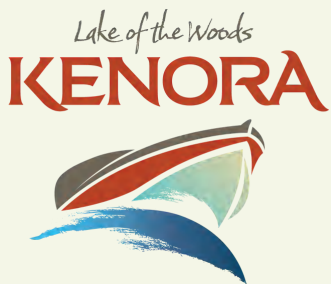


2023 FINANCIAL STATEMENTS



Photo Credit: Amanda Kerr



The Corporation of the City of Kenora
Kenora, Ontario
Canada

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MANAGEMENT'S RESPONSIBILITY

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

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of individuals who are neither management nor employees of the Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial statements prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.



Ryan Marsh, Director of Finance/Treasurer

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 "City"), which comprise the consolidated statement of financial position as at December 31, 2023, 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 City as at December 31, 2023, and the results of its consolidated operations, changes in its net financial assets 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 City 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.

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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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

July 14, 2025

MNP LLP

Chartered Professional Accountants

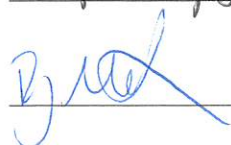
Licensed Public Accountants

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	2023	2022
		Restated (Note 1)
Financial Assets		
Cash (Note 2)	\$ 24,072,802	\$ 24,626,998
Investments (Note 3)	19,925,947	18,338,660
Property taxes receivable (Note 4)	2,135,077	1,710,251
Trade and other receivables	8,524,758	8,838,688
Inventory held for resale	89,242	68,222
Citizens' Prosperity Trust Fund investments (Note 5)	44,326,421	43,958,115
Long term investment (Note 6)	9,000,000	9,500,000
	108,074,247	107,040,934
Liabilities		
Accounts payable and accrued liabilities	8,084,924	7,889,846
Property tax prepayments (Note 4)	1,807,656	1,663,674
Deferred revenue (Note 8)	7,892,400	7,885,620
Long term debt (Note 9)	8,605,416	9,625,373
Employee future benefits payable (Note 18)	2,711,673	2,636,362
Asset retirement obligations (Note 21)	1,730,647	1,654,538
	30,832,716	31,355,413
NET FINANCIAL ASSETS	77,241,531	75,685,521
CONTINGENT LIABILITIES (Note 19)		
Non Financial Assets		
Tangible capital assets (Note 11)	194,803,513	189,196,135
Inventories of consumables and prepaids	1,556,466	1,360,032
	196,359,979	190,556,167
ACCUMULATED SURPLUS (Note 10)	\$ 273,601,510	\$ 266,241,688

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 2023

	2023 Budget (Note 14)	2023 Actual	2022 Actual Restated (Note 1)
Revenues			
Taxation	\$ 30,079,237	\$ 29,865,160	\$ 28,557,170
Fees and user charges	18,747,974	18,980,081	17,689,075
Canada grants (Note 20)	3,279,304	1,077,682	2,742,345
Ontario grants (Note 20)	11,218,018	9,832,625	7,995,732
Other (Note 12)	4,289,516	5,109,118	5,782,079
	67,614,049	64,864,666	62,766,401
Expenses			
General government	4,150,008	4,876,600	3,949,486
Protection services	10,259,309	10,607,449	10,918,807
Transportation services	12,452,592	11,226,218	10,859,719
Environmental services	13,115,811	12,839,179	11,455,747
Health services	3,147,765	2,851,644	2,825,208
Social and family services	3,756,845	3,838,484	3,652,422
Recreation and cultural services	8,415,237	8,126,483	7,711,391
Planning and development	3,814,834	3,138,787	2,463,588
	59,112,401	57,504,844	53,836,368
Annual surplus	8,501,648	7,359,822	8,930,033
Accumulated surplus, beginning of year as previously reported		266,241,688	257,534,261
Adjustment, prior period restatement for investment income (Note 1)		-	978,524
Adjustment, prior period restatement ARO (Note 1)		-	(1,201,130)
Accumulated surplus, beginning of year		266,241,688	257,311,655
Accumulated surplus, end of year		\$ 273,601,510	\$ 266,241,688

