



2020 Annual Report



The Corporation of the City of Kenora
Kenora, Ontario
Canada



In the spirit of reconciliation, the City of Kenora acknowledges that we are on the traditional territory of the Anishinaabe and Metis of Treaty #3. The City of Kenora was originally the land base of one collective First Nation community, which was separated into three communities now known as Wauzhushk Onigum, Niisaachewan, and Washagamis Bay First Nations. Kenora now sustains many others, all of whom have been welcomed to peacefully share and care for these ancestral Lands and Waters.

To support stewardship of the land, the City recognizes the importance of a strong relationship with our Treaty #3 partners. The City of Kenora acknowledges that our economy greatly benefits from the Anishinaabe and Metis that live in and around the city.



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Introductory Information

City Council



From Left to Right:

- ~ Councillor Rory McMillan
- ~ Councillor Mort Goss
- ~ Councillor Kirsi Ralko
- ~ Councillor Chris VanWalleghem
- ~ Councillor Sharon Smith
- ~ Councillor Andrew Poirier
- ~ Mayor Dan Reynard (seated)



Senior Leadership Team

- ~ Kyle Attanasio, Chief Administrative Officer
- ~ Stace Gander, Director of Community Services
- ~ Charlotte Edie, Director of Finance
- ~ Heather Pihulak, Director of Corporate Services
- ~ Adam Smith, Director of Development Services
- ~ Roberta Marsh, Director of Human Resources
- ~ Kevin Gannon, Director of Engineering and Infrastructure Services



Mayor's Message

2020 proved to be a challenging year for the City of Kenora as a world-wide pandemic forever changed how we lived life. With the 2020 financial goals and objectives for the City having already been established by Council, senior administration and our staff quickly adapted to how these goals could be achieved while overcoming the formidable challenges that the pandemic brought. Council remained committed to ensuring completion of major capital projects and moving our community forward during these unprecedented times. Through the determination, ingenuity and guidance of our Senior Leadership team and the perseverance of our incredible staff I am proud to say that the majority of Council's capital objectives were either achieved or set in motion to be completed as we moved forward into 2021. Everyone was a part of our successes.

2020 was very difficult for Council as we had to adapt to governing the municipality without ever meeting as a group after early March. The introduction of virtual meetings brought many challenges to our Council group however we quickly adapted to the nuances of Zoom though the phrase "you're still on mute" will remain a part of us forever. Through the guidance of our administrative team, Council meetings shifted to virtual thereby ensuring municipal core business was conducted under our governance guidelines while allowing the public continued access to Council meetings during these challenging times.

2020 brought the retirement of CAO Karen Brown and with that an opportunity for change in leadership and direction. To ensure the opportunity for success, Council conducted a robust country wide recruitment competition to fill the vacant CAO position. In October Kyle Attanasio was appointed as the new CAO to lead the City into the future. Kyle's energy and leadership style bode well for the success of our organization and the continued growth of our community. His vision will pave the way for success forming partnerships and collaboration with key stakeholders both within the community and with our neighboring communities. Kyle and his family relocated here from Alberta and we are excited to welcome them into our organization and community.

As we move into 2021 and the 2nd half of our term, Council looks forward to putting the pandemic behind us. We are excited about the continued implementation of our 5 Year Capital Plan that will see additional major investment into existing and new infrastructure opportunities. The finalization of the Official Plan, the Parks and Recreation Master Plan and the Tourism and Economic Development Strategy are exciting documents that will set the pathway for Kenora's future success. We are on the cusp of the start of major housing initiatives that will not only address some of our most pressing issues but will trigger the economy through continued investment initiatives within our business community. Together we will move forward and achieve our goals.

Respectfully,

Mayor Daniel Reynard



CAO's Message

Nearly a year ago, I relocated my young family to the City of Kenora in the midst of a global pandemic. I was attracted to many of the things that make Kenora special including Lake of the Woods and our many recreational and cultural attractions. I was also drawn here by the opportunity to tackle the complex challenges facing the City. There is no greater modern challenge to municipalities than managing finances responsibly while navigating the effects of the pandemic, prolonged economic downturns, and the downloading of provincial costs. Through the hard work of my predecessor Karen Brown, the City's senior leadership team, staff, and councils past and present, the City is in a position of financial strength that we should be proud of and our financial statements are evidence of that.

The City has always strived to put citizens first and I am pleased to say that our staff has continued to deliver dependable and consistent services under very difficult conditions throughout the pandemic. Staff and Council were faced with continuous, ever-changing pressures throughout 2020 yet we persevered demonstrating resilience, creativity, and solidarity with our residents as we sought to adjust and provide many services in new and often better ways. I am extremely proud to be leading an organization that has shown itself to be so adaptable and flexible. I want to thank each and every one of our staff members for their sacrifices during the pandemic and their loyalty to the City. Despite the adversity of the pandemic, I am very confident that these traits will allow our organization to emerge from this crisis stronger than ever.

The times they are a-changin' and 2020 marked an important crossroads for the City. With new administrative leadership and the organization's strategic plan and other key visioning documents sun setting, it was time to deeply re-evaluate the City's strategic priorities. This work is critical to ensuring that the organization starting at the top with Council and right down to our front-line staff are aligned around shared goals. I am committed to bringing fresh ideas and best practices to the City and encouraging staff to evaluate their departments objectively by seeking out opportunities to improve our services and programming. It is my top priority to establish clear, actionable, and measurable goals by which to direct City staff.

In this vein, our team has undertaken important work by commencing a comprehensive review of the City's Official Plan and Zoning Bylaw as we seek to enhance our approach to planning and development. We launched a five year economic development and tourism strategy that will aid the City in allocating municipal accommodation tax dollars in a responsible manner to boost our local economy as well as a service delivery review aimed to identify cost savings, revenue-generating opportunities, and improved efficiencies. Additionally, the City released an economic recovery plan designed to support local businesses and community members throughout COVID-19 which has yielded positive results.

Looking ahead to 2021, the City has identified several projects that we are confident will improve quality of life here in Kenora. The Parks and Recreation Master Plan will allow us to identify opportunities to improve and augment our parks and recreational facilities through direct engagement with the public. We want to hear what matters to our residents. The City will be updating its Asset Management Plan as we strive to make evidence-based decisions when it comes to managing our infrastructure debt by using better data. Kenora is very



CAO's Message - Continued

unique with its large footprint and number of bridges; Council and staff are strongly committed to managing our infrastructure assets in a cost-effective manner while minimizing risk to the City. The completion of a new five-year corporate strategic plan will provide the public with clear expectations around the City's goals and priorities as we seek to put the pandemic behind us. I encourage you to take this opportunity to provide input to the City on how we can best move forward.

A major priority for me is the lean, efficient, and effective day-to-day management of the City's programs and services. This work isn't high profile or exciting. It rarely generates news, but it's what residents want to see when they interact with the City and our team will continue to seek out ways that we can be responsive to the needs of our residents and customers.

I would be remiss if I didn't acknowledge the challenges that we face as an organization. Our housing stock remains insufficient. The state of the economy continues to create uncertainty for our business community. Our social challenges are visible for all to see in the downtown core and beyond. These challenges are significant, yet there are some reasons for optimism. There are several major housing initiatives poised to alleviate the housing deficit while also creating local jobs in the near term. Despite the trials and tribulations of the past eighteen months, the City has continued to generate significant interest from investors in the business community. Through the hard work of our team, the City has several properties poised to be developed in the short term which will bring both jobs and revenue to the City. Regarding the social issues, the City's approach will be to seek out partnerships with key stakeholders in the community. A collaborative approach is needed to address these issues and come up with innovative solutions that are both compassionate and decisive.

