

# Financial Statements

The Corporation of the Municipality of Shuniah

December 31, 2019

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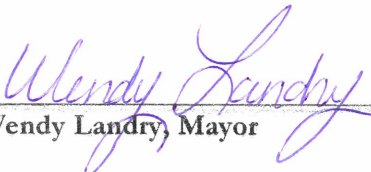
## Statement of Administrative Responsibility

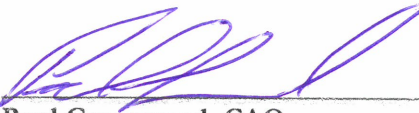
The management of The Corporation of the Municipality of Shuniah have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Municipality has legislative and financial responsibility. The financial 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 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 2019 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 auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

  
Wendy Landry, Mayor

  
Paul Greenwood, CAO

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# Independent Auditor's Report

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

## Opinion

We have audited the financial statements of The Corporation of the Municipality of Shuniah ("the Municipality"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Shuniah as at December 31, 2019, and its results of operations, its changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada  
May 12, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Shuniah

## Statement of Financial Position

As at December 31

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	3,457,617	7,301,545
Investments <i>[note 3]</i>	5,723,267	1,640,391
Taxes receivable	556,402	475,478
Accounts receivable	271,197	325,503
<b>Total financial assets</b>	<b>10,008,483</b>	<b>9,742,917</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	667,833	975,756
Deferred revenue <i>[note 5]</i>	658,217	508,409
Vested sick leave liability	106,131	-
Landfill closure and post-closure liability <i>[note 8]</i>	1,658,379	1,607,007
<b>Total liabilities</b>	<b>3,090,560</b>	<b>3,091,172</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,917,923</b>	<b>6,651,745</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 9] [schedule 2]</i>	10,714,043	10,186,497
Prepaid expenses	45,614	15,108
	<b>10,759,657</b>	<b>10,201,605</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>17,677,580</b>	<b>16,853,350</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

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
	[note 15]		
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	4,321,058	4,350,169	4,160,879
Commercial and industrial	353,023	353,488	366,455
Taxation from other governments	70,919	70,770	63,517
	4,745,000	4,774,427	4,590,851
<b>User charges</b>			
Other fees and service charges	163,500	157,445	165,270
	4,908,500	4,931,872	4,756,121
<b>Grants</b>			
Government of Canada	200,000	204,675	251,830
Province of Ontario	1,633,790	1,608,858	1,158,201
Other municipalities	20,000	19,746	24,565
	1,853,790	1,833,279	1,434,596
<b>Other</b>			
Investment income	100,000	220,707	164,134
Penalties and late payment charges	50,000	62,454	63,124
Other	60,500	463,263	98,901
	210,500	746,424	326,159
<b>Total revenues</b>	<b>6,972,790</b>	<b>7,511,575</b>	<b>6,516,876</b>
<b>EXPENSES [note 10] [schedule 3]</b>			
General government	987,335	983,673	1,034,122
Protection to persons and property	1,395,867	1,343,027	1,360,883
Transportation services	2,071,537	2,053,610	1,980,350
Environmental services	266,923	335,348	131,193
Health services	591,285	620,169	567,420
Social and family services	874,059	874,059	846,317
Recreation and cultural services	230,937	164,627	145,061
Planning and development	370,695	309,786	235,013
<b>Total expenses</b>	<b>6,788,638</b>	<b>6,684,299</b>	<b>6,300,359</b>
<b>NET REVENUES BEFORE THE UNDERNOTED ITEM</b>	<b>184,152</b>	<b>827,276</b>	<b>216,517</b>
Gain (loss) on on disposal of tangible capital assets	-	(3,046)	9,542
<b>Annual surplus</b>	<b>184,152</b>	<b>824,230</b>	<b>226,059</b>
Accumulated surplus, beginning of year	-	16,853,350	16,627,291
<b>Accumulated surplus, end of year</b>	<b>184,152</b>	<b>17,677,580</b>	<b>16,853,350</b>

See accompanying notes to the financial statements.

