



Financial Statements

The Corporation of the Municipality of Shuniah

December 31, 2021

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 2021 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.


Donna Blunt, Acting Mayor


Paul Greenwood, CAO

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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

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, 2021, 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, 2021, 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.

Grant Thornton LLP

Thunder Bay, Canada
May 10, 2022

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Shuniah

Statement of Financial Position

As at December 31

2021

2020

\$

\$

FINANCIAL ASSETS

| | | |
|-------------------------------|-------------------|-------------------|
| Cash and cash equivalents | 4,668,428 | 3,880,979 |
| Investments <i>[note 3]</i> | 5,847,529 | 5,813,541 |
| Taxes receivable | 662,657 | 645,884 |
| Accounts receivable | 287,565 | 191,635 |
| Total financial assets | 11,466,179 | 10,532,039 |

LIABILITIES

| | | |
|---|------------------|------------------|
| Accounts payable and accrued liabilities | 564,604 | 593,008 |
| Deferred revenue <i>[note 5]</i> | 983,207 | 726,306 |
| Vested sick leave liability <i>[note 6]</i> | 123,825 | 116,509 |
| Landfill closure and post-closure liability <i>[note 8]</i> | 1,833,059 | 1,931,592 |
| Total liabilities | 3,504,695 | 3,367,415 |

NET FINANCIAL ASSETS

7,961,484 7,164,624

NON-FINANCIAL ASSETS

| | | |
|--|-------------------|-------------------|
| Tangible capital assets - net <i>[note 9] [schedule 2]</i> | 10,629,743 | 10,771,614 |
| Prepaid expenses | 31,527 | 12,726 |
| | 10,661,270 | 10,784,340 |

Accumulated surplus *[schedule 1]*

18,622,754 17,948,964

See accompanying notes to the financial statements.

The Corporation of the Municipality of Shuniah

Statement of Operations and Accumulated Surplus

Year ended December 31

| | 2021 | 2021 | 2020 |
|--|-------------------|-------------------|-------------------|
| | Budget | Actual | Actual |
| | \$ | \$ | \$ |
| | [note 14] | | |
| REVENUES [schedule 3] | | | |
| Taxation | | | |
| Residential and farm taxation | 4,668,357 | 4,686,354 | 4,552,573 |
| Commercial and industrial | 369,334 | 370,477 | 362,430 |
| Taxation from other governments | 68,308 | 68,151 | 68,062 |
| | 5,105,999 | 5,124,982 | 4,983,065 |
| User charges | | | |
| Other fees and service charges | 131,500 | 189,280 | 143,543 |
| | 5,237,499 | 5,314,262 | 5,126,608 |
| Government transfers | | | |
| Government of Canada | 215,000 | 54,315 | 77,818 |
| Province of Ontario | 1,004,000 | 1,252,907 | 1,200,922 |
| Other municipalities | 20,000 | 573 | 11,921 |
| | 1,239,000 | 1,307,795 | 1,290,661 |
| Other | | | |
| Investment income | 110,000 | 64,997 | 127,960 |
| Penalties and late payment charges | 50,000 | 69,926 | 66,876 |
| Other | 186,500 | 244,519 | 273,187 |
| | 346,500 | 379,442 | 468,023 |
| Total revenues | 6,822,999 | 7,001,499 | 6,885,292 |
| EXPENSES [note 10] [schedule 3] | | | |
| General government | 1,071,416 | 1,077,443 | 959,150 |
| Protection to persons and property | 1,429,968 | 1,414,263 | 1,437,548 |
| Transportation services | 1,974,415 | 1,779,597 | 1,806,375 |
| Environmental services | 324,370 | 180,800 | 530,093 |
| Health services | 691,179 | 708,115 | 668,102 |
| Social and family services | 909,487 | 909,487 | 891,091 |
| Recreation and cultural services | 215,439 | 172,877 | 113,067 |
| Planning and development | 118,430 | 69,290 | 191,590 |
| Total expenses | 6,734,704 | 6,311,872 | 6,597,016 |
| NET REVENUES BEFORE THE UNDERNOTED ITEM | 88,295 | 689,627 | 288,276 |
| Loss on on disposal of tangible capital assets | - | (15,837) | (16,892) |
| Annual surplus | 88,295 | 673,790 | 271,384 |
| Accumulated surplus, beginning of year | 17,948,964 | 17,948,964 | 17,677,580 |
| Accumulated surplus, end of year | 18,037,259 | 18,622,754 | 17,948,964 |