In closing, the City of Kenora has a lot to be proud of and we should be excited about our potential to grow. My time in Alberta showed me first-hand the challenges many communities reliant on oil, gas, and agriculture have had during these challenging economic times. Kenora's diversified economy has shown its ability to withstand economic shocks in the past and I am confident that we will persevere and continue to overcome challenges as a community and as an organization. Council and our staff will continue to leverage our desirable financial position to stretch dollars and generate value for our residents. It is my pleasure to present the City's audited financial statements for 2020. I want to thank MNP LLP for their work in auditing these statements and to all of those who were instrumental in the City's successes throughout 2020.

Respectfully,

Kyle Attanasio, Chief Administrative Officer

COVID-19 Impacts

The COVID-19 pandemic has impacted the City of Kenora like no other external factor in the City's recent history. Although the majority of the City's operations were considered essential services, certain facilities were subject to the provincially imposed lockdown.

While the determination of the financial impact cannot be exact, actual results were compared to budget for the departments that were impacted.

General government experienced a decrease in interest on utilities and taxes due to a Council decision to waive these charges for a portion of the year. Lease concessions were also granted to lessees of City owned facilities.

Protection services experienced a decrease in provincial offences revenue due to the suspension of court proceedings.

Transportation services had significant reductions in parking, docking and transit revenues related to waiving of parking fees, decreased tourism and restrictions on businesses operating and closures.

Recreation and cultural services experienced a major reduction in user fees for all facilities and services as a result of prolonged and multiple lockdowns.

Planning and development reported revenue reductions in user fees for tourism related services and municipal accommodation tax.

In addition to the above pressures, direct COVID-19 expenditures were over \$114,000 in 2020. These, along with the loss in revenue discussed above resulted in a total negative impact due to COVID-19 of over \$1.4 million.

COVID-19 Impacts - Continued

The City also experienced cost savings as a result of COVID-19. Staff that was impacted by the closures were able to take advantage of the federal SUB program allowing the City to save on wage costs. There were savings on expenditures like travel and conference, utilities, repairs and maintenance, cleaning and materials and supplies. The total estimated savings for the year were \$900,000.

The provincial government stepped in to assist municipalities with revenue loss and cost pressures. Kenora received \$911,600 through the Safe Restart initiative. The funding was used to offset 2020 impacts with any surplus funds retained to cover 2021 shortfalls.



City Council and Management publically acknowledge the work of community organizations and our City staff to thank them for their service and dedication during the COVID-19 pandemic in 2020.



Strategic Direction for the Corporation

The City of Kenora's current corporate Strategic Plan, adopted mid 2014 is called *Our Vision is 20/20*. The plan was established to provide the City with guidelines for evaluating and determining its actions, making decisions and setting the budget.

In 2020, the City invested in continuing to reduce the infrastructure deficit, by improving roads, water & sewer lines, sidewalks, pumping stations, storm drains and more. 2020 was a challenging year for everyone and the City was no exception with COVID impacting how the City conducts business.

As 2020 marks the end of our current strategic plan the City is now in the process of developing a new Strategic plan for the upcoming 5 years. This will give the City a renewed direction, as well as goals and actions to strive towards.

Our Vision:

Kenora is a City of choice, renowned as a sustainable lifestyle community supported by a Municipality committed to excellence.

Our Mission:

To deliver quality, cost-effective Municipal services.



City Profile

The Towns of Kenora, Keewatin and Jaffray Melick amalgamated on 1 January 2000 to form the City of Kenora, forming the second largest center in Northwestern Ontario. The City of Kenora is the largest municipality within the District of Kenora, and represents a commercial hub for the region. With an “open for business” approach, the City has been recognized by senior levels of government as “forward thinking”, and continues to actively and aggressively pursue development opportunities as available.

The forestry sector continues to be a component of the City’s economic base, despite the significant challenges facing this sector. The City currently is home to a Weyerhaeuser iLevel Mill, one of the largest value added facilities in the Ontario forest industry.

Located on famous Lake of the Woods, Kenora also represents a major tourist destination, and hosts a significant number of tourism related businesses, either within the City or in the surrounding area. Kenora’s population more than doubles in the summer because of tourists and seasonal residents. The retail sector is also a significant contributor to the local economy.

Kenora has begun the process of becoming a health care hub with the approval of the All Nations Hospital project by the Ministry of Health and Long-Term Care. Numerous community partners will work together to build a new hospital facility.



Interesting Statistics – “2020 by the Numbers”

Stats Canada - Kenora

Kenora’s population	15,096
Number of dwellings	7,376
Total property assessment (MPAC).....	\$2.06 billion

Solid Waste & Recycling

Tonnes of waste collected.....	26,798
Tonnes of solid waste diverted (recycled).....	1,711
Tonnes of curbside collection (recycle).....	455
Tonnes of curbside collection (garbage)	955

Water & Wastewater

Wastewater treated (megalitres).....	2,341
Drinking water treated (megalitres).....	2,182
Water main breaks	10
Total KM of water distribution/transmission pipes	136 km
Total KM of waste water mains.....	129 km

Transportation

Total paved roads.....	330 km
Total unpaved roads.....	282 km
Total roads maintained in winter	612 km
Total km of city-owned trails.....	90 km
Total number of regular service passenger trips on conventional transit ...	23,787
Total number of bridges.....	21
Total number of culverts	742

Look What's New in 2020

In light of COVID, 2020 saw great successes with reopening initiatives and economic development strategies, such as the City's new patio program, the 'Glad You Are Here' summer campaign, and shop local messaging to support local businesses.

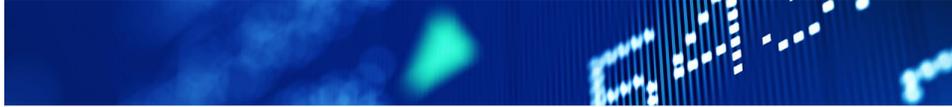


2020 saw several large construction projects including Park Street, Railway Street, and Darlington drive, and the Water treatment Plant roof.



Look What's New in 2020 - Continued

In 2020 the City of Kenora became one of the founding municipalities that entered into the Prudent Investor regime via the ONE Joint Investment Board.



Prudent Investor

Six Ontario municipalities are among the first to head to Bay Street with broader investment powers.



The Prudent Investor regime authorizes investments in any securities provided that the investment is made in a prudent manner. The Prudent Investor regime provides the City of Kenora with the ability to pursue an investment program which allows for better risk-adjusted returns than would be available under the previous regime.



Looking Ahead to 2021

With the 2015 – 2020 Strategic Plan now 5 years old, the City is currently in the process of conducting an extensive review of the previous strategic priorities and looking to develop new strategic priorities in a new plan. This process will help in the development of a plan that builds upon our past strategic plan and continues to provide direction to Council for the next five years.

2021 marks the third year of the four year term for the current Mayor and Council.

Again in 2021, the City anticipates some significant construction which includes some of highway 17 east paving, Second Street south, and bridgework on the Lajeunesse Bridge and Beggs Arch culvert. Some committed projects intended for 2020 were delayed as a result of the COVID virus. Several equipment orders are now expected in 2021.

Kenora is also looking forward to additional enhancements in parks and recreation including larger projects such as the recreation centre parking control enhancements as well as the Central Community Club project. Looking at infrastructure and economic development, the City is excited for the harbourfront redevelopment design to start in 2021.



City Council and Committee Structure

City Council represents the elected decision making authority for the City. Council is comprised of the Mayor and six Councillors, all elected at large within the City. Council exercises its legislative authority through the passing of City By-laws and resolutions.

The City operates through a Committee of the Whole structure. All Council members are members of the Committee of the Whole. The Committee of the Whole is for the purpose of conducting municipal business and forwarding recommendations to Council for enacting final approval and by-laws. There is no recommendation acted upon without prior concurrence of Council. Committee of the Whole meets on a monthly basis one week prior to Council meetings.

Each department is broken down as per the director responsibility for reporting purposes and reports to Council at the Committee of the Whole meetings.

In addition, the City has various boards, commissions and committees responsible for various components of its overall operations, as well as independent boards and committees. The members of Council are appointed to these committees to represent the City.



