,584 715,576
<b>Less</b>						
Accumulated amortization on disposals	-	-	406,534	36,424	-	- 442,958 180,270
Balance, end of year	-	855,908	980,102	3,488,559	542,808	- 5,867,377 5,560,751
<b>Net book value</b>	557,849	1,203,658	1,758,534	5,486,257	833,766	125,135 9,965,199 9,578,668

# The Corporation of the Municipality of Shuniah

## Schedule of Segment Disclosure

Year ended December 31, 2014

### Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	4,149,863	4,036,202	-	-	-	-	-	-	-	-
Operating grants	1,477,700	1,717,400	92,229	113,131	-	-	-	-	-	-
User fees and service charges	-	-	86,142	42,600	-	-	36,965	46,295	-	-
Other municipalities	-	-	47,462	18,987	-	-	-	-	-	-
Other revenues	133,214	107,491	72,513	62,236	-	-	-	-	-	-
Interest income - general	56,653	57,277	-	-	-	-	-	-	-	-
Interest income - reserves and reserve funds	17,563	17,283	-	-	-	-	-	-	-	-
Capital grants	20,751	20,751	-	-	200,000	200,000	-	-	-	-
	<b>5,855,744</b>	<b>5,956,404</b>	<b>298,346</b>	<b>236,954</b>	<b>200,000</b>	<b>200,000</b>	<b>36,965</b>	<b>46,295</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	543,776	508,080	225,142	210,746	498,128	503,022	74,081	71,720	-	-
Materials	168,986	169,806	272,206	282,385	580,348	640,066	347,698	104,418	-	-
Contracted services	194,047	195,003	1,312	-	-	-	32,879	37,166	-	-
External transfers to others	-	-	602,520	608,157	-	-	-	-	460,578	420,985
Amortization	21,949	14,356	77,842	71,121	630,416	610,723	-	-	-	-
	<b>928,758</b>	<b>887,245</b>	<b>1,179,022</b>	<b>1,172,409</b>	<b>1,708,892</b>	<b>1,753,811</b>	<b>454,658</b>	<b>213,304</b>	<b>460,578</b>	<b>420,985</b>
<b>Net revenues (expenses) before under noted item</b>	<b>4,926,986</b>	<b>5,069,159</b>	<b>(880,676)</b>	<b>(935,455)</b>	<b>(1,508,892)</b>	<b>(1,553,811)</b>	<b>(417,693)</b>	<b>(167,009)</b>	<b>(460,578)</b>	<b>(420,985)</b>
Loss (gain) on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
<b>Annual surplus (deficit)</b>	<b>4,926,986</b>	<b>5,069,159</b>	<b>(880,676)</b>	<b>(935,455)</b>	<b>(1,508,892)</b>	<b>(1,553,811)</b>	<b>(417,693)</b>	<b>(167,009)</b>	<b>(460,578)</b>	<b>(420,985)</b>



# The Corporation of the Municipality of Shuniah

## Schedule of Segment Disclosure

Year ended December 31, 2014

## Schedule 3 (continued)

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2014	2013	2014	2013	2014	2013	
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Taxation	-	-	-	-	-	-	4,036,202
Operating grants	-	-	-	-	-	-	1,830,531
User fees and service charges	-	-	1,700	1,330	-	-	124,807
Other municipalities	-	-	-	-	-	-	47,462
Other revenues	-	-	-	-	9,100	8,100	214,827
Interest income - general	-	-	-	-	-	-	56,653
Interest income - reserves and reserve funds	-	-	-	-	-	-	17,283
Capital grants	-	-	1,700	1,330	9,100	8,100	220,751
	-	-	1,700	1,330	9,100	8,100	6,401,855
							6,449,083
<b>Expenses</b>							
Salaries, wages and employee benefits	-	-	34,751	28,430	64,681	57,318	1,379,316
Materials	-	-	36,409	29,994	2,764	2,205	1,408,411
Contracted services	-	-	225	205	29,890	35,272	258,353
External transfers to others	846,105	871,292	-	-	-	-	1,909,203
Amortization	-	-	19,377	19,377	-	-	749,584
	846,105	871,292	90,762	78,006	97,335	94,795	5,766,110
							5,491,847
<b>Net revenues (expenses) before under noted item</b>	(846,105)	(871,292)	(89,062)	(76,676)	(88,235)	(86,695)	635,745
Loss (gain) on disposal of tangible capital assets	-	-	-	-	(5,895)	31,956	(5,895)
							31,956
<b>Annual surplus (deficit)</b>	(846,105)	(871,292)	(89,062)	(76,676)	(82,340)	(118,651)	641,640
							925,280



## 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, 2014 and the statements of continuity 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 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 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, 2014 and the continuity and cash flows of the Trust Funds for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
May 11, 2015

Chartered Accountants  
Licensed Public Accountants

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

## **Statement of Financial Position**

As at December 31

**2014**

**2013**

	<b>MacGregor Recreational Association Trust Fund \$</b>	<b>Developers' Trust Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>FINANCIAL ASSETS</b>				
Cash	<b>6,379</b>	<b>57,390</b>	<b>63,769</b>	<b>63,244</b>
<b>FINANCIAL POSITION</b>				
Fund balances	<b>6,379</b>	<b>57,390</b>	<b>63,769</b>	<b>63,244</b>

See accompanying note to the financial statements.

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

Year ended December 31

**2014**

**2013**

	<b>MacGregor Recreational Association Trust Fund \$</b>	<b>Developers' Trust Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Balance, beginning of year</b>	<b>6,310</b>	<b>56,934</b>	<b>63,244</b>	62,649
<b>REVENUES</b>				
Interest earned	69	456	525	595
<b>EXPENSES</b>	-	-	-	-
<b>Excess of revenues over expenses for the year</b>	<b>69</b>	<b>456</b>	<b>525</b>	595
<b>Balance, end of year</b>	<b>6,379</b>	<b>57,390</b>	<b>63,769</b>	63,244

See accompanying note to the financial statements.

**The Corporation of the Municipality of Shuniah**  
**Trust Funds**  
**Statement of Cash Flows**

Year ended December 31	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	525	595
<b>Increase in cash during year</b>	525	595
Cash, beginning of year	63,244	62,649
<b>Cash, end of year</b>	63,769	63,244

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, 2014

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### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of accounting**

Revenues and expenses 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.