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 | 2021 | 2021 | 2020 |
|---|--------------------|------------------|-----------|
| | Budget | Actual | Actual |
| | \$ | \$ | \$ |
| | <i>[note 14]</i> | | |
| Annual surplus | 88,295 | 673,790 | 271,384 |
| Acquisition of tangible capital assets | (1,030,000) | (668,358) | (816,909) |
| Amortization of tangible capital assets | 791,742 | 791,742 | 727,946 |
| Proceeds from sale of tangible capital assets | - | 2,650 | 14,500 |
| Loss on disposal of tangible capital assets | - | 15,837 | 16,892 |
| Acquisition of prepaid expenses | - | (31,527) | (12,726) |
| Use of prepaid expenses | - | 12,726 | 45,614 |
| Increase (decrease) in net financial assets | (149,963) | 796,860 | 246,701 |
| Net financial assets, beginning of year | 7,164,624 | 7,164,624 | 6,917,923 |
| Net financial assets, end of year | 7,014,661 | 7,961,484 | 7,164,624 |

See accompanying notes to the financial statements.

The Corporation of the Municipality of Shuniah

Statement of Cash Flows

| Year ended December 31 | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| OPERATIONS | | |
| Annual surplus | 673,790 | 271,384 |
| Non-cash charges | | |
| Amortization of tangible capital assets | 791,742 | 727,946 |
| Increase (decrease) in landfill closure and post-closure liabilities | (98,533) | 273,213 |
| Increase in vested sick leave liability | 7,316 | 10,378 |
| Loss on disposal of tangible capital assets | 15,837 | 16,892 |
| | 1,390,152 | 1,299,813 |
| Net change in non-cash working capital balances | | |
| Increase in taxes receivable | (16,773) | (89,482) |
| Decrease (increase) in accounts receivable | (95,930) | 79,562 |
| Decrease in accounts payable and accrued liabilities | (28,404) | (74,825) |
| Increase in deferred revenue | 256,901 | 68,089 |
| Decrease (increase) in prepaid expenses | (18,801) | 32,888 |
| Cash provided by operating transactions | 1,487,145 | 1,316,045 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (668,358) | (816,909) |
| Proceeds from sale of tangible capital assets | 2,650 | 14,500 |
| Cash used in capital transactions | (665,708) | (802,409) |
| INVESTING | | |
| Increase in investments | (33,988) | (90,274) |
| Cash used in investing transactions | (33,988) | (90,274) |
| Increase in cash and cash equivalents | 787,449 | 423,362 |
| Opening cash and cash equivalents | 3,880,979 | 3,457,617 |
| Closing cash and cash equivalents | 4,668,428 | 3,880,979 |

See accompanying notes to the financial statements.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

[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 | 15 to 40 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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

[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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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, 2021

2. TRUST FUNDS

In 2021, Council approved the closure of the MacGregor Trust Fund and Trust bank account. Trust funds administered by the Municipality amounting to \$nil [2020 - \$6,898] 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 1.40%, maturing April 2026. 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

| | 2021 \$ | 2020 \$ |
|---------------------------------|----------------|----------------|
| Obligatory reserve funds | | |
| Federal Gas Tax | 840,742 | 536,813 |
| Parkland | 142,465 | 159,690 |
| General deferred revenue | | |
| Main Street Revitalization Fund | - | 16,303 |
| Trans Canada Pipeline | - | 10,000 |
| NextBridge | - | 3,500 |
| | 983,207 | 726,306 |

The continuity of deferred revenue is as follows:

| | Government Transfer \$ | Other \$ | Total 2021 \$ | Total 2020 \$ |
|----------------------------------|------------------------------|-------------|---------------------|---------------------|
| Balance, beginning of year | 536,813 | 189,493 | 726,306 | 658,217 |
| Investment income | 4,849 | 778 | 5,627 | 10,513 |
| Amounts deferred during the year | 348,092 | 4,250 | 352,342 | 200,763 |
| Net contributions to operations | - | (52,056) | (52,056) | (72,457) |
| Gas Tax revenue earned | (49,012) | - | (49,012) | (70,730) |
| Balance, end of year | 840,742 | 142,465 | 983,207 | 726,306 |

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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 \$123,825 [2020 - \$116,509]. An amount of \$123,825 has been provided for this past service liability as a reserve.

An amount of \$nil [2020 - \$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 2021 was \$98,303 [2020 - \$92,454] 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 2.45%. The change in the recorded liability is \$ (98,533) [2020 - \$273,213] based on a total estimated undiscounted outflow in the future of \$2,134,609 [2020 - \$2,344,732], leaving an amount to be recognized in the future of \$301,550 [2020 - \$413,139] 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 \$1,546,994 [2020 - \$1,461,502] 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 5 years and the estimated capacity remaining is 7,524 cubic metres. The estimated remaining life of the MacGregor site is approximately 1.5 years and the estimated capacity remaining is 5,464 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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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 2021 [2020 - \$nil].