Financial Highlights

2020 Financial Report

The financial report for the City of Kenora includes financial information and analysis as well as financial statements for the year ended December 31, 2020. These financial statements are prepared in accordance with the Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada.

The preparation and presentation of the financial statements and related information contained in this report is the responsibility of the management of the City of Kenora. Included in the consolidated financial statements are those entities that are accountable to or controlled by the City of Kenora and are outlined in the significant accounting policies in the audited financial statements.

City Council appointed the accounting firm of MNP LLP to perform an independent audit of the City's 2020 financial statements, and its report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls.

Current Operations

The current operations (excluding funding for capital projects) are broken into eight main functional areas. These areas, together with some examples of the types of expenditures that are incurred in these areas are as follows:

- ~ General Government (Mayor and Council, City Administration)
- ~ Protection Services (Fire, Police, By-law Enforcement, 911 Services)
- ~ Transportation Services (Roads, Bridges, Transit)
- ~ Environmental Services (Water and Waste Water, Garbage, Recycling)
- ~ Health Services (Northwestern Health Unit, Cemeteries, Ambulance)
- ~ Social and Family Services (Ontario Works, Day Care, District of Kenora Home for the Aged, Social Housing)
- ~ Recreation and Cultural Services (Parks, Recreation Facilities, Library, Museum)
- ~ Planning and Development (Planning, Northwest Business Centre, Tourism, Economic Development)

Total current operations revenues were \$54 million in 2020 of the total revenues of \$56.8 million. Funding for capital projects was an additional \$2.8 million. The City also utilized \$7.4 million in reserves and reserve funds in 2020 for capital and operations. As in previous years, taxation accounts for the largest source of current operations revenues, providing 47.1% of total revenues. Fees and user charges represent another 27.0% of total revenues. An analysis of total revenues by source in graph form follows on page 18.

Overall current operations expenditures in the various functional areas listed above, were \$47.9 million in 2020, before changes in City surplus. An analysis of current expenditures by functions in graph form follows on page 19.

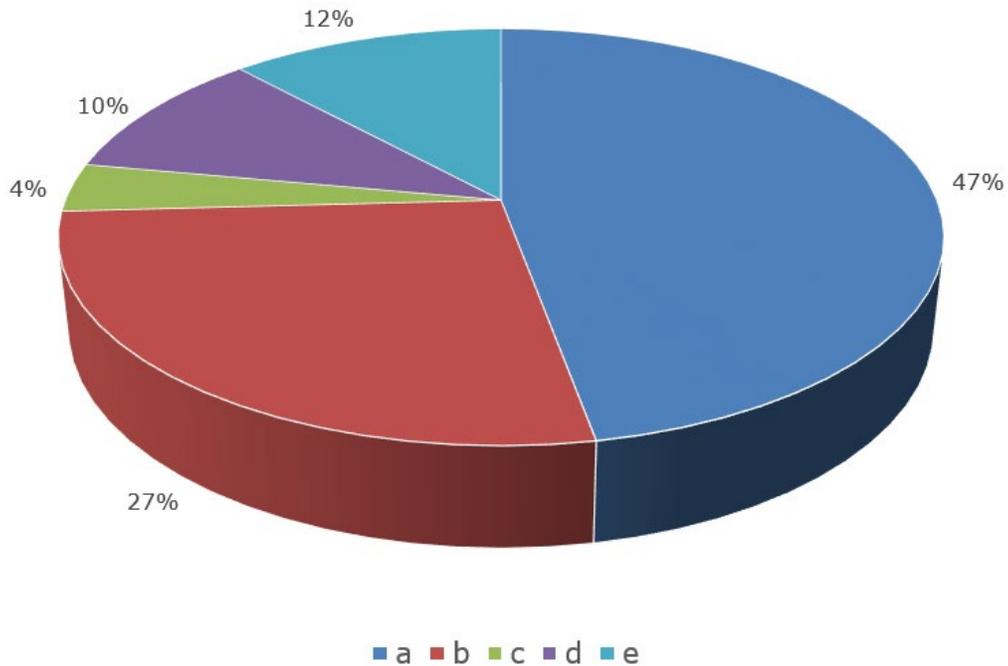


Current operating expenditures also include contributions to external organizations. These include:

Northwestern Health Unit:	\$ 697,830
Kenora District Services Board:	
Child Care	181,136
Ontario Works	310,375
Social Housing	1,447,423
Land Ambulance	1,566,893
District of Kenora Home for the Aged	1,743,015
O.P.P.	6,073,840
Kenora Handi Transit	81,800
Kenora Public Library	626,132
Lake of the Woods Museum and Art Centre	468,949
The Pines Community Resource Centre	166,500

This discussion does not include capital activity of the City.

Revenues, Financing and Transfers

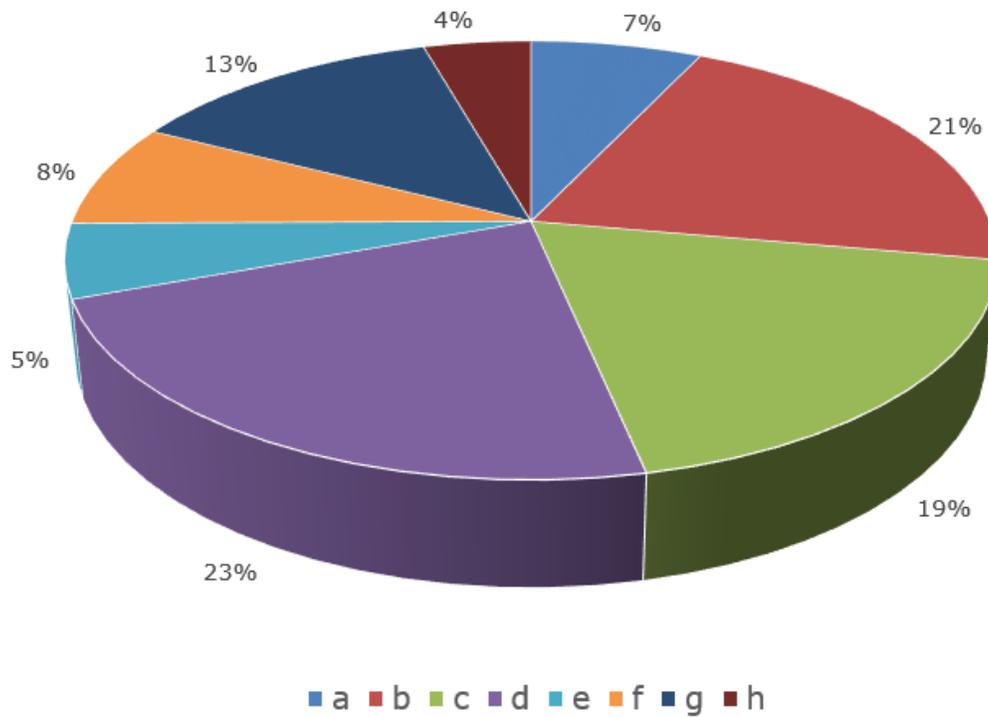


Revenues, Financing and Transfers (in thousands of dollars)

a	Taxation	\$26,775	47.1%
b	Fees and user charges	15,357	27.0%
c	Canada grants	2,145	3.8%
d	Ontario grants	5,816	10.2%
e	Other	6,737	11.9%
		\$56,830	100.0%