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the year ended 31 December 2023

	2023 Budget (Note 14)	2023 Actual	2022 Actual Restated (Note 1)
Annual surplus	\$ 8,501,648	\$ 7,359,822	\$ 8,930,033
Acquisition of tangible capital assets	(21,243,858)	(15,716,946)	(14,537,511)
Amortization of tangible capital assets	8,757,016	8,757,016	8,329,521
(Gain) Loss on sale of tangible capital assets	-	993,618	(1,952,195)
Proceeds on sale of tangible capital assets	-	358,934	2,466,839
	(3,985,194)	1,752,444	3,236,687
Acquisition of prepaid expenses and inventories of consumables	(3,726,950)	(3,726,950)	(2,731,418)
Net use/consumption of inventories of consumables and prepaids	3,530,516	3,530,516	2,634,246
	(196,434)	(196,434)	(97,172)
Net change in net financial assets (debt)	(4,181,628)	1,556,010	3,139,515
Net financial assets, beginning of year as previously stated	75,685,521	75,685,521	73,006,644
PSAS Adjustment for ARO (Note 1)	-	-	(1,439,162)
Prior period adjustment for investment income (Note 1)	-	-	978,524
Net financial assets, beginning of year as restated	75,685,521	75,685,521	72,546,006
Net financial assets, end of year	\$ 71,503,893	\$ 77,241,531	\$ 75,685,521

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023	2022
		Restated (Note 1)
Operating transactions		
Annual surplus	\$ 7,359,822	\$ 8,930,033
Items not involving cash		
Accretion of asset retirement obligation	76,109	\$ 72,762
Amortization	8,757,016	8,329,521
(Gain) Loss on disposal of tangible capital assets	993,619	(1,952,195)
Increase (decrease) in employee future benefits payable	75,311	(684,156)
	<u>17,261,877</u>	<u>14,695,965</u>
Change in non-cash working capital balances		
Property taxes receivable	(424,827)	(401,113)
Trade and other receivables	313,930	(4,226,688)
Other assets	(217,454)	(88,860)
Accounts payable and accrued liabilities	195,078	3,375,718
Property tax prepayments	143,982	9,240
Deferred revenue	6,780	2,612,007
	<u>17,279,366</u>	<u>15,976,269</u>
Capital transactions		
Acquisition of tangible capital assets	(15,716,946)	(14,537,511)
Proceeds on sale of tangible capital assets	358,934	2,466,839
	<u>(15,358,012)</u>	<u>(12,070,672)</u>
Investing transactions		
Long term Investment - note receivable	500,000	500,000
Net increase in Citizens' Prosperity Trust Fund investments	(368,306)	(289,783)
	<u>131,694</u>	<u>210,217</u>
Financing transactions		
Principal repayments on long term debt	(1,019,957)	(999,751)
Net change in cash and equivalents	1,033,091	3,116,063
Cash and equivalents, beginning of year	42,965,658	39,849,595
Cash and equivalents, end of year	\$ 43,998,749	\$ 42,965,658
Represented by		
Cash	\$ 24,072,802	\$ 24,626,998
Investments	19,925,947	18,338,660
	<u>\$ 43,998,749</u>	<u>\$ 42,965,658</u>

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2023

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:

a) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized in the period in which the transactions or events that give rise to the revenues occurred. 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/Douglas Family Art Centre

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 69.60% (2022 - 69.57%) of the Provincial Offences Fund is reflected in the consolidated financial statements.

