

Financial Statements

The Corporation of the Municipality of
Shuniah

December 31, 2025


Statement of Administrative Responsibility

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

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

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

The 2025 financial statements have been reported on by The Corporation of the Municipality of Shuniah's external auditors, Doane Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Mark Figliomeni, Chief Administrative Officer



Susan Moore, Treasurer/Deputy Clerk

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Independent Auditor's Report

Doane 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 The Corporation of the Municipality of Shuniah ("the Municipality"), which comprise the statement of financial position as at December 31, 2025, 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, 2025, 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 a 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.

Doane Grant Thornton LLP

Thunder Bay, Canada
May 12, 2026

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Shuniah

Statement of Financial Position

As at December 31

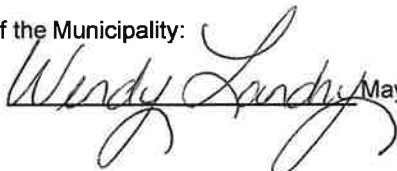
2025

2024

Financial assets		
Cash and cash equivalents	\$ 4,670,921	\$ 3,526,407
Investments	8,454,641	8,550,600
Taxes receivable	397,384	418,648
Accounts receivable	490,279	359,065
Total financial assets	<u>14,013,225</u>	<u>12,854,720</u>
Liabilities		
Accounts payable and accrued liabilities	1,369,655	764,307
Deferred revenue (Note 3)	1,157,449	997,382
Asset retirement obligations (Note 6)	1,257,172	1,132,258
Vested sick leave liability (Note 4)	128,482	128,482
Debt (Note 7)	1,559,580	1,584,877
Total liabilities	<u>5,472,338</u>	<u>4,607,306</u>
Net financial assets	<u>8,540,887</u>	<u>8,247,414</u>
Non-financial assets		
Tangible capital assets (Note 8) (Schedule 2)	14,358,665	13,897,044
Prepaid expenses	35,928	29,607
	<u>14,394,593</u>	<u>13,926,651</u>
Accumulated surplus (Schedule 1)	<u>\$ 22,935,480</u>	<u>\$ 22,174,065</u>

See accompanying notes to the financial statements.

On behalf of the Municipality:

 Mayor

 Councillor

The Corporation of the Municipality of Shuniah

Statements of Operations and Accumulated Surplus

Year ended December 31

	2025 Budget (Note 12)	2025 Actual	2024 Actual
Revenues (Schedule 3)			
Taxation			
Residential and farm taxation	\$ 5,516,520	\$ 5,533,044	\$ 5,296,976
Commercial and industrial	403,229	416,713	406,772
Taxation from other governments	69,753	69,847	69,346
	<u>5,989,502</u>	<u>6,019,604</u>	<u>5,773,094</u>
User charges			
Other fees and service charges	139,500	144,806	173,480
	<u>6,129,002</u>	<u>6,164,410</u>	<u>5,946,574</u>
Government transfers			
Government of Canada	400,000	103,544	213,778
Province of Ontario	1,335,372	1,645,691	1,600,070
Other municipalities	26,500	38,007	55,473
	<u>1,761,872</u>	<u>1,787,242</u>	<u>1,869,321</u>
Other			
Investment income	325,000	382,529	550,217
Penalties and late payment charges	50,000	54,218	52,629
Other	577,340	656,417	400,939
	<u>952,340</u>	<u>1,093,164</u>	<u>1,003,785</u>
Total revenues	<u>8,843,214</u>	<u>9,044,816</u>	<u>8,819,680</u>
Expenses (Note 9) (Schedule 3)			
General government	1,409,225	1,373,816	1,281,813
Protection to persons and property	1,590,523	1,597,757	1,458,889
Transportation services	2,382,041	2,130,493	2,184,868
Environmental services	498,068	437,400	370,525
Health services	777,933	882,834	855,928
Social and family services	1,095,283	1,095,283	1,046,539
Recreation and cultural services	356,285	381,207	271,910
Planning and development	342,211	375,682	339,255
Total expenses	<u>8,451,569</u>	<u>8,274,472</u>	<u>7,809,727</u>
Net revenues before the undernoted item	391,645	770,344	1,009,953
Loss on disposal of tangible capital assets	-	(8,929)	(105,978)
Annual surplus	391,645	761,415	903,975
Accumulated surplus, beginning of year	22,174,065	22,174,065	21,270,090
Accumulated surplus, end of year	<u>\$ 22,565,710</u>	<u>\$ 22,935,480</u>	<u>\$ 22,174,065</u>