Expenditures, Financing and Transfers



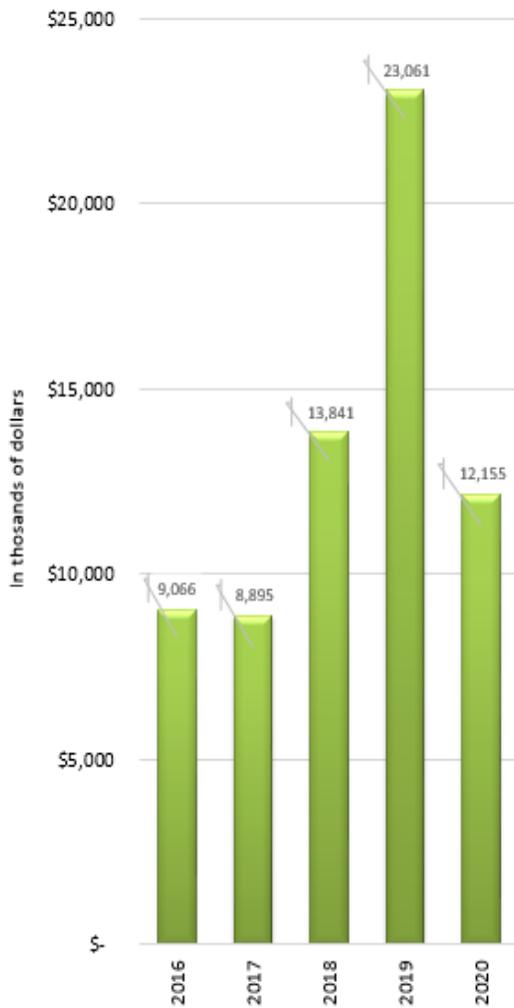
Expenditures, Financing and Transfers (in thousands of dollars)

a General government	\$ 3,370	7.0%
b Protection services	\$ 9,944	20.8%
c Transportation services	\$ 9,033	18.9%
d Environmental services	\$ 10,880	22.7%
e Health services	\$ 2,616	5.5%
f Social and family services	\$ 3,682	7.7%
g Recreational and cultural services	\$ 6,239	13.0%
h Planning and development	\$ 2,117	4.4%
	\$ 47,881	100.0%

Capital Projects

The City’s significant expenditures relating to major projects are described in the statement of financial position as tangible capital assets. These expenditures generally provide the City with a long-term benefit, either through the purchase of capital assets, improvements to existing capital assets, or the extension of the life of existing capital assets.

Overall tangible capital asset purchases in 2020 were \$12.15 million. Major capital projects for 2020 included:



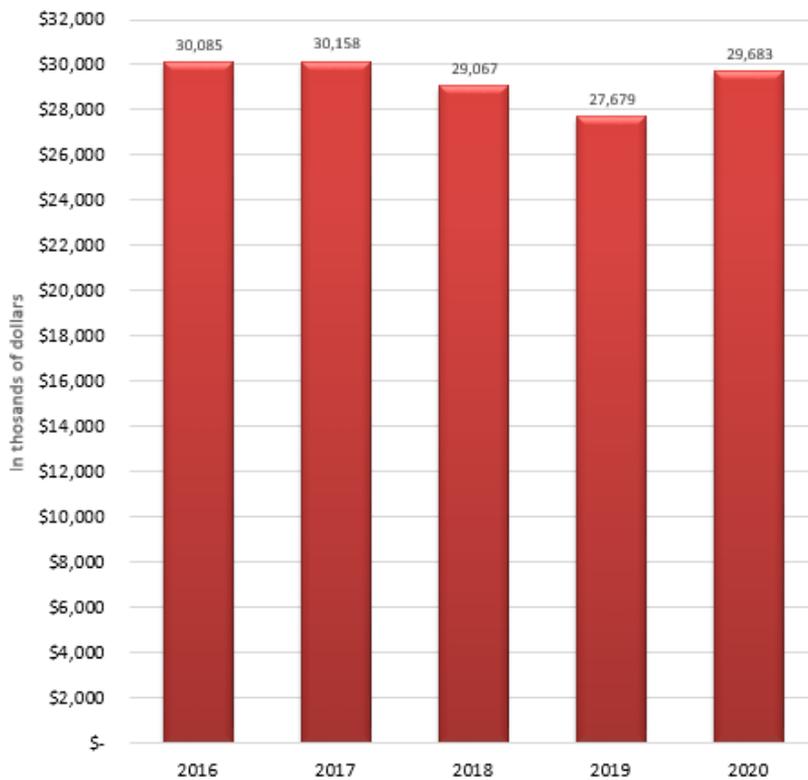
- ~ Renovations at the Kenora Sportsplex: \$795 thousand
- ~ Parking ticket machines throughout the city: \$155 thousand
- ~ Fleet purchases: \$622 thousand – including recycle truck, compaction trailer, roads SUV, and water & wastewater truck
- ~ Park Street roads, water and wastewater, and storm sewer: \$2.86 million
- ~ Railway Street roads, water and wastewater, and storm sewer: \$1.23 million
- ~ Darlington Drive: \$870 thousand
- ~ Chlorine contact chamber at the wastewater treatment plant: \$533 thousand
- ~ Water treatment plant roof and windows: \$619 thousand



Reserves and Reserve Funds

The City maintains reserves and reserve funds designed to offset future costs related to specific expenditures, as approved by Council. While the reserves are primarily intended for capital expenditures, the City also holds significant contingency reserves (\$4.87 million).

The reserve and reserve fund balance at the end of 2020 was \$29.7 million. This chart below outlines the consolidated reserve and reserve fund combined balances for the last five years. These balances exclude any balance related to the Kenora Citizens' Prosperity Trust Fund.





Kenora Citizens' Prosperity Trust Fund

On January 31, 2008, the City of Kenora sold the KMTS Entities to Bell Aliant. Up to this point, the KMTS entities had been a Government Business Enterprise (GBE) like Kenora Hydro and had contributed to the City's bottom line.

In an effort to ensure there was no impact to property taxes as a result of this sale, the decision was made to transfer the proceeds of disposition from the sale, together with the cash and investments that were excluded from the sale, to a trust fund that would safeguard the funds. Thus, the Kenora Citizens' Prosperity Trust Fund (Trust Fund) was established in 2008, and had a balance of \$43.5 million at the end of 2020. In order to offset lost net revenues as a result of the sale of the KMTS Entities, the City requires an annual return of \$1.1 million in income from the trust. Any erosion of the balance of the trust will result in an additional burden on the City taxpayer.

The City of Kenora has issued internal debt using the Trust Fund and currently totals \$11.7 million owing to the Trust Fund. This debt is to finance capital projects such as the Fire Hall, the Discovery Centre, the Highway 17 Rehabilitation project, the Whitecap Pavilion, the marine waterline, the street lighting project, the Keewatin Arena upgrades, the Aerial Fire Truck, and the First Street development. This debt is being paid back to the Trust Fund on the established schedule with rates in line with Infrastructure Ontario.

The Trust Fund is reported on the City's financial statements at \$31.9 million because the Canadian generally accepted accounting principles, as established by the Public Sector Accounting Board, dictate that such inter-organizational transactions be eliminated on consolidation. As a result the balance of \$31.9 million reflected on the consolidated statement of financial position does not reflect the balance of the debentures and interfund balances at 31 December 2020 of \$11.6 million.

In 2020 the City moved its investments in the Trust Fund under the ONE Joint Investment Board with Prudent Investor status.



Financial Statements

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the City of Kenora are the responsibility of the City's management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

City Council meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by MNP LLP, independent external auditors appointed by City Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.