The financial activities of certain entities associated with the City are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are not consolidated are as follows:

Northwestern Health Unit
Kenora District Services Board
Kenora Handi Transit
District of Kenora Home for the Aged

c) 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 the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for doubtful accounts relating to property taxes receivable and trade and other receivables, useful lives of tangible capital assets, employee future benefit liabilities, contaminated sites, contingencies, and other accrued liability amounts. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

In addition, the City's implementation of PS3280 Asset Retirement Obligation has resulted in the requirement for management to estimate the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2023

d) Financial Instruments

Financial instruments are recorded at either fair value, or cost, or amortized cost at initial recognition. The City's financial instruments and measurement basis include:

- Cash includes cash on hand and bank deposits and is reported at fair value.
- Investments consist of pooled equity and bond funds and are reported at cost. The investments held in pooled funds are not traded on an active market and are reflected at cost as a result.
- The Citizens' Prosperity Trust Fund investments consist of pooled funds, bonds and a high interest savings account and are reported at cost. The investments held in pooled funds are not traded on an active market and are reflected at cost as a result.
- Property taxes receivable, trade and other receivables are measured at amortized cost less any allowance. Valuation allowances are made to reflect receivables at the lower of cost and net recoverable value when collectability and risk of loss exists. Changes in valuation allowances are recognized in the Statement of Operations and Accumulated Surplus. Interest is accrued to the extent it is deemed collectible.
- Accounts payable and accrued liabilities and long-term debt are measured at cost or amortized cost.

All financial instruments are tested for impairment annually, or more frequently when changes in circumstances indicate the financial instrument could be impaired. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and Accumulated Surplus.

Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

e) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when 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 recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2023

f) Revenue Recognition

The City recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates set by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Property assessment values are provided by the Municipal Property Assessment Corporation. The City is required by the Ontario Education Act to collect and remit education support levies established by the Province.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Government transfers are recognized as revenue in the year in which events that give rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met, and the amounts can be reasonably estimated. Transfers consist of grants and subsidies received for various operating and capital programs. Deferred grant revenue arises when grants received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

User charges and fees are recognized as revenue in the period in which services are provided and there is reasonable assurance of collection. 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. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.

g) Inventory

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

h) Collection of Taxes on Behalf of Other Taxation Authorities

The City 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.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES
For the year ended 31 December 2023

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.

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 an expense when contributions are due.

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
Waste water	15 to 100 years
Other	5 to 75 years

Assets under construction are not amortized until the asset is available for use.

m) Non Financial Assets

The City's capital assets and other non financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the City unless they are sold.

n) Net Financial Assets

The City's financial statements are presented to highlight net financial assets as the measurement of financial position. The net financial assets of the City is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

The City adopted the following Public Sector Accounting Handbook Standards (PS) concurrently beginning January 1, 2023 prospectively: PS 1201: Financial Statement Presentation, PS 2601: Foreign Currency Translation, PS 3041: Portfolio Investments, and PS 3450 Financial Instruments. Although the adoption of PS 3450: Financial Instruments was done prospectively, a prior period adjustment was required to record the investments at "cost" and not "lower of cost and market" as the decline in the investments was considered temporary in nature. As a result of this adjustment, the 2022 investments increased by \$1,154,951 and Citizens' Prosperity Trust Fund investments increased by \$3,084,374.

The City adopted PS 3280: Asset Retirement Obligations on January 1, 2023, on a modified retrospective approach. The standard establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets; such as asbestos removal, controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

In the past, the City has reported its obligations related to the remediation of asbestos and underground fuel tanks in the period when the asset was retired directly as an expense. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270: Solid Waste Landfill Closure and Post-Closure Liability. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. The estimate of the liability includes costs directly attributable to asset retirement activities which rely on estimates and assumptions with numerous factors affecting the future liability. The estimated retirement costs are capitalized to the carry value of the associated assets and amortized over the asset's estimated useful life and are reviewed and adjusted annually as greater level of information is obtained.