Interest capitalized during 2021 was \$nil [2020 - \$nil].

There were no contributed tangible capital assets in 2021 [2020 - \$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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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).

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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:

| | 2021 \$ | 2020 \$ |
|-------------------------------------|------------------|------------------|
| Reserves | | |
| Balance, beginning of year | 2,284,455 | 2,255,005 |
| Revenues | | |
| Contributions from operations | 52,990 | 80,135 |
| Expenses | | |
| Contributions to operations | (68,203) | (50,685) |
| Balance, end of year | 2,269,242 | 2,284,455 |
| Reserve funds | | |
| Balance, beginning of year | 6,940,996 | 6,473,042 |
| Revenues | | |
| Contributions from operations | 942,590 | 949,153 |
| Interest earned | 50,352 | 99,518 |
| | 992,942 | 1,048,671 |
| Expenses | | |
| Contributions to current operations | (253,285) | (580,717) |
| Balance, end of year | 7,680,653 | 6,940,996 |

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

12. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$7,680,653 [2020 - \$6,940,996] to support reserve funds.

13. COMMITMENTS

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

| | \$ |
|------|-------------------|
| 2022 | 2,142 |
| 2023 | 2,142 |
| 2024 | 2,142 |
| 2025 | 714 |
| | <hr/> 7,140 <hr/> |

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2021

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 Fiscal Plan \$ | Adjustments \$ | Fiscal Plan per Financial Statements \$ |
|------------------------------------|----------------------------------|-------------------|--|
| Revenues | | | |
| Taxation | 5,105,999 | - | 5,105,999 |
| User charges | 131,500 | - | 131,500 |
| Government transfers | 1,239,000 | - | 1,239,000 |
| Other | 1,056,963 | (710,463) | 346,500 |
| | 7,533,462 | (710,463) | 6,822,999 |
| | 7,533,462 | (710,463) | 6,822,999 |
| Expenses | | | |
| General government | 1,045,917 | 25,499 | 1,071,416 |
| Protection to persons and property | 1,444,220 | (14,252) | 1,429,968 |
| Transportation services | 2,652,419 | (678,004) | 1,974,415 |
| Environmental services | 399,370 | (75,000) | 324,370 |
| Health services | 691,179 | - | 691,179 |
| Social and family services | 909,487 | - | 909,487 |
| Recreation and cultural services | 271,940 | (56,501) | 215,439 |
| Planning and development | 118,930 | (500) | 118,430 |
| | 7,533,462 | (798,758) | 6,734,704 |
| Annual surplus | - | 88,295 | 88,295 |
| Interfund transfers | - | (149,963) | |
| Capital items | - | 1,030,000 | |
| Amortization | - | (791,742) | |
| | - | 88,295 | |

15. COMPARATIVE FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2021 consolidated financial statements.

The Corporation of the Municipality of Shuniah

Schedule 1

Schedule of Accumulated Surplus

| Year ended December 31 | 2021 | 2020 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Surpluses | | |
| Invested in tangible capital assets | 10,629,743 | 10,771,614 |
| Unfunded | | |
| Employee vested sick leave | (123,825) | (116,509) |
| Landfill closure and post-closure liabilities | (1,833,059) | (1,931,592) |
| Total surpluses | 8,672,859 | 8,723,513 |
| Reserves set aside for specific purposes by Council | | |
| For contingencies | 395,000 | 395,000 |
| For land development | 20,529 | 20,529 |
| For planning and development | 84,996 | 84,996 |
| For recreation | 62,296 | 83,592 |
| For election | 27,058 | 17,058 |
| For working capital | 1,506,913 | 1,523,146 |
| For future health benefit assistance | 172,450 | 160,134 |
| Total reserves | 2,269,242 | 2,284,455 |
| Reserve funds set aside for specific purposes by Council | | |
| For fire department equipment replacement | 915,061 | 784,228 |
| For municipal land for public use | 50,163 | 49,822 |
| For COVID-19 | 164,769 | 138,582 |
| For landfill contingencies | 1,546,994 | 1,461,502 |
| For roads equipment replacement | 887,435 | 930,025 |
| For road improvements | 4,116,231 | 3,576,837 |
| Total reserve funds | 7,680,653 | 6,940,996 |
| Accumulated surplus | 18,622,754 | 17,948,964 |