Charlotte Edie, Director of Finance
Kenora, Ontario

Independent Auditor's Report

To the Members of Council, Citizens and Ratepayers of The Corporation of the City of Kenora:

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Kenora (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, and the results of its consolidated operations and its consolidated 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 Consolidated 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 consolidated 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Kenora, Ontario

August 24, 2021

MNP LLP

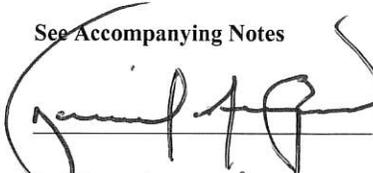
Chartered Professional Accountants

Licensed Public Accountants

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2020

	2020	2019
Financial Assets		
Cash (Note 1)	\$ 16,906,880	\$ 17,050,905
Temporary investments (Note 2)	18,002,773	15,914,128
Property taxes receivable (Note 3)	1,585,721	1,548,914
Trade and other receivables	4,845,526	8,029,177
Inventory held for resale	74,779	69,728
Long term note receivable (Note 4)	-	698
Citizens' Prosperity Trust Fund investments (Note 5)	31,874,072	28,140,604
Long term investment (Note 6)	10,000,000	10,000,000
	83,289,751	80,754,154
Liabilities		
Accounts payable and accrued liabilities	4,255,054	7,256,637
Property tax prepayments (Note 3)	1,637,381	1,475,051
Deferred revenue (Note 7)	4,299,568	4,158,749
Employee future benefits payable (Note 17)	3,477,738	3,237,782
	13,669,741	16,128,219
NET FINANCIAL ASSETS	69,620,010	64,625,935
Non Financial Assets		
Tangible capital assets (Note 9)	180,346,612	176,429,340
Inventories of consumables and prepaids	1,217,888	1,180,481
	181,564,500	177,609,821
ACCUMULATED SURPLUS (Note 8)	\$ 251,184,510	\$ 242,235,756

See Accompanying Notes



Mayor



Director of Finance/Treasurer

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended 31 December 2020

	2020 Budget (Note 13)	2020 Actual	2019 Actual
Revenues			
Taxation	\$ 26,945,877	\$ 26,774,698	\$ 26,312,359
Fees and user charges	17,053,032	15,357,472	16,125,391
Canada grants	2,397,645	2,145,155	2,507,914
Ontario grants	6,137,092	5,815,748	8,126,677
Other (Note 10)	4,840,398	6,736,545	5,269,342
	<u>57,374,044</u>	<u>56,829,618</u>	<u>58,341,683</u>
Expenses			
General government	3,464,821	3,369,881	3,440,097
Protection services	9,948,442	9,943,850	10,044,172
Transportation services	9,179,887	9,033,145	10,240,955
Environmental services	10,783,695	10,880,355	10,835,063
Health services	2,669,503	2,615,991	2,486,171
Social and family services	3,634,751	3,681,949	3,627,488
Recreation and cultural services	6,779,006	6,238,400	6,827,371
Planning and development	2,753,434	2,117,293	2,077,387
	<u>49,213,539</u>	<u>47,880,864</u>	<u>49,578,704</u>
Annual surplus	<u>8,160,505</u>	8,948,754	8,762,979
Accumulated surplus, beginning of year		242,235,756	233,472,777
Accumulated surplus, end of year		\$ 251,184,510	\$ 242,235,756

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the year ended 31 December 2020

	2020 Budget (Note 13)	2020 Actual	2019 Actual
Annual surplus	\$ 8,160,505	\$ 8,948,754	\$ 8,762,979
Acquisition of tangible capital assets	(18,154,772)	(12,154,716)	(23,061,090)
Amortization of tangible capital assets	7,870,587	7,870,587	7,386,688
Loss on sale of tangible capital assets	-	299,257	189,858
Proceeds on sale of tangible capital assets	-	67,598	178,792
	<u>(2,123,680)</u>	<u>5,031,480</u>	<u>(6,542,773)</u>
Acquisition of prepaid expenses and inventory of supplies	(1,809,079)	(1,809,079)	(2,257,428)
Net use/consumption of inventories of consumables and prepaids	1,771,674	1,771,674	2,120,714
	<u>(37,405)</u>	<u>(37,405)</u>	<u>(136,714)</u>
Net change in net financial assets (debt)	(2,161,085)	4,994,075	(6,679,487)
Net financial assets, beginning of year	64,625,935	64,625,935	71,305,422
Net financial assets, end of year	<u>\$ 62,464,850</u>	<u>\$ 69,620,010</u>	<u>\$ 64,625,935</u>

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 8,948,754	\$ 8,762,979
Items not involving cash		
Amortization	7,870,587	7,386,688
Loss on disposal of tangible capital assets	299,257	189,858
	17,118,598	16,339,525
Change in non-cash working capital balances		
(Increase) Decrease in property taxes receivable	(36,807)	173,208
Decrease (Increase) in trade and other receivables	3,183,651	(1,306,806)
(Increase) in other assets	(42,458)	(146,142)
(Decrease) Increase in accounts payable and accrued liabilities	(3,030,085)	811,720
Increase in property tax prepayments	162,330	134,048
Increase in deferred revenue	140,819	67,100
Increase in employee future benefits payable	268,460	430,563
	17,764,508	16,503,216
Capital transactions		
Acquisition of tangible capital assets	(12,154,716)	(23,061,090)
Proceeds on sale of tangible capital assets	67,598	178,792
	(12,087,118)	(22,882,298)
Investing transactions		
Decrease in long term note receivable	698	18,512
Decrease (Increase) in Citizens' Prosperity Trust Fund	(3,733,468)	4,752,907
	(3,732,770)	4,771,419
Net change in cash and equivalents	1,944,620	(1,607,663)
Cash and equivalents, beginning of year	32,965,033	34,572,696
Cash and equivalents, end of year	\$ 34,909,653	\$ 32,965,033
Represented by		
Cash	\$ 16,906,880	\$ 17,050,905
Temporary investments	18,002,773	15,914,128
	\$ 34,909,653	\$ 32,965,033

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2020

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other government services. Significant aspects of the accounting policies adopted by the Municipality are as follows:

COVID-19 Impact to Operations

During the year there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Municipality's operations were impacted by COVID-19 due to restrictions placed on various recreation and cultural services, and loss of other user fee revenues such as parking. Revenue losses were offset by various cost savings and Government implemented COVID-19 relief funding. At this time it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

a) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards and internally restricted entities which are owned or controlled by the Municipality. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by the Municipality have been consolidated:

Kenora Public Library
Lake of the Woods Cemetery
Lake of the Woods Museum

The Provincial Offences Fund is a government partnership where the Municipality has shared control over the board / entity. The Municipality's pro rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The Municipality's proportionate interest of 69.71% (2019 - 69.51%) of the Provincial Offences Fund is reflected in the consolidated financial statements.

c) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES
For the year ended 31 December 2020

d) Government Transfers

Government transfers are recognized in the year in which events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

e) Revenue Recognition

Revenues are recognized as follows:

- i Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.
- ii Fees and user charges are recognized on a monthly basis as services are provided.
- iii Other revenues are recorded when collected or when collection is reasonably assured.
- iv Grants for the acquisition of tangible capital assets are recognized in the period in which the eligible expenditures are made.

f) Investments

Temporary investments are recorded at the lower of cost or market. Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

g) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

h) Collection of Taxes on Behalf of Other Taxation Authorities

The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

i) Trust Funds

Trust funds administered by the City for the benefit of external parties are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

j) Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES
For the year ended 31 December 2020

k) Pension and Other Post-Employment Benefits

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by Chartered Professional Accountants Canada with respect to accounting for employee future benefits require the City to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

l) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets commencing once the asset is available for productive use as follows:

Site improvements	25 years
Buildings	10 to 125 years
Equipment	3 to 25 years
Fleet	7 to 25 years
Docks and wharfs	10 to 50 years
Roads and bridges	10 to 50 years
Water	15 to 75 years
Sewer	15 to 100 years
Other	5 to 75 years

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. CASH

	2020	2019
Unrestricted	\$ 13,618,548	\$ 11,731,803
Restricted	3,288,332	5,319,102
	\$ 16,906,880	\$ 17,050,905

The City has a revolving demand facility to a maximum of \$5,000,000 by way of prime rate based loans bearing interest at prime less 1.9% and letters of credit bearing interest at 0.5% per annum. As at 31 December 2020, \$ - (2019 - \$ -) was drawn under this facility. This facility is unsecured. Availability is subject to financial criteria and is at the discretion of the bank.