As a result of applying this accounting standard, an asset retirement obligation of \$1,730,647 (2022 - \$1,654,538) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the removal of asbestos present in city-owned buildings, removal of underground fuel tanks and the closure and post-closure cost associated with the City's landfill.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS - continued

The adoption and prior period adjustment was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
Statement of Financial Position			
Investments	\$17,183,709	\$1,154,951	\$ 18,338,660
Citizens' Prosperity Trust Fund Investments	40,873,741	3,084,374	43,958,115
Accounts payable and accrued liabilities	8,032,458	(142,612)	7,889,846
Asset retirement obligation liability	-	1,654,538	1,654,538
Tangible capital assets including ARO	188,965,939	230,196	189,196,135
Accumulated surplus	263,284,093	2,957,595	266,241,688
Statement of Operations and Accumulated surplus			
Other income	2,521,278	3,260,801	5,782,079
General government	3,946,137	3,349	3,949,486
Protection services	10,914,482	4,325	10,918,807
Transportation services	10,852,747	6,972	10,859,719
Environmental services	11,430,760	24,987	11,455,747
Health services	2,824,866	342	2,825,208
Recreation and cultural services	7,671,570	39,821	7,711,391
Planning and development	2,462,785	803	2,463,588
Annual surplus	5,749,831	3,180,202	8,930,033
Accumulated surplus, beginning of year	257,534,261	(222,606)	257,311,655
Accumulated surplus, end of year	263,284,093	2,957,595	266,241,688
Statement of Changes in Net Financial Assets			
Annual surplus	5,749,831	3,180,202	8,930,033
Amortization of tangible capital assets and ARO	8,321,685	7,836	8,329,521
Net financial assets, beginning of year	73,006,644	(460,638)	72,546,006
Net financial assets, end of year	72,958,122	2,727,399	75,685,521
Statement of Cash Flows			
Annual surplus	5,749,831	3,180,202	8,930,033
Accretion of asset retirement obligation	-	72,762	72,762
Amortization of tangible capital assets and ARO	8,321,685	7,836	8,329,521
Decrease (increase) in Citizen's Prosperity Trust Fund	2,794,591	(3,084,374)	(289,783)
Cash and equivalents, beginning of year	38,871,071	978,524	39,849,595
Cash and equivalents, end of year	41,810,707	1,154,951	42,965,658

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. CASH

	2023		2022	
Unrestricted	\$	10,460,419	\$	12,893,282
Restricted		13,612,383		11,733,716
	\$	24,072,802	\$	24,626,998

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 0.75% and letters of credit bearing interest at 0.5% per annum. The prime rate was 7.2% at year-end. As at 31 December 2023, \$ nil (2022 - nil) was drawn under this facility. This facility is unsecured. Availability is subject to financial criteria and is at the discretion of the bank.

3. INVESTMENTS

	2023		2022	
	Cost	Market Value	Cost	Market Value
ONE Investment:				
Canadian Bond Fund	\$ 2,080,318	\$ 2,073,435	\$ 1,287,486	\$ 1,221,062
Canadian Equity Fund	2,526,193	3,291,767	2,531,770	2,943,320
Corporate Bond Fund	1,454,978	1,366,940	1,328,748	1,183,315
Global Bond Fund	7,244,141	6,464,598	6,697,146	5,754,051
Global Equity Fund	6,098,729	7,384,278	6,234,169	6,554,220
Other investments	521,588	529,523	259,341	259,708
	\$ 19,925,947	\$ 21,110,541	\$ 18,338,660	\$ 17,915,676

99% (2022-99%) of the investments are held with the ONE Investment and are recorded at cost as they are not traded in an active market. The funds held with ONE Investment have an annual weighted rate of return of 11.9%. Included in other investments is a GIC that earns interest at 4.05% that matures December 2024.