## The Corporation of the Municipality of Shuniah

### Statement of Changes in Net Financial Assets

Year ended December 31	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
<b>Annual surplus</b>	<b>184,152</b>	<b>824,230</b>	226,059
Acquisition of tangible capital assets	<b>(1,577,000)</b>	<b>(1,338,170)</b>	(1,342,881)
Amortization of tangible capital assets	<b>807,578</b>	<b>807,578</b>	804,957
Proceeds from sale of tangible capital assets	-	-	49,942
Loss (gain) on disposal of tangible capital assets	-	<b>3,046</b>	(9,542)
Acquisition of prepaid expenses	-	<b>(45,614)</b>	(15,108)
Use of prepaid expenses	-	<b>15,108</b>	13,382
Increase (decrease) in net financial assets	<b>(585,270)</b>	<b>266,178</b>	(273,191)
Net financial assets, beginning of year	<b>6,651,745</b>	<b>6,651,745</b>	6,924,936
<b>Net financial assets, end of year</b>	<b>6,066,475</b>	<b>6,917,923</b>	6,651,745

See accompanying notes to the financial statements.



# The Corporation of the Municipality of Shuniah

## Statement of Cash Flows

Year ended December 31	2019	2018
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	824,230	226,059
<b>Non-cash charges</b>		
Amortization of tangible capital assets	807,578	804,957
Increase (decrease) in landfill closure and post-closure liabilities	51,372	(47,312)
Increase in vested sick leave liability	106,131	-
Loss (gain) on disposal of tangible capital assets	3,046	(9,542)
	<b>1,792,357</b>	<b>974,162</b>
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in taxes receivable	(80,924)	116,347
Decrease (increase) in accounts receivable	54,306	(186,989)
Increase (decrease) in accounts payable and accrued liabilities	(307,923)	385,555
Increase in deferred revenue	149,808	40,341
(Increase) in prepaid expenses	(30,506)	(1,726)
<b>Cash provided by operating transactions</b>	<b>1,577,118</b>	<b>1,327,690</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,338,170)	(1,342,881)
Proceeds from sale of tangible capital assets	-	49,942
<b>Cash used in capital transactions</b>	<b>(1,338,170)</b>	<b>(1,292,939)</b>
<b>INVESTING</b>		
Increase in investments	(4,082,876)	(26,587)
<b>Cash used in investing transactions</b>	<b>(4,082,876)</b>	<b>(26,587)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(3,843,928)</b>	<b>8,164</b>
Opening cash and cash equivalents	7,301,545	7,293,381
<b>Closing cash and cash equivalents</b>	<b>3,457,617</b>	<b>7,301,545</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, 2019

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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.

##### **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

##### **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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2019

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### [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.

#### 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 other 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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2019

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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 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.

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

## **Notes to the Financial Statements**

December 31, 2019

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### **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.

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

# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2019

### 2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$6,816 [2018 - \$6,665] 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 a high interest savings account, deposits in Money Market and Bond Funds, and Guaranteed Investment Certificates carrying interest at 2.100%, maturing April, 2020. The carrying value of these investments reported on the Statement of Financial Position closely reflects fair market value.

### 4. TEMPORARY LOANS

The Municipality cannot exceed borrowings of \$500,000 of the aggregate of temporary and long-term loans.

### 5. DEFERRED REVENUE

	2019 \$	2018 \$
Obligatory reserve funds		
Federal Gas Tax	429,696	277,436
Parkland	198,718	189,643
General deferred revenue		
Main Street Revitalization Fund	16,303	31,330
Trans Canada Pipeline	10,000	10,000
NextBridge	3,500	-
	<b>658,217</b>	<b>508,409</b>

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2019 \$	Total 2018 \$
<b>Balance, beginning of year</b>	<b>277,436</b>	<b>230,973</b>	<b>508,409</b>	468,068
Investment income	4,900	2,395	7,295	6,409
Amounts deferred during the year	347,360	3,500	350,860	242,723
Net contributions to operations	-	(8,347)	(8,347)	(8,791)
Gas Tax revenue earned	(200,000)	-	(200,000)	(200,000)
<b>Balance, end of year</b>	<b>429,696</b>	<b>228,521</b>	<b>658,217</b>	<b>508,409</b>

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

## **Notes to the Financial Statements**

December 31, 2019

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### **6. LIABILITY FOR EMPLOYEE VESTED SICK LEAVE BENEFITS**

Under the sick leave benefit plan, unused sick leave can accumulate up to 120 hours for certain eligible employees. Active employees may become entitled to that sick leave if they are unable to work due to a valid medical condition. The Municipality recognizes these costs in the period in which the employees rendered the services. The employees may be entitled to be paid 25% - 50% of the value of the accumulated sick leave credits upon retirement. The liability for these accumulated days, if the eligible employees took the maximum available hours is approximately \$106,131. An amount of \$nil has been provided for this past service liability as a reserve.

An amount of \$nil [2018 - \$nil] was paid to employees who left the Municipality's employment during the year.