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

Year ended December 31, 2021

Schedule 2

| | General | | | Infrastructure | | | Total | |
|--|---------|-----------|------------------------|----------------|------------------------------|---------------------------|------------|------------|
| | Land | Buildings | Equipment and Vehicles | Roads | Bridges and Other Structures | Assets Under Construction | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| COST | | | | | | | | |
| Balance, beginning of year | 713,532 | 2,383,517 | 3,840,818 | 11,071,224 | 2,678,412 | 85,957 | 20,773,460 | 20,194,683 |
| Add | | | | | | | | |
| Additions during the year | - | 23,741 | 324,339 | 288,338 | - | 31,940 | 668,358 | 816,909 |
| Transfers | - | - | 85,957 | - | - | (85,957) | - | - |
| Less | | | | | | | | |
| Disposals during the year | - | - | 11,888 | 97,784 | - | - | 109,672 | 238,132 |
| Balance, end of year | 713,532 | 2,407,258 | 4,239,226 | 11,261,778 | 2,678,412 | 31,940 | 21,332,146 | 20,773,460 |
| ACCUMULATED AMORTIZATION | | | | | | | | |
| Balance, beginning of year | - | 1,453,019 | 1,396,632 | 5,991,831 | 1,160,364 | - | 10,001,846 | 9,480,640 |
| Add | | | | | | | | |
| Amortization during the year | - | 77,775 | 236,939 | 372,362 | 104,666 | - | 791,742 | 727,946 |
| Less | | | | | | | | |
| Accumulated amortization on disposals | - | - | 9,609 | 81,576 | - | - | 91,185 | 206,740 |
| Balance, end of year | - | 1,530,794 | 1,623,962 | 6,282,617 | 1,265,030 | - | 10,702,403 | 10,001,846 |
| Net book value, beginning of year | 713,532 | 930,498 | 2,444,186 | 5,079,393 | 1,518,048 | 85,957 | 10,771,614 | 10,714,043 |
| Net book value, end of year | 713,532 | 876,464 | 2,615,264 | 4,979,161 | 1,413,382 | 31,940 | 10,629,743 | 10,771,614 |

The Corporation of the Municipality of Shuniah

Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2021

| | General Government | | Protection to Persons and Property | | Transportation Services | | Environmental Services | | Health Services | |
|---|--------------------|-----------|---------------------------------------|-------------|----------------------------|-------------|---------------------------|-----------|-----------------|-----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | | |
| Taxation | 5,124,982 | 4,983,065 | - | - | - | - | - | - | - | - |
| Government transfers | 1,185,978 | 1,175,188 | - | - | 72,232 | 32,822 | - | - | - | - |
| User fees and service charges | - | - | 146,975 | 90,623 | - | - | 41,915 | 51,105 | - | - |
| Other municipalities | - | - | 573 | 11,921 | - | - | - | - | - | - |
| Other revenues | 166,464 | 115,118 | 59,026 | 98,513 | - | - | 41,245 | 38,345 | - | - |
| Interest income - general | 14,645 | 28,442 | - | - | - | - | - | - | - | - |
| Interest income - reserves and reserve funds | 50,352 | 99,518 | - | - | - | - | - | - | - | - |
| Capital grants | - | - | - | - | 49,012 | 70,730 | - | - | - | - |
| | 6,542,421 | 6,401,331 | 206,574 | 201,057 | 121,244 | 103,552 | 83,160 | 89,450 | - | - |
| Expenses | | | | | | | | | | |
| Salaries, wages and employee benefits | 624,312 | 556,004 | 262,073 | 263,685 | 580,624 | 568,193 | 94,884 | 94,889 | - | - |
| Materials | 277,429 | 192,831 | 184,712 | 194,311 | 378,675 | 453,545 | (18,701) | 355,921 | - | - |
| Contracted services | 140,204 | 174,817 | 115,176 | 108,154 | 198,302 | 211,251 | 104,617 | 79,283 | - | - |
| External transfers to others | - | - | 742,553 | 771,713 | - | - | - | - | 708,115 | 668,102 |
| Amortization | 35,498 | 35,498 | 109,749 | 99,685 | 621,996 | 573,386 | - | - | - | - |
| | 1,077,443 | 959,150 | 1,414,263 | 1,437,548 | 1,779,597 | 1,806,375 | 180,800 | 530,093 | 708,115 | 668,102 |
| Net revenues (expenses) before undernoted item | 5,464,978 | 5,442,181 | (1,207,689) | (1,236,491) | (1,658,353) | (1,702,823) | (97,640) | (440,643) | (708,115) | (668,102) |
| Gain (loss) on disposal of tangible capital assets | - | - | 371 | (16,303) | (16,208) | (589) | - | - | - | - |
| Annual surplus (deficit) | 5,464,978 | 5,442,181 | (1,207,318) | (1,252,794) | (1,674,561) | (1,703,412) | (97,640) | (440,643) | (708,115) | (668,102) |