2. TEMPORARY INVESTMENTS

	Market Value	2020	2019
Unrestricted	\$ 15,289,284	\$ 14,672,970	\$ 13,752,633
Restricted	3,461,578	3,329,803	2,161,495
	\$ 18,750,862	\$ 18,002,773	\$ 15,914,128

99% (2019-97%) of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments have rates of return between 0.3% and 17.2%.

3. PROPERTY TAXES RECEIVABLE/PROPERTY TAX PREPAYMENTS

	2020	2019
Property taxes receivable	\$ 1,585,721	\$ 1,548,914
Property tax prepayments	(1,637,381)	(1,475,051)
	\$ (51,660)	\$ 73,863

4. LONG TERM NOTE RECEIVABLE

	2020	2019
Loan receivable, Ontario Power Generation, repayable \$1,587 monthly including interest at 5%, secured by leasehold improvements, matures 2020.	\$ -	\$ 698

5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS

	2020	2019
Cash	\$ 2,211,607	\$ 932,300
Temporary Investments	29,662,465	27,208,304
	\$ 31,874,072	\$ 28,140,604

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS - Continued

The market value of the temporary investments is \$30,609,769 at the end of the year. The proceeds from the sale of the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net were transferred to the Citizens' Prosperity Trust Fund in 2008. The purpose of the Fund is to safeguard the principal while using the related investment income to eliminate the negative impacts resulting from the loss of the annual dividends from the telephone operations.

68% (2019-53%) of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments are held in bond and equity funds with interest rates from 0.3 % to 17.2%. A portion are held in trust with CIBC Mellon and include both government and bank bonds with interest rates ranging from 0.95% to 3.50%. These investments mature between 2021 and 2025. The remaining investments are managed by Manulife Asset Management and held with RBC Dexia. The investments are held in various government and bank bonds and debentures. Interest rates range from 0.95% to 3.50%. These investments mature between 2021 and 2027.

Debentures receivable in the amount of \$11,749,037 have been eliminated on consolidation. These debentures are due from the City of Kenora and were used to finance a number of capital projects. The interest rates on these debentures are 3% and 3.32%. They mature between 2023 and 2044.

6. LONG TERM INVESTMENT

	2020	2019
Promissory note receivable from Synergy North Corporation, in monthly instalments of interest only at the TD Canada Trust prime rate (2.45% - 31 December 2020)	\$ 3,069,279	\$ 3,069,279
9,100 voting, participating common shares of Synergy North Corporation, representing 8.31% of common shares issued	6,930,721	6,930,721
	\$ 10,000,000	\$ 10,000,000

On 1 January 2019, Synergy North Corporation was formed under the Business Corporations Act (Ontario) by the amalgamation of Thunder Bay Hydro Electricity Distribution Inc. and Kenora Hydro Electric Corporation Ltd. At that date 109,506 common shares were issued. This investment is accounted for as a portfolio investment and is recorded at cost.

THE CORPORATION OF THE CITY OF KENORA
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended 31 December 2020

7. DEFERRED REVENUE

	2020				
	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 2,337,690	\$ 915,912	\$ 21,406	\$ 1,540,129	\$ 1,734,879
Dedicated gas tax	462,945	146,259	7,188	124,974	491,418
Miscellaneous transit funding	161,951	-	-	-	161,951
Roads deposits	51,073	-	444	-	51,517
Other deferred revenue	1,145,090	793,721	1,506	80,514	1,859,803
	\$ 4,158,749	\$ 1,855,892	\$ 30,544	\$ 1,745,617	\$ 4,299,568

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of funding is established by a funding agreement between the City and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated public transit, water, wastewater, solid waste, community energy systems, roads and capacity building projects as specified in the funding agreements.

Dedicated gas tax

The Provincial Ministry of Transportation provides municipalities with \$.02 per litre of provincial gas tax to improve and expand transit. The funds can only be used to support municipal public transportation expenditures above a municipality's baseline spending.

8. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus, reserves and reserve funds and internally restricted entities as follows:

	2020	2019
Current funds	\$ (557,490)	\$ 129,099
Investment in tangible capital assets	180,346,612	176,429,340
Long term investment	10,000,000	10,000,000
	189,789,122	186,558,439
Reserves and Reserve Funds		
Working capital	4,461,465	4,461,465
Contingencies	4,867,862	2,797,842
Capital expenditure purposes	14,312,829	14,750,220
Replacement of equipment	1,916,769	1,786,564
Museum	1,109,678	939,930
Cemetery Columbarium	202,178	163,910
Current expenditures purposes	2,812,495	2,779,311
Total Reserves and Reserve Funds	29,683,276	27,679,242
Internally Restricted Entity		
Citizens' Prosperity Trust Fund	31,712,112	27,998,075
	\$ 251,184,510	\$ 242,235,756

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

9. TANGIBLE CAPITAL ASSETS

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Waste Water	Work in Progress and Other	2020
Cost, beginning of year	\$ 11,631,783	\$ 9,487,104	\$ 44,346,865	\$ 6,973,318	\$ 20,026,923	\$ 2,380,376	\$ 118,524,738	\$ 41,703,847	\$ 58,388,563	\$ 10,515,855	\$ 323,979,372
Additions	135,224	252,136	1,401,613	398,391	639,092	-	4,264,825	1,784,414	2,729,297	549,724	12,154,716
Disposals/transfers	-	12,593	721,103	1,930	(561,115)	-	(399,431)	(29,123)	(285,263)	(769,376)	(1,308,682)
Cost, end of year	\$ 11,767,007	\$ 9,751,833	\$ 46,469,581	\$ 7,373,639	\$ 20,104,900	\$ 2,380,376	\$ 122,390,132	\$ 43,459,138	\$ 60,832,597	\$ 10,296,203	\$ 334,825,406
Accumulated amortization, beginning of year	\$ -	\$ 2,490,982	\$ 9,797,062	\$ 5,009,388	\$ 9,158,431	\$ 691,192	\$ 74,800,825	\$ 16,022,872	\$ 24,124,730	\$ 5,454,550	\$ 147,550,032
Amortization	-	378,256	1,176,444	392,831	1,021,366	76,348	2,754,271	599,697	1,050,096	421,278	7,870,587
Disposals	-	-	-	-	(327,595)	-	(338,067)	(23,623)	(252,540)	-	(941,825)
Accumulated amortization, end of year	\$ -	\$ 2,869,238	\$ 10,973,506	\$ 5,402,219	\$ 9,852,202	\$ 767,540	\$ 77,217,029	\$ 16,598,946	\$ 24,922,286	\$ 5,875,828	\$ 154,478,794
Net carrying amounts, end of year	\$ 11,767,007	\$ 6,882,595	\$ 35,496,075	\$ 1,971,420	\$ 10,252,698	\$ 1,612,836	\$ 45,173,103	\$ 26,860,192	\$ 35,910,311	\$ 4,420,375	\$ 180,346,612