### **7. 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 2019 was \$99,900 [2018 - \$92,424] for current service.

### **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 3.95%. The change in the recorded liability is \$51,372 [2018 - (\$47,312)] based on a total estimated undiscounted outflow in the future of \$2,274,536 [2018 - \$2,290,910], leaving an amount to be recognized in the future of \$616,157 [2018 - \$683,903] 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 \$1,364,268 [2018 - \$1,273,187] 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 8 years and the estimated capacity remaining is 11,404 cubic metres. The estimated remaining life of the MacGregor site is approximately 4 years and the estimated capacity remaining is 14,559 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.

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

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December 31, 2019

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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 2019 [2018 - \$nil].

Interest capitalized during 2019 was \$nil [2018 - \$nil].

There were no contributed tangible capital assets in 2019 [2018 - \$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.

### 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.



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

## **Notes to the Financial Statements**

December 31, 2019

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### **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

December 31, 2019

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### 11. 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:

	2019 \$	2018 \$
<b>Reserves</b>		
Balance, beginning of year	2,096,270	5,915,638
<b>Revenues</b>		
Contributions from operations	195,177	85,937
<b>Expenses</b>		
Contributions to operations	(53,500)	(469,498)
Contributions to reserve funds	-	(3,435,807)
	(53,500)	(3,905,305)
<b>Balance, end of year</b>	<b>2,237,947</b>	<b>2,096,270</b>
<b>Reserve funds</b>		
Balance, beginning of year	6,177,590	2,676,999
<b>Revenues</b>		
Contributions from operations	1,010,000	684,000
Contributions from reserves	-	3,435,807
Interest earned	77,810	77,625
	1,087,810	4,197,432
<b>Expenses</b>		
Contributions to current operations	(775,300)	(696,841)
<b>Balance, end of year</b>	<b>6,490,100</b>	<b>6,177,590</b>

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# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2019

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### 12. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$6,490,100 [2018 - \$6,177,590] to support reserve funds.

### 13. 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.

### 14. COMMITMENTS

The Municipality leases certain equipment which expires April, 2025. The future minimum annual lease and maintenance payments over the next five years are as follows:

	\$
2020	2,142
2021	2,142
2022	2,142
2023	2,142
2024	2,142
Thereafter	714
	<hr/> 11,424 <hr/>

In 2019, the Municipality approved the purchase of a tanker for the Fire Department which was not received prior to year-end and the purchase order was issued in the amount of \$369,000 plus HST.

# The Corporation of the Municipality of Shuniah

## Notes to the Financial Statements

December 31, 2019

### 15. 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 Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
<b>Revenues</b>			
Taxation	4,745,000	-	4,745,000
User charges	163,500	-	163,500
Government transfers	1,853,790	-	1,853,790
Other	1,356,269	(1,145,769)	210,500
	8,118,559	(1,145,769)	6,972,790
	8,118,559	(1,145,769)	6,972,790
<b>Expenses</b>			
General government	951,836	35,499	987,335
Protection to persons and property	2,309,533	(913,666)	1,395,867
Transportation services	2,457,168	(385,631)	2,071,537
Environmental services	341,923	(75,000)	266,923
Health services	591,285	-	591,285
Social and family services	874,059	-	874,059
Recreation and cultural services	211,560	19,377	230,937
Planning and development	381,195	(10,500)	370,695
	8,118,559	(1,329,921)	6,788,638
<b>Annual surplus</b>	-	184,152	184,152
Interfund transfers	-	(585,270)	
Capital items	-	1,577,000	
Amortization	-	(807,578)	
	-	184,152	

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

## **Notes to the Financial Statements**

December 31, 2019

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### **16. SUBSEQUENT EVENTS**

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To date, the Municipality has taken the following actions in response to the pandemic:

- (a) On March 13, 2020, in response to legislated closures of non-essential services, the Municipality closed the municipal office, MacGregor Recreation Centre, park and recreation amenities and all recreation program to the Public. The Municipality expects a reduction in rentals, and user fees of approximately \$75 per month as a result of these closures.
- (b) On April 14, 2020, the Municipality passed By-law to amend by-law 3095-20 for property tax relief. Late payment penalties will not be applied on the April 24th, 2020 tax payment until after August, 2020. As a result, the Municipality expects a decrease of interest and penalties revenue of approximately \$1,500 per month for four months. The Municipality expects that some of its taxpayers will face additional financial pressures that may impact their ability to make their payments on a timely basis.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