4. PROPERTY TAXES RECEIVABLE/PROPERTY TAX PREPAYMENTS

	2023		2022	
Property taxes receivable	\$	3,185,312	\$	2,581,842
Less: Allowance for doubtful accounts		(1,050,235)		(871,591)
		2,135,077		1,710,251
Property tax prepayments		(1,807,656)		(1,663,674)
	\$	327,421	\$	46,577

5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS

	2023		2022	
	Cost	Market Value	Cost	Market Value
Cash	\$ 11,990	\$ 11,990	\$ 3,239,382	\$ 3,239,382
Canadian Bond Fund	8,377,761	8,405,313	4,432,982	4,262,979
Canadian Equity Fund	2,936,479	3,647,486	2,806,300	3,102,742
Corporate Bond Fund	4,753,971	4,488,143	4,555,476	4,190,677
Global Bond Fund	18,721,151	16,555,952	17,002,110	14,452,536
Municipal Bond	266,007	258,256	204,509	204,509
Provincial Bond	1,375,842	1,354,517	1,110,186	1,110,186
Global Equity Fund	7,623,247	8,799,130	7,474,192	7,483,494
Other	259,973	210,801	3,132,978	3,237,742
	\$ 44,326,421	\$ 43,731,588	\$ 43,958,115	\$ 41,284,247

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS - Continued

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.

91% (2022-82%) of the investments are held by ONE Investment. The investments are held in bond and equity funds with a weighted annual rate of return of 9.5%. A portion is held in trust with ONE Joint Investment Board and include both government and bank bonds with interest rates ranging from 0.95% to 3.50%. These investments mature between 2024 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 1.0% to 5.417%. These investments mature between 2024 and 2028.

6. LONG TERM INVESTMENT

	2023	2022
Promissory note from Synergy North Corporation, receivable in annual principal instalments of \$500,000 with monthly interest instalments at the TD Canada Trust prime rate (7.20% - 31 December 2023; 6.45% - 31 December 2022). Both principal and interest payments are subject to a Subordination and Postponement Agreement between the City and Synergy North wherein neither payment may be receivable based on certain criteria.	\$ 2,069,279	\$ 2,569,279
9,100 voting, participating common shares of Synergy North Corporation, representing 8.31% of common shares issued	6,930,721	6,930,721
	\$ 9,000,000	\$ 9,500,000

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.

7. FINANCIAL INSTRUMENTS

Financial Risk Management

The City, collectively through its consolidated entities and business and other partnerships has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, and market risk. An analysis of these risks is provided below.

i. Credit Risk

Credit risk is the risk of financial loss to the City if a third party fails to meet its contractual obligations. The City is primarily exposed to credit risk on its property taxes receivable and trade and other receivable. For items recognized in the Statement of Financial Position, the carrying amount best represents its maximum exposure to credit risk.

Credit risk is measured through monitoring and evaluation of receivables and investments. If the evaluations indicate the other party may be unable to meet their obligations the City will recognize an allowance for doubtful accounts. The City has determined that there are no significant concentrations of credit risk.

There have not been any changes from the prior year in the City's exposure to credit risk or the policies, procedures or methods it uses to manage and measure risk.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

7. FINANCIAL INSTRUMENTS - continued

ii. Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its obligations associated with financial liabilities. The City is exposed to liquidity risk on its accounts payable and accrued liabilities and long-term debt. The City's manages the exposure to liquidity risk through budgeting, cashflow monitoring and forecasting ensuring sufficient funds required for normal operating requirements on an on-going basis. The contractual maturities of long-term debt are disclosed in note 9.

There have not been any changes from the prior year in the City's exposure to liquidity risk or the policies, procedures or methods it uses to manage and measure risk.

iii. Market Risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

a. Currency Risk

Currency risk is the risk that future cash flows related to financial instruments will vary due to fluctuations in foreign exchange rates. The City has limited exposure to fluctuating values of foreign currency and only exposure is through USD accounts payable. At December 31, 2023, the City has no material currency exposure.

b. 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 interest rates. The City is exposed to interest rate risk on its interest-bearing investments.

The City is also exposed to interest rate risk on interest rates received on investments. The impact of fluctuations varies as the amount of investments change. The City holds a portfolio managed by ONE Investment and ONE Joint Investment Board which operates under the regulations of the Municipal Act and holds a high interest savings account with ONE Investment.