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

	2025 Budget (Note 12)	2025 Actual	2024 Actual
Annual surplus	\$ 391,645	\$ 761,415	\$ 903,975
Acquisition of tangible capital assets	(1,913,300)	(1,425,506)	(1,660,241)
Revaluation of other assets	-	(55,260)	(99,881)
Amortization of tangible capital assets	1,002,978	998,216	988,241
Proceeds from sale of tangible capital assets	-	12,000	-
Loss on disposal of tangible capital assets	-	8,929	105,978
Acquisition of prepaid expenses	-	(35,928)	(28,788)
Use of prepaid expenses	-	29,607	43,615
Increase (decrease) in net financial assets	<u>(518,677)</u>	<u>293,473</u>	<u>252,899</u>
Net financial assets, beginning of year	<u>8,247,414</u>	<u>8,247,414</u>	<u>7,994,515</u>
Net financial assets, end of year	<u>\$ 7,728,737</u>	<u>\$ 8,540,887</u>	<u>\$ 8,247,414</u>

See accompanying notes to the financial statements.

The Corporation of the Municipality of Shuniah

Statement of Cash Flows

Year Ended December 31

2025

2024

Operations		
Annual surplus	\$ 761,415	\$ 903,975
Non-cash charges		
Amortization of tangible capital assets	998,216	988,241
Accretion of asset retirement obligation	69,654	29,159
Settlement of asset retirement obligation	-	(58,500)
Loss on disposal of tangible capital assets	8,929	105,978
Write-off of other assets for change in estimated cashflows	-	(29,706)
	<u>1,838,214</u>	<u>1,939,147</u>
Net change in non-cash working capital balances		
Decrease (increase) in taxes receivable	21,264	(11,578)
Decrease (increase) in accounts receivable	(131,214)	513,268
Increase (decrease) in accounts payable and accrued liabilities	605,348	(327,374)
Increase in deferred revenue	160,067	78,499
Decrease (increase) in prepaid expenses	(6,321)	14,827
Cash provided by operating transactions	<u>2,487,358</u>	<u>2,206,789</u>
Capital		
Acquisition of tangible capital assets	(1,425,506)	(1,660,241)
Proceeds from sale of tangible capital assets	12,000	-
Cash used in capital transactions	<u>(1,413,506)</u>	<u>(1,660,241)</u>
Investing		
Decrease (increase) in investments	95,959	(714,645)
Cash provided by (used in) investing transactions	<u>95,959</u>	<u>(714,645)</u>
Financing		
Repayment of long-term debt	(25,297)	(24,086)
Cash used in financing transactions	<u>(25,297)</u>	<u>(24,086)</u>
Increase (decrease) in cash and cash equivalents	<u>1,144,514</u>	<u>(192,183)</u>
Opening cash and cash equivalents	3,526,407	3,718,590
Closing cash and cash equivalents	<u>\$ 4,670,921</u>	<u>\$ 3,526,407</u>

See accompanying notes to the financial statements.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

General

The Corporation of the Municipality of Shuniah (the "Municipality") 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 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. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

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, 2025

1. Significant accounting policies (continued)

(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.

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, as well as any asset retirement obligation related to 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, 2025

1. Significant accounting policies (continued)

(b) Contributions 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.

(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 at the present value of minimum future lease payments. 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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

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 in the year in which it is used for the specified purpose.

Government transfers

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

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

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 asset retirement obligations. Actual results could differ from these estimates.

There is a measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$1,257,172. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

Taxation revenue

Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are 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.

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value as provided by the professional investment firm managing the portfolio with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the Statement of Financial Position when, and only when, they are discharged or cancelled or expire.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include postretirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset. For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred. The asset retirement costs are amortized on a rational basis based on the useful life of the related asset.