The Corporation of the Municipality of Shuniah
Schedule of Segment Disclosure

Year ended December 31, 2021

Schedule 3 (continued)

| | Social and Family Services | | Recreation and Cultural Services | | Planning and Development | | Total | |
|---|---------------------------------------|------------------|---|-----------------|-------------------------------------|------------------|------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | |
| Taxation | - | - | - | - | - | - | 5,124,982 | 4,983,065 |
| Government transfers | - | - | - | - | - | - | 1,258,210 | 1,208,010 |
| User fees and service charges | - | - | 390 | 1,815 | - | - | 189,280 | 143,543 |
| Other municipalities | - | - | - | - | - | - | 573 | 11,921 |
| Other revenues | - | - | 29,360 | 72,637 | 18,350 | 15,450 | 314,445 | 340,063 |
| Interest income - general | - | - | - | - | - | - | 14,645 | 28,442 |
| Interest income - reserves and reserve funds | - | - | - | - | - | - | 50,352 | 99,518 |
| Capital grants | - | - | - | - | - | - | 49,012 | 70,730 |
| | - | - | 29,750 | 74,452 | 18,350 | 15,450 | 7,001,499 | 6,885,292 |
| Expenses | | | | | | | | |
| Salaries, wages and employee benefits | - | - | 40,079 | 41,951 | 31,089 | 121,445 | 1,633,061 | 1,646,167 |
| Materials | - | - | 83,041 | 21,510 | 2,675 | 1,136 | 907,831 | 1,219,254 |
| Contracted services | - | - | 25,258 | 30,229 | 35,526 | 69,009 | 619,083 | 672,743 |
| External transfers to others | 909,487 | 891,091 | - | - | - | - | 2,360,155 | 2,330,906 |
| Amortization | - | - | 24,499 | 19,377 | - | - | 791,742 | 727,946 |
| | 909,487 | 891,091 | 172,877 | 113,067 | 69,290 | 191,590 | 6,311,872 | 6,597,016 |
| Net revenues (expenses) before undernoted item | (909,487) | (891,091) | (143,127) | (38,615) | (50,940) | (176,140) | 689,627 | 288,276 |
| Gain (loss) on disposal of tangible capital assets | - | - | - | - | - | - | (15,837) | (16,892) |
| Annual surplus (deficit) | (909,487) | (891,091) | (143,127) | (38,615) | (50,940) | (176,140) | 673,790 | 271,384 |

Independent Auditor's Report

Grant Thornton LLP

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

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, 2021, 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, 2021, 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 10, 2022

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31

| | 2021 | 2020 |
|---------------------------|--|-------------|
| | MacGregor Recreational Association Trust Fund \$ | Total \$ |
| FINANCIAL ASSETS | | |
| Cash | - | 6,898 |
| FINANCIAL POSITION | | |
| Fund balances | - | 6,898 |

See accompanying note to the financial statements.

The Corporation of the Municipality of Shuniah

Trust Funds

Statement of Continuity

Year ended December 31

| | | 2021 | 2020 |
|---|--|----------------|-------|
| | MacGregor Recreational Association Trust Fund | Total | Total |
| | \$ | \$ | \$ |
| Balance, beginning of year | 6,898 | 6,898 | 6,816 |
| REVENUES | | | |
| Interest earned | - | - | 82 |
| EXPENSES | | | |
| Contributions to capital | 6,898 | 6,898 | - |
| Excess (deficiency) of revenues over expenses for the year | (6,898) | (6,898) | 82 |
| Balance, end of year | - | - | 6,898 |

See accompanying note to the financial statements.

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

| Year ended December 31 | 2021 | 2020 |
|---|----------------|--------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses for the year | (6,898) | 82 |
| Increase (decrease) in cash during year | (6,898) | 82 |
| Cash, beginning of year | 6,898 | 6,816 |
| Cash, end of year | - | 6,898 |

See accompanying note to the financial statements.

**The Corporation of the Municipality of Shuniah
Trust Funds
Note to the Financial Statements**

December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICY

Basis of accounting

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

2. MACGREGOR TRUST FUND

On January 26, 2021 Council approved the closure of the MacGregor Trust Fund and Trust Bank account and directed the use of the funds be for capital projects at the MacGregor Recreation Centre.