The City is subject to interest rate risk on long-term debt but minimizes the risk by issuing long term fixed rate debenture debt and does not hold any variable rate debt.

c. Other Price Risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk. The City is exposed to price risk through its investments which include equity pooled funds. To mitigate this risk, the investment portfolio is managed by ONE Investment and ONE Joint Investment Board and investments are made in accordance with an approved Investment Policy Statement.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

8. DEFERRED REVENUE

					2023
	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community-Building Fund	\$ 2,506,509	\$ 999,176	\$ 134,465	\$ -	\$ 3,640,150
Dedicated gas tax	793,925	145,510	34,837	-	974,272
Ontario Community Infrastructure Fund	2,132,453	-	-	167,227	1,965,226
Miscellaneous transit funding	161,951	-	-	-	161,951
Roads deposits	27,700	1,429	-	-	29,129
Other deferred revenue	2,263,082	100,793	954	1,243,157	1,121,672
	\$ 7,885,620	\$ 1,246,908	\$ 170,256	\$ 1,410,384	\$ 7,892,400

Canada Community-Building Fund (formerly 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.

9. LONG TERM DEBT

	2023	2022
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$318,180 including interest at 1.82%, maturing 2027	\$ 1,216,200	\$ 1,506,776
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$82,219 including interest at 1.49%, maturing 2025	160,797	239,434
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$146,606 including interest at 2.135%, maturing 2030	943,047	1,066,718
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$60,009 including interest at 1.72%, maturing 2026	173,940	229,972
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$93,793 including interest at 2.24%, maturing 2031	679,374	756,133
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$22,251 including interest at 2.34%, maturing 2032	178,491	196,123
Unsecured bank loan from TD Canada Trust repayable in annual installments of \$332,393 including interest at 2.705%, maturing 2043	5,253,567	5,437,437
Bank term loans	-	192,780
	\$ 8,605,416	\$ 9,625,373

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

9. LONG TERM DEBT - continued

Schedule of loan principal payments are as follows:

2024	\$	843,312
2025		860,518
2026		797,423
2027		754,662
Thereafter		5,349,501
	\$	8,605,416

10. ACCUMULATED SURPLUS

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

	2023	2022
Current funds	\$ 2,241,784	\$ 3,359,864
Investment in tangible capital assets	186,198,097	179,570,760
Long term investment	9,000,000	9,500,000
Employee future benefits	(2,711,673)	(2,636,362)
Asset retirement obligations	(1,730,647)	(1,654,674)
	192,997,561	188,139,588
Reserves and Reserve Funds		
Working capital	4,461,465	4,461,465
Contingencies	5,171,070	5,758,770
Capital expenditure purposes	22,002,180	19,266,566
Replacement of equipment	1,457,814	1,495,094
Museum	370,654	411,405
Cemetery Columbarium	322,292	283,398
Current expenditures purposes	2,673,294	2,640,809
Total Reserves and Reserve Funds	36,458,769	34,317,507
Internally Restricted Entity		
Citizens' Prosperity Trust Fund	44,145,180	43,784,593
ACCUMULATED SURPLUS	\$ 273,601,510	\$ 266,241,688