A recovery related to asset retirement obligations is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

2. Temporary loans

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

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

3. Deferred revenue	2025	2024
Obligatory reserve funds		
Canadian Community Building Fund	\$ 985,483	\$ 838,614
Parkland	63,916	158,518
General deferred revenue		
Hydro One	107,800	-
TransCanada Pipeline	250	250
	<u>\$ 1,157,449</u>	<u>\$ 997,382</u>

The continuity of deferred revenue is as follows:

	Government Transfer	Other	Total 2025	Total 2024
	\$	\$	\$	\$
Balance, beginning of year	838,614	158,768	997,382	918,883
Investment income	24,918	5,398	30,316	34,113
Contributions received during the year	212,679	250,000	462,679	179,386
Revenue earned during the year	(90,728)	(242,200)	(332,928)	(135,000)
Balance, end of year	<u>985,483</u>	<u>171,966</u>	<u>1,157,449</u>	<u>997,382</u>

4. 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 \$128,482 [2024 - \$128,482]. An amount of \$128,482 has been provided for this past service liability as a reserve.

An amount of \$nil [2024 - \$nil] was paid to employees who left the Municipality's employment during the year.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

5. Pension agreements

The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all the pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of \$151,365 million with respect to benefits accrued for services with actuarial assets at that date of \$150,043 million indicating an actuarial deficit of \$1,322 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2025 was \$124,987 [2024 - \$117,964] for current service.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

6. Asset retirement obligations

The Municipality has recognized asset retirement obligations ("AROs") related to closure and post-closure costs for the landfill sites.

A reconciliation of the aggregate carrying amount of the liability is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 1,132,258	\$ 1,091,424
Change in estimated cashflows	55,260	70,175
Accretion expense	69,654	29,159
Settlement	-	(58,500)
Balance, end of the year	<u>\$ 1,257,172</u>	<u>\$ 1,132,258</u>

The liability is estimated using a present value technique that discounts the expected future expenditures. The discount rate used was based on own borrowing rate for liabilities with similar risks and maturity of 4.97%. The total undiscounted expenditures and the time period over which they are expected to be incurred is as follows:

2028	\$ 956,593
2029	41,634
2030	49,359
2031 to 2053	711,501
	<u>\$ 1,759,087</u>

The Municipality owns and operates two landfill sites. The McTavish landfill site was opened in 1973 with a capacity of 40,000 cubic metres. As at December 31, 2025, the remaining capacity of the site is estimated at 3,189 cubic metres representing 8% of the total capacity. The open site is expected to close when it reaches its capacity in 2028. The MacGregor landfill site was opened in 1974 with a capacity of 183,245 cubic metres. As at December 31, 2025, the remaining capacity of the site is estimated at 16,393 cubic metres representing 9% of the total capacity. The open site is expected to close when it reaches its capacity in 2028.

The closure and post-closure costs for the landfill sites are based upon best estimates by management. Post-closure care for the open landfill sites are estimated to be required for 25 years from the date of closure.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

7. Debt

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

	<u>2025</u>	<u>2024</u>
Debenture payable for Ambulance Base, repayable semi-annually at \$51,878 including interest at 4.97%, maturing December 15, 2053.	<u>\$ 1,559,580</u>	<u>\$ 1,584,877</u>

(b) Future principal payments on long-term debt, assuming refinancing at similar terms and conditions, are approximately as follows:

2026	\$ 26,570
2027	27,907
2028	29,311
2029	30,786
2030	32,335
Thereafter	1,412,671
	<u>\$ 1,559,580</u>

8. Tangible capital assets

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

There were no write-downs of assets in 2025 [2024 - \$nil].

Interest capitalized during 2025 was \$nil [2024 - \$nil].

There were no contributed tangible capital assets in 2025 [2024 - \$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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

9. Segmented information

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

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

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

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.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

9. Segmented information (continued)

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).