# The Corporation of the Municipality of Shuniah

## Schedule 1

### Schedule of Accumulated Surplus

Year ended December 31	2019	2018
	\$	\$
<b>Surpluses</b>		
Invested in tangible capital assets	10,714,043	10,186,497
Unfunded		
Employee vested sick leave	(106,131)	-
Landfill closure and post-closure liabilities	(1,658,379)	(1,607,007)
<b>Total surpluses</b>	<b>8,949,533</b>	<b>8,579,490</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	96,482	116,482
For recreation	43,592	43,592
For working capital	1,552,344	1,390,667
For future health benefit assistance	130,000	130,000
<b>Total reserves</b>	<b>2,237,947</b>	<b>2,096,270</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For fire department equipment replacement	1,087,308	1,330,799
For municipal land for public use	49,065	48,453
For landfill contingencies	1,364,268	1,273,187
For election	17,058	17,058
For roads equipment replacement	815,880	706,951
For road improvements	3,156,521	2,801,142
<b>Total reserve funds</b>	<b>6,490,100</b>	<b>6,177,590</b>
<b>Accumulated surplus</b>	<b>17,677,580</b>	<b>16,853,350</b>

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

**Schedule 2**

Year ended December 31, 2019

	General			Infrastructure			Total	
	Land	Buildings	Equipment and Vehicles	Roads	Bridges and Other Structures	Assets Under Construction	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
Balance, beginning of year	713,532	2,383,517	3,038,321	10,064,059	2,671,756	-	18,871,185	17,936,475
<b>Add</b>								
Additions during the year	-	-	586,720	745,888	-	5,562	1,338,170	1,342,881
<b>Less</b>								
Disposals during the year	-	-	-	14,672	-	-	14,672	408,171
Balance, end of year	713,532	2,383,517	3,625,041	10,795,275	2,671,756	5,562	20,194,683	18,871,185
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	1,299,053	1,166,365	5,267,961	951,309	-	8,684,688	8,247,502
<b>Add</b>								
Amortization during the year	-	76,983	171,820	454,275	104,500	-	807,578	804,957
<b>Less</b>								
Accumulated amortization on disposals	-	-	-	11,626	-	-	11,626	367,771
Balance, end of year	-	1,376,036	1,338,185	5,710,610	1,055,809	-	9,480,640	8,684,688
<b>Net book value, beginning of year</b>	713,532	1,084,464	1,871,956	4,796,098	1,720,447	-	10,186,497	9,688,973
<b>Net book value, end of year</b>	713,532	1,007,481	2,286,856	5,084,665	1,615,947	5,562	10,714,043	10,186,497

# The Corporation of the Municipality of Shuniah

## Schedule of Segment Disclosure

## Schedule 3

Year ended December 31, 2019

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	4,774,427	4,590,851	-	-	-	-	-	-	-	-
Operating grants	1,555,966	1,080,886	20,218	70,000	37,349	9,145	-	-	-	-
User fees and service charges	-	-	105,021	98,287	-	-	41,745	60,443	-	-
Other municipalities	-	-	19,746	24,565	-	-	-	-	-	-
Other revenues	423,729	116,950	6,553	6,688	-	-	80,616	23,957	-	-
Interest income - general	142,897	86,509	-	-	-	-	-	-	-	-
Interest income - reserves and reserve funds	77,810	77,625	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	200,000	250,000	-	-	-	-
	6,974,829	5,952,821	151,538	199,540	237,349	259,145	122,361	84,400	-	-
<b>Expenses</b>										
Salaries, wages and employee benefits	620,297	502,650	250,430	202,838	599,539	541,362	91,604	89,510	-	-
Materials	179,383	306,373	171,892	234,131	605,079	513,121	120,969	(11,933)	-	-
Contracted services	148,495	193,061	107,655	103,845	166,123	237,818	122,775	53,616	-	-
External transfers to others	-	-	743,216	754,576	-	-	-	-	620,169	567,420
Amortization	35,498	32,038	69,834	65,493	682,869	688,049	-	-	-	-
	983,673	1,034,122	1,343,027	1,360,883	2,053,610	1,980,350	335,348	131,193	620,169	567,420
<b>Net revenues (expenses) before undernoted item</b>	5,991,156	4,918,699	(1,191,489)	(1,161,343)	(1,816,261)	(1,721,205)	(212,987)	(46,793)	(620,169)	(567,420)
Gain (loss) on disposal of tangible capital assets	(3,046)	(1,333)	-	-	-	10,875	-	-	-	-
<b>Annual surplus (deficit)</b>	5,988,110	4,917,366	(1,191,489)	(1,161,343)	(1,816,261)	(1,710,330)	(212,987)	(46,793)	(620,169)	(567,420)