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

9. TANGIBLE CAPITAL ASSETS

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Waste Water	Work in Progress and Other	2019
Cost, beginning of year	\$ 11,634,735	\$ 6,727,574	\$ 37,664,005	\$ 6,290,954	\$ 19,793,094	\$ 2,291,947	\$ 112,639,409	\$ 39,533,940	\$ 54,745,077	\$ 11,412,691	\$ 302,733,426
Additions	-	2,260,569	4,608,817	653,609	1,300,123	88,429	6,049,904	2,244,790	3,900,752	1,954,097	23,061,090
Disposals/transfers	(2,952)	498,961	2,074,043	28,755	(1,066,294)	-	(164,575)	(74,883)	(257,266)	(2,850,933)	(1,815,144)
Cost, end of year	\$ 11,631,783	\$ 9,487,104	\$ 44,346,865	\$ 6,973,318	\$ 20,026,923	\$ 2,380,376	\$ 118,524,738	\$ 41,703,847	\$ 58,388,563	\$ 10,515,855	\$ 323,979,372
Accumulated amortization, beginning of year	\$ -	\$ 2,172,259	\$ 8,754,658	\$ 4,655,120	\$ 9,081,566	\$ 614,652	\$ 72,416,106	\$ 15,508,068	\$ 23,340,825	\$ 5,066,585	\$ 141,609,839
Amortization	-	318,723	1,042,404	354,268	1,010,577	76,540	2,649,759	569,142	977,310	387,965	7,386,688
Disposals	-	-	-	-	(933,712)	-	(265,040)	(54,338)	(193,405)	-	(1,446,495)
Accumulated amortization, end of year	\$ -	\$ 2,490,982	\$ 9,797,062	\$ 5,009,388	\$ 9,158,431	\$ 691,192	\$ 74,800,825	\$ 16,022,872	\$ 24,124,730	\$ 5,454,550	\$ 147,550,032
Net carrying amounts, end of year	\$ 11,631,783	\$ 6,996,122	\$ 34,549,803	\$ 1,963,930	\$ 10,868,492	\$ 1,689,184	\$ 43,723,913	\$ 25,680,975	\$ 34,263,833	\$ 5,061,305	\$ 176,429,340

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from services) is \$614,588 (2019 - \$1,087,943). The municipality holds various works of art and historical treasures pertaining to the Lake of the Woods Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

10. OTHER INCOME

	2020	2019
Penalties and interest on taxation	\$ 217,324	\$ 313,804
Investment income	5,700,284	1,992,146
Donations	446,394	2,079,531
Miscellaneous	372,543	883,861
	\$ 6,736,545	\$ 5,269,342

11. PENSION AGREEMENTS

The municipality and its employees contribute to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 525,000+ active, deferred and retired members.

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2020, the estimated accrued pension obligation for all members (including survivors) of the Plan was \$111,820 million (2019 - \$106,443 million). The Plan had net assets available for benefits of \$105,575 million at the end of 2020 (2019 - \$109,380 million). The resulting funding deficit was \$7,655 million as at December 31, 2020 (2019 - \$1,531 million surplus). The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the City of Kenora paid \$969,356 for employer contributions to the plan in 2020 (2019 - \$999,544).

12. PUBLIC SECTOR SALARY DISCLOSURE

For 2020, the following employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more:

Name	Position	Salary Paid	Taxable Benefits
Ammerman, Kenton	Firefighter	\$ 107,245	\$ 1,215
Bichon, Earl	Firefighter	\$ 105,488	\$ 1,014
Birch, Brian	Captain, Firefighter	\$ 113,968	\$ 1,369
Chmeliuk, William	Captain, Firefighter	\$ 112,752	\$ 1,113
Edie, Charlotte	Manager of Finance/Treasurer	\$ 124,840	\$ 1,491
Gander, Stace	Manager of Community Services	\$ 124,840	\$ 1,435
Hawley, Jeff	Manager of Operations and Infrastructure	\$ 142,267	\$ 1,709
McLeod, Terry	Captain, Firefighter	\$ 111,780	\$ 1,313
Pihulak, Heather	Manager of Administration/City Clerk	\$ 147,354	\$ 1,501
Pokharel, Mukesh	Environmental Division Lead	\$ 101,713	\$ 1,263
Ranger, Jonathon	Deputy Treasurer	\$ 101,682	\$ 1,890
Robertson, Kevin	Chief Building Official	\$ 101,712	\$ 1,263
Schott, Doug	Captain, Firefighter	\$ 112,579	\$ 1,369
Sinclair, Gary	Firefighter	\$ 113,919	\$ 1,215
Sitar, Kyle	Firefighter	\$ 100,988	\$ 1,179
Skene, Donald	Manager of Fire and Emergency Services	\$ 125,055	\$ 1,567
Smith, Adam	Manager of Development Services	\$ 103,607	\$ 1,224
Tivy, Kris	Firefighter	\$ 101,696	\$ 1,215
Tkachyk, James	Parks & Facilities Division Lead	\$ 101,712	\$ 1,263
Vogrig, Marco	Municipal Engineer	\$ 124,840	\$ 1,491

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

13. BUDGET

The Financial Plan (Budget) By-Law adopted by Council on 28 January 2020 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues is \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the Financial Plan adopted by Council on 28 January 2020 with adjustments as follows:

	2020
Financial plan (budget) by-law surplus for the year	\$ 2,733,788
Add:	
Capital expenditures	18,154,771
Debt principal repayments	1,016,200
Less:	
Debenture financing of capital expenditures	(2,903,973)
Budgeted transfers from accumulated surplus	(2,969,694)
Amortization	(7,870,587)
Budget surplus per statement of operations	\$ 8,160,505

14. COLLECTION OF TAXES ON BEHALF OF OTHER TAXATION AUTHORITIES

During the year, taxation revenue of \$4,973,243 (2019 - \$5,064,409) was raised and remitted to the school boards.

15. TRUST FUNDS

The trust funds administered by the municipality for the benefit of external parties have not been included in the statement of financial position nor have the operations been included in the statement of operations. At 31 December, the trust funds balances are as follows:

	2020	2019
Lake of the Woods Cemetery		
Land Fund	\$ 9,758	\$ 8,137
Perpetual Care Fund	677,224	654,045
Langford Estate	58,969	58,461
	\$ 745,951	\$ 720,643

16. EMPLOYEE FUTURE BENEFITS

The City of Kenora pays certain health and dental benefits on behalf of its retired employees. Active employees are also eligible to receive non-vesting sick leave benefits. The City recognizes post-employment and non-vesting sick leave costs in the period in which the employees rendered the services. The expense for the twelve months ended 31 December 2020 was \$288,290 (2019 - \$394,294), and the resulting future employee benefit liability was \$3,281,315 at 31 December 2020 (2019 - \$2,992,450).

The main assumptions employed for the calculation of employee future benefits are as follows:

1. Interest (Discount) Rate

The interest (discount) rate used for fiscal 31 December 2020 expense and accrued obligation is 2.50%.

2. Medical Costs

Medical costs were assumed to increase 5.2% per year to 2023 and by varying rates in subsequent years.

3. Dental Costs

Dental costs were assumed to increase 3.0% per year to 2023 and by varying rates in subsequent years.

4. Non-Vesting Sick Leave Costs

Salary rates were assumed to increase 1.5% per year to 2022 and 2.00% per year thereafter.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

17. EMPLOYEE FUTURE BENEFITS PAYABLE

	2020	2019
Employee future benefits (Note 16)	\$ 3,281,315	\$ 2,992,450
Vested sick leave	66,760	100,069
Lieu time accrual	129,663	145,263
	\$ 3,477,738	\$ 3,237,782

18. CONTINGENT LIABILITIES AND COMMITMENTS

At 31 December 2020, the Corporation of the City of Kenora has guaranteed bank indebtedness of the following: Kenora Golf and Country Club in the amount of \$137,238 (2019 - \$173,348) (the maximum amount of the guarantee is \$650,000), the Kenora Health Care Centre in the amount of \$5,709,333 (2019 - \$5,902,684) and the Kenora Airport Authority Inc. in the amount of \$1,000,000 (2019 - \$1,000,000). The City was required to provide a \$200,000 deposit to satisfy the guarantee requirements. The City has no recourse if a loan guarantee must be exercised.

The Corporation of the City of Kenora's pro-rata share of the cumulative operating deficit of the District of Kenora Home for the Aged is \$1,157,628 (2019 - \$1,253,587). The Home's management expects to recover this deficit from projected future operating surpluses. A billing to municipalities for their respective share of the deficit is not anticipated.

The Corporation of the City of Kenora has several claims and possible claims pending against it. The outcome of these claims is not yet determined and no amounts have been recorded in the accounts relating to these claims and possible claims.

19. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Ontario Environmental Protection Act sets out regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided over the estimated remaining life of active landfill sites based upon usage.