10. Reserves and reserve funds

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

	<u>2025</u>	<u>2024</u>
Reserves		
Balance, beginning of year	\$ 1,397,324	\$ 2,104,070
Revenues		
Contributions from operations	5,000	5,000
Expenses		
Contributions to operations	(323,220)	(711,746)
Balance, end of year	<u>\$ 1,079,104</u>	<u>\$ 1,397,324</u>
Reserve funds		
Balance, beginning of year	\$ 9,725,314	\$ 8,763,748
Revenues		
Contributions from operations	777,667	752,667
Interest earned	341,673	393,184
	<u>1,119,340</u>	<u>1,145,851</u>
Expenses		
Contributions to current operations	(401,709)	(184,285)
Balance, end of year	<u>\$ 10,442,945</u>	<u>\$ 9,725,314</u>

11. Restricted cash

Restricted cash includes externally restricted obligatory reserves of \$1,049,399 [2024 - \$997,132] as described in Note 3 and internally restricted reserve funds of \$10,442,945 [2024 - \$9,725,314] to support reserve funds as described in Note 10.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

12. 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 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	PSAB Adjustments	Fiscal Plan per Financial Statements
	\$	\$	\$
Revenues			
Taxation	5,989,502	-	5,989,502
User charges	139,500	-	139,500
Government transfers	1,761,872	-	1,761,872
Other	2,248,684	(1,296,344)	952,340
	<u>10,139,558</u>	<u>(1,296,344)</u>	<u>8,843,214</u>
Expenses			
General government	1,319,687	89,538	1,409,225
Protection to persons and property	1,661,470	(70,947)	1,590,523
Transportation services	3,670,653	(1,288,612)	2,382,041
Environmental services	562,683	(64,615)	498,068
Health services	777,933	-	777,933
Social and family services	1,095,283	-	1,095,283
Recreation and cultural services	709,638	(353,353)	356,285
Planning and development	342,211	-	342,211
	<u>10,139,558</u>	<u>(1,687,989)</u>	<u>8,451,569</u>
Annual operating surplus	<u>-</u>	<u>391,645</u>	<u>391,645</u>
Interfund transfers	-	(518,677)	
Purchase of tangible capital assets	-	1,913,300	
Amortization	-	(1,002,978)	
	<u>-</u>	<u>391,645</u>	

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

13. Financial instruments

Classification

The following table provides the carrying amount of information of the Municipality's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

Financial Instrument	2025		2024	
	Amortized Cost/Cost	Fair Value	Amortized Cost/Cost	Fair Value
	\$	\$	\$	\$
Cash and cash equivalents	4,670,921	-	3,526,407	-
Accounts receivable	490,279	-	359,065	-
Investments	8,454,641	-	8,550,600	-
Accounts payable and accrued liabilities	1,369,655	-	764,307	-
Debt	1,559,580	-	1,584,877	-

The Municipality has no financial instruments recorded at fair value.

Risk disclosures

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Municipality). The Municipality is exposed to this risk arising from its cash, investments, and accounts receivable. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$1,000,000 (2024 - \$1,000,000).

The Municipality's investment policy operates within the constraints of the investment guidelines laid out in the Municipal Act which puts limits on the types of investments the Municipality may invest in, lays out composition of its investment portfolio, specifies the bond quality limits and issuer type limits and general guidelines for geographical exposure. The Act permits the Municipality's funds to be invested in bonds issued by the Government of Canada or a Canadian province having a rating of A or better, or corporate investments having a rating of AAA (high) or better. It also limits its investments in pooled funds to Canadian money market funds and bond funds.

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

13. Financial instruments (continued)

Accounts receivable is primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An allowance is set up based on the Municipality's historical experience regarding collections. In the current and prior years, the allowances related to the taxes receivable and other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	2025					Total
	Current	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	
	\$	\$	\$	\$	\$	
Government receivables	438,895	-	-	-	-	438,895
Other accounts receivable	51,884	-	-	-	-	51,884
Total	490,779	-	-	-	-	490,779
Less						
Other receivable allowance	500	-	-	-	-	500
Net receivable	490,279	-	-	-	-	490,279

	2024					Total
	Current	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	
	\$	\$	\$	\$	\$	
Government receivables	316,644	-	-	-	-	316,644
Other accounts receivable	42,921	-	-	-	-	42,921
Total	359,565	-	-	-	-	359,565
Less						
Other receivable allowance	500	-	-	-	-	500
Net receivable	359,065	-	-	-	-	359,065