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

**Schedule 3 (continued)**

Year ended December 31, 2019

	<b>Social and Family Services</b>		<b>Recreation and Cultural Services</b>		<b>Planning and Development</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>								
Taxation	-	-	-	-	-	-	<b>4,774,427</b>	4,590,851
Operating grants	-	-	-	-	-	-	<b>1,613,533</b>	1,160,031
User fees and service charges	-	-	<b>10,679</b>	6,540	-	-	<b>157,445</b>	165,270
Other municipalities	-	-	-	-	-	-	<b>19,746</b>	24,565
Other revenues	-	-	<b>819</b>	500	<b>14,000</b>	13,930	<b>525,717</b>	162,025
Interest income - general	-	-	-	-	-	-	<b>142,897</b>	86,509
Interest income - reserves and reserve funds	-	-	-	-	-	-	<b>77,810</b>	77,625
Capital grants	-	-	-	-	-	-	<b>200,000</b>	250,000
	-	-	<b>11,498</b>	7,040	<b>14,000</b>	13,930	<b>7,511,575</b>	6,516,876
<b>Expenses</b>								
Salaries, wages and employee benefits	-	-	<b>63,653</b>	70,164	<b>109,092</b>	142,978	<b>1,734,615</b>	1,549,502
Materials	-	-	<b>39,910</b>	33,212	<b>4,901</b>	6,073	<b>1,122,134</b>	1,080,977
Contracted services	-	-	<b>41,687</b>	22,308	<b>195,793</b>	85,962	<b>782,528</b>	696,610
External transfers to others	<b>874,059</b>	846,317	-	-	-	-	<b>2,237,444</b>	2,168,313
Amortization	-	-	<b>19,377</b>	19,377	-	-	<b>807,578</b>	804,957
	<b>874,059</b>	846,317	<b>164,627</b>	145,061	<b>309,786</b>	235,013	<b>6,684,299</b>	6,300,359
<b>Net revenues (expenses) before undernoted item</b>	<b>(874,059)</b>	<b>(846,317)</b>	<b>(153,129)</b>	<b>(138,021)</b>	<b>(295,786)</b>	<b>(221,083)</b>	<b>827,276</b>	216,517
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	<b>(3,046)</b>	9,542
<b>Annual surplus (deficit)</b>	<b>(874,059)</b>	<b>(846,317)</b>	<b>(153,129)</b>	<b>(138,021)</b>	<b>(295,786)</b>	<b>(221,083)</b>	<b>824,230</b>	226,059

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# Independent Auditor's Report

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

## Opinion

We have audited the financial statements of Macgregor Recreational Association Trust Fund of The Corporation of the Municipality of Shuniah ("the Municipality"), which comprise the statement of financial position as at December 31, 2019, and the statements of continuity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Macgregor Recreational Association Trust Fund of The Corporation of the Municipality of Shuniah as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

We also:

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

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Thunder Bay, Canada  
May 12, 2020

Chartered Professional Accountants  
Licensed Public Accountants

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

As at December 31

		<b>2019</b>	<b>2018</b>
	<b>MacGregor Recreational Association Trust Fund</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>			
Cash	<b>6,816</b>	<b>6,816</b>	6,665
<b>FINANCIAL POSITION</b>			
Fund balances	<b>6,816</b>	<b>6,816</b>	6,665

See accompanying note to the financial statements.

# The Corporation of the Municipality of Shuniah

## Trust Funds

### Statement of Continuity

Year ended December 31

		2019	2018
	MacGregor Recreational Association Trust Fund \$	Total \$	Total \$
<b>Balance, beginning of year</b>	<b>6,665</b>	<b>6,665</b>	6,543
<b>REVENUES</b>			
Interest earned	151	151	122
<b>EXPENSES</b>	-	-	-
<b>Excess of revenues over expenses for the year</b>	<b>151</b>	<b>151</b>	122
<b>Balance, end of year</b>	<b>6,816</b>	<b>6,816</b>	6,665

See accompanying note to the financial statements.

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

Year ended December 31	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	151	122
<b>Increase in cash during year</b>	151	122
Cash, beginning of year	6,665	6,543
<b>Cash, end of year</b>	6,816	6,665

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, 2019

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**1. SIGNIFICANT ACCOUNTING POLICY**

**Basis of accounting**

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