The City has one inactive landfill site. It has previously incurred all costs relating to the closure and retains responsibility for all costs relating to post-closure care which are recorded annually as they are incurred.

The City maintains one active landfill site which has an estimated remaining useful life of approximately 23 years. Based on an environmental assessment performed by consultants \$89,569 has been accrued relating to the closure & post-closure care for this landfill site at 31 December 2020 (2019 - \$21,512).

20. COMPARATIVE FIGURES

Some comparative figures have been restated to conform to the current year presentation.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

21. SEGMENTED INFORMATION

The City of Kenora is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, public transit, solid waste, water and waste water and recreation. For management reporting purposes the City's operations and activities are organized and reported by Segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

General Government

General government encompasses all the City's administration including Council, the Administrator's office, finance and administration and human resources.

Protection Services

This segment encompasses contracted police services, fire services and by-law enforcement. The fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law department is responsible for animal control and for enforcing by-laws passed by council. The building inspectors ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws.

Transportation Services

Transportation services are the responsibility of the public works department. This department delivers municipal public works services related to the planning, development and maintenance of roadway systems, transit, docks, wharfs and street lighting.

Environmental Services

The environmental services segment consists of three areas - water, wastewater and solid waste. The department provides drinking water and treats wastewater to a portion of the City. It also provides collection, disposal and waste minimization programs and facilities for solid waste.

Health Services

Health services includes contributions to the Northwestern Health Unit, the Kenora District Services Board for ambulance services and to the Lake of the Woods Cemetery.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020

21. SEGMENTED INFORMATION (continued)

Social and Family Services

The social and family services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

Recreation and Cultural Services

Recreation and cultural services is responsible for the maintenance of parks and open space. Also included in this segment are the Kenora Recreation Centre (ice surface, swimming pools and workout facilities) and the Keewatin Memorial Arena (ice surface). The operations of the Kenora Library and the Lake of the Woods Museum are also in this segment.

Planning and Development

The planning and development segment includes planning, economic development and tourism. It provides services for the approval of all land development plans and the application and enforcement of zoning by-laws.

In addition, as noted in significant accounting policies, these financial statements consolidate the revenue and expenses of various entities. These entities have been separately disclosed in the segmented information which follows.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
For the year ended 31 December 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2020 Total
Revenues										
Taxation	\$ 3,003,800	\$ 7,326,254	\$ 6,046,128	\$ 481,650	\$ 1,987,432	\$ 2,973,892	\$ 3,821,446	\$ 1,134,096	\$ -	\$ 26,774,698
Fees and user charges	161,699	453,182	724,191	12,560,011	200,185	-	879,596	378,608	-	15,357,472
Government grants	566,397	1,563,753	3,367,363	91,072	518,241	497,570	2,101,628	535,679	(1,280,800)	7,960,903
Other	3,600,508	726,770	599,781	357,722	210,225	295,013	735,700	210,826	-	6,736,545
	7,332,404	10,069,959	10,737,463	13,490,455	2,916,083	3,766,475	7,538,370	2,259,209	(1,280,800)	56,829,618
Expenses										
Salaries and benefits	2,376,386	2,825,077	2,999,799	3,939,704	228,678	-	3,204,185	1,035,833	-	16,609,662
Materials and supplies	856,070	6,704,626	2,062,038	4,768,001	100,344	-	1,878,592	802,673	-	17,172,344
External transfer	-	-	89,800	-	2,266,023	3,681,949	190,499	-	-	6,228,271
Amortization	137,425	414,147	3,881,508	2,172,650	20,946	-	965,124	278,787	-	7,870,587
	3,369,881	9,943,850	9,033,145	10,880,355	2,615,991	3,681,949	6,238,400	2,117,293	-	47,880,864
Net surplus (deficit)	\$ 3,962,523	\$ 126,109	\$ 1,704,318	\$ 2,610,100	\$ 300,092	\$ 84,526	\$ 1,299,970	\$ 141,916	\$ (1,280,800)	\$ 8,948,754

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2019 Total
Revenues										
Taxation	\$ 2,760,692	\$ 7,486,919	\$ 6,116,045	\$ 319,695	\$ 1,886,333	\$ 2,977,770	\$ 3,675,573	\$ 1,089,332	\$ -	\$ 26,312,359
Fees and user charges	178,407	588,702	1,029,882	12,190,063	145,325	-	1,512,040	480,972	-	16,125,391
Government grants	389,543	1,400,555	3,104,230	51,850	443,521	403,083	2,918,736	3,145,168	(1,222,095)	10,634,591
Other	1,231,074	512,248	495,921	309,113	129,061	203,736	2,187,898	200,291	-	5,269,342
	4,559,716	9,988,424	10,746,078	12,870,721	2,604,240	3,584,589	10,294,247	4,915,763	(1,222,095)	58,341,683
Expenses										
Salaries and benefits	2,552,648	2,772,858	3,172,352	3,937,533	222,138	-	3,528,561	972,866	-	17,158,956
Materials and supplies	762,877	6,857,323	3,248,149	4,900,408	59,594	-	2,283,103	832,832	-	18,944,286
External transfer	-	-	81,800	-	2,377,166	3,627,488	1,224,415	-	(1,222,095)	6,088,774
Amortization	124,572	413,991	3,738,654	1,997,122	15,453	-	825,207	271,689	-	7,386,688
	3,440,097	10,044,172	10,240,955	10,835,063	2,674,351	3,627,488	7,861,286	2,077,387	(1,222,095)	49,578,704
Net surplus (deficit)	\$ 1,119,619	\$ (55,748)	\$ 505,123	\$ 2,035,658	\$ (70,111)	\$ (42,899)	\$ 2,432,961	\$ 2,838,376	\$ -	\$ 8,762,979

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE BY ENTITY
For the year ended 31 December 2020

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2020 Total
Revenues						
Taxation	\$ 26,774,698	\$ -	\$ -	\$ -	\$ -	\$ 26,774,698
Fees and user charges	14,727,913	91,432	23,605	223,819	290,703	15,357,472
Government grants	7,773,848	113,418	50,360	-	23,277	7,960,903
Other	6,398,181	305,072	32,616	-	676	6,736,545
	55,674,640	509,922	106,581	223,819	314,656	56,829,618
Expenses						
Salaries and benefits	15,508,746	418,250	504,628	178,037	-	16,609,661
Materials and supplies	16,442,813	228,110	140,361	46,405	314,656	17,172,345
External transfer	7,323,353	(468,949)	(626,133)	-	-	6,228,271
Amortization	7,793,096	30,793	46,698	-	-	7,870,587
	47,068,008	208,204	65,554	224,442	314,656	47,880,864
Net surplus (deficit)	\$ 8,606,632	\$ 301,718	\$ 41,027	\$ (623)	\$ -	\$ 8,948,754

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2019 Total
Revenues						
Taxation	\$ 26,312,359	\$ -	\$ -	\$ -	\$ -	\$ 26,312,359
Fees and user charges	15,289,822	123,430	40,463	312,613	359,063	16,125,391
Government grants	10,356,759	218,308	44,052	-	15,472	10,634,591
Other	3,338,880	1,903,855	23,059	-	3,548	5,269,342
	55,297,820	2,245,593	107,574	312,613	378,083	58,341,683
Expenses						
Salaries and benefits	15,908,967	493,310	542,696	213,983	-	17,158,956
Materials and supplies	18,055,290	291,121	141,054	78,738	378,083	18,944,286
External transfer	7,122,689	(426,791)	(607,124)	-	-	6,088,774
Amortization	7,320,965	15,211	50,512	-	-	7,386,688
	48,407,911	372,851	127,138	292,721	378,083	49,578,704
Net surplus (deficit)	\$ 6,889,909	\$ 1,872,742	\$ (19,564)	\$ 19,892	\$ -	\$ 8,762,979

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.