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities:

	2025				Total
	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years	
	\$	\$	\$	\$	
Accounts payable and accrued liabilities	1,369,655	-	-	-	1,369,655
Debt	26,570	27,907	92,432	1,412,671	1,559,580
Total	1,396,225	27,907	92,432	1,412,671	2,929,235

The Corporation of the Municipality of Shuniah

Notes to the Financial Statements

December 31, 2025

13. Financial instruments (continued)

Liquidity risk (continued)

	2024				Total
	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years	
	\$	\$	\$	\$	
Accounts payable and accrued liabilities	764,307	-	-	-	764,307
Debt	25,297	26,570	88,004	1,445,006	1,584,877
Total	789,604	26,570	88,004	1,445,006	2,349,184

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk includes three types of risks: currency risk, interest rate risk and equity risk. The Municipality is mainly exposed to interest rate risk. The Municipality operates within the constraints of the investment guidelines in the Ontario Municipal Act. The investment portfolio of bonds and equity is managed by the One Investment Board, monitored by management, and annually reported to Council in accordance with the Municipal investment policy.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk.

There have been no significant changes from the previous year in the exposure to market risk or policies, procedures and methods used to measure the risk.

The Corporation of the Municipality of Shuniah

Schedule 1

Schedule of Accumulated Surplus

Year ended December 31

2025

2024

Surpluses

Invested in tangible capital assets	\$ 14,358,665	\$ 13,897,044
Unfunded		
Employee vested sick leave	(128,482)	(128,482)
Debt	(1,559,580)	(1,584,877)
Asset retirement obligations	(1,257,172)	(1,132,258)
Total surpluses	11,413,431	11,051,427

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	61,667	69,691
For recreation	38,602	38,602
For election	12,673	12,673
For working	353,526	668,722
For future health benefit assistance	197,107	192,107
Total reserves	1,079,104	1,397,324

Reserve funds set aside for specific purposes by Council

For fire department equipment replacement	1,243,441	1,116,967
For municipal land for public use	57,716	55,815
For COVID-19	100,710	97,394
For landfill contingencies	2,106,641	1,964,739
For ambulance base	5,333	2,667
For roads equipment replacement	614,585	816,332
For road improvements	6,314,519	5,671,400
Total reserve funds	10,442,945	9,725,314

Accumulated surplus

	\$ 22,935,480	\$ 22,174,065
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The Corporation of the Municipality of Shuniah
Schedule of Tangible Capital Assets
Year ended December 31, 2025

Schedule 2

	General				Infrastructure		Total	
	Land	Buildings	Equipment and Vehicles	Other	Roads	Bridges and Other	Assets Under Construction	2024
\$	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	713,532	5,705,952	5,089,324	291,064	12,545,927	2,785,034	4,294	27,135,127
Add								
Additions during the year	-	52,228	471,632	-	280,056	-	621,590	1,660,241
Adjustments	-	-	-	-	-	-	-	1,725
Revaluation of ARO	-	-	-	55,260	-	-	-	99,881
Less								
Disposals during the year	-	14,500	48,249	-	51,000	-	-	113,749
Balance, end of year	713,532	5,743,680	5,512,707	346,324	12,774,983	2,785,034	625,884	27,135,127
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,749,971	2,401,162	175,171	7,391,863	1,519,916	-	13,238,083
Add								
Amortization during the year	-	219,299	291,417	5,623	401,212	80,665	-	998,216
Adjustments	-	-	-	-	-	-	-	1,725
Less								
Accumulated amortization on disposals	-	12,194	48,249	-	32,378	-	-	92,820
Balance, end of year	-	1,957,076	2,644,330	180,794	7,760,698	1,600,581	-	14,143,479
Net book value, beginning of year	713,532	3,955,981	2,688,162	115,893	5,154,064	1,265,118	4,294	13,897,044
Net book value, end of year	713,532	3,786,604	2,868,377	165,530	5,014,285	1,184,453	625,884	13,897,044

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

Schedule 3

Year ended December 31, 2025

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	6,019,604	5,773,094	-	-	-	-	-	-	-	-
Government transfers	1,095,208	1,121,765	134,072	16,394	114,232	94,014	-	-	-	-
User fees and service charges	-	-	63,529	111,030	-	-	-	-	-	-
Other municipalities	143,617	155,875	38,007	51,796	-	-	58,174	44,385	-	-
Other revenues	492,104	157,300	-	3,677	-	-	-	-	-	-
Interest income - general	38,189	157,033	-	-	-	-	46,480	105,344	-	-
Interest income - reserves and reserve funds	344,340	393,184	-	-	-	-	-	-	-	-
Capital grants	314,995	-	-	-	90,728	-	-	-	-	-
	8,448,056	7,758,251	235,608	182,897	204,960	94,014	104,654	149,729	-	-
Expenses										
Salaries, wages and employee benefits	679,211	677,333	261,803	297,096	693,937	665,413	118,820	110,884	-	-
Interest on long-term debt	78,458	79,670	-	-	-	-	-	-	-	-
Materials	323,433	231,932	221,752	190,252	570,099	543,261	33,036	86,445	-	-
Contracted services	200,509	200,805	243,881	226,119	209,769	315,490	210,267	115,064	-	-
External transfers to others	-	-	753,269	633,661	-	-	-	-	882,834	855,928
Amortization	92,205	92,073	117,053	111,761	656,688	660,704	5,623	28,973	-	-
Accretion	-	-	-	-	-	-	69,654	29,159	-	-
	1,373,816	1,281,813	1,597,757	1,458,889	2,130,493	2,184,868	437,400	370,525	882,834	855,928
Net revenues (expenses) before undernoted item	7,074,240	6,476,438	(1,362,149)	(1,275,992)	(1,925,533)	(2,090,854)	(332,746)	(220,796)	(882,834)	(855,928)
Gain (loss) on disposal of tangible capital assets	-	-	10,477	(1,468)	(18,622)	(81,610)	-	(8,538)	-	-
Annual surplus (deficit)	7,074,240	6,476,438	(1,351,672)	(1,277,460)	(1,944,155)	(2,172,464)	(332,746)	(229,334)	(882,834)	(855,928)

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

Year ended December 31, 2024

Schedule 3 (continued)

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	6,019,604	5,773,094
Government transfers	-	-	-	-	-	-	1,343,512	1,232,173
User fees and service charges	-	-	23,103	18,065	-	-	144,806	173,480
Other municipalities	-	-	-	-	-	-	181,624	207,671
Other revenues	-	-	335	-	28,100	35,049	567,018	301,370
Interest income - general	-	-	-	-	-	-	38,189	157,033
Interest income - reserves and reserve funds	-	-	-	-	-	-	344,340	393,184
Capital grants	-	-	-	581,675	-	-	405,723	581,675
	-	-	23,438	599,740	28,100	35,049	9,044,816	8,819,680
Expenses								
Salaries, wages and employee benefits	-	-	154,753	71,806	82,110	72,557	1,990,634	1,895,089
Interest on long-term debt	-	-	-	-	-	-	78,458	79,670
Materials	-	-	64,144	59,790	2,354	2,595	1,214,818	1,114,275
Contracted services	-	-	35,663	45,584	291,217	264,103	1,191,307	1,167,165
External transfers to others	1,095,283	1,046,539	-	-	-	-	2,731,386	2,536,128
Amortization	-	-	126,647	94,730	-	-	998,216	988,241
Accretion	-	-	-	-	-	-	69,654	29,159
	1,095,283	1,046,539	381,207	271,910	375,682	339,255	8,274,472	7,809,727
Net revenues (expenses) before undernoted item	(1,095,283)	(1,046,539)	(357,769)	327,830	(347,582)	(304,206)	770,344	1,009,953
Gain (loss) on disposal of tangible capital assets	-	-	(784)	(14,362)	-	-	(8,929)	(105,978)
Annual surplus (deficit)	(1,095,283)	(1,046,539)	(358,553)	313,468	(347,582)	(304,206)	761,415	903,975