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 2023

11. TANGIBLE CAPITAL ASSETS

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Waste Water	Assets under Construction and Other	2023	2022
Cost, beginning of year	\$ 12,003,968	\$ 9,894,875	\$ 45,761,374	\$ 7,804,023	\$ 21,401,975	\$ 2,483,602	\$ 139,665,911	\$ 47,245,977	\$ 63,580,967	\$ 2,620,870	\$ 352,463,542	\$ 341,162,487
Additions	-	149,780	141,986	442,923	1,611,033	150,523	5,342,782	1,096,770	1,976,334	4,804,815	15,716,946	14,537,511
Disposals/transfers	(154,089)	1,449,408	(71,340)	(595,275)	(638,920)	211,353	849,589	(565,247)	(260,692)	(3,906,692)	(3,681,905)	(3,660,656)
Adjustments for ARO	-	-	-	-	-	-	-	-	-	-	-	403,392
Cost, end of year	\$ 11,849,879	\$ 11,494,063	\$ 45,832,020	\$ 7,651,671	\$ 22,374,088	\$ 2,845,478	\$ 145,858,282	\$ 47,777,500	\$ 65,296,609	\$ 3,518,993	\$ 364,498,583	\$ 352,442,734
Accumulated amortization, beginning of year	\$ -	\$ 3,589,463	\$ 12,934,219	\$ 5,242,731	\$ 10,538,017	\$ 920,330	\$ 86,421,006	\$ 17,615,591	\$ 26,006,051	\$ -	\$ 163,267,408	\$ 157,897,730
Amortization	-	418,793	1,203,573	432,762	1,149,958	142,422	3,617,919	649,093	1,142,496	-	8,757,016	8,329,521
Disposals	-	-	(44,167)	(595,275)	(506,006)	-	(745,503)	(245,726)	(192,677)	-	(2,329,354)	(3,146,011)
Adjustments for ARO	-	-	-	-	-	-	-	-	-	-	-	165,359
Accumulated amortization, end of year	\$ -	\$ 4,008,256	\$ 14,093,625	\$ 5,080,218	\$ 11,181,969	\$ 1,062,752	\$ 89,293,422	\$ 18,018,958	\$ 26,955,870	\$ -	\$ 169,695,070	\$ 163,246,599
Net carrying amounts, end of year	\$ 11,849,879	\$ 7,485,807	\$ 31,738,395	\$ 2,571,453	\$ 11,192,119	\$ 1,782,726	\$ 56,564,860	\$ 29,758,542	\$ 38,340,739	\$ 3,518,993	\$ 194,803,513	\$ 189,196,135

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 \$3,518,993 (2022 - \$2,620,870). 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 2023

12. OTHER INCOME

	2023	2022
Penalties and interest on taxation	\$ 392,434	\$ 357,652
Investment income	3,495,920	1,876,004
Donations	57,710	569,755
Miscellaneous	1,163,054	2,978,668
	\$ 5,109,118	\$ 5,782,079

13. PENSION AGREEMENTS

The City 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 more than 600,000 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of the actuarial valuation disclosed total actuarial liabilities of \$136.2 billion (\$130.3 billion in 2022) in respect of benefits accrued for service with actuarial assets at that date of \$132.0 billion (\$123.6 billion in 2022) indicating an actuarial deficit of \$4.2 billion (\$6.7 billion in 2022). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit. The Corporation of the City of Kenora paid \$1,385,817 for employer contributions to the plan in 2023 (2022 - \$1,077,887).

14. BUDGET

The Financial Plan (Budget) By-Law adopted by Council on 22 March 2023 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). 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 22 March 2023 with adjustments as follows:

	2023
Financial plan (budget) by-law surplus (deficit) for the year	\$ 778,840
Add:	
Capital expenditures	21,243,858
Debt principal repayments	1,021,461
Less:	
Debenture financing of capital expenditures	(307,352)
Budgeted transfers from accumulated surplus	(5,402,034)
Amortization of tangible capital assets	(8,757,016)
Accretion of ARO	(76,109)
Budget surplus per statement of operations	\$ 8,501,648

15. COLLECTION OF TAXES ON BEHALF OF OTHER TAXATION AUTHORITIES

During the year, taxation revenue of \$4,797,044 (2022 - \$4,826,468) was raised and remitted to the school boards.

16. 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:

	2023	2022
Lake of the Woods Cemetery Land Fund	\$ 15,478	\$ 13,234
Perpetual Care Fund	806,960	753,384
Langford Estate	63,763	60,634
	\$ 886,201	\$ 827,252

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

17. 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 2023 was \$75,694 (2022 - \$693,855), and the resulting future employee benefit liability was \$2,500,824 at 31 December 2023 (2022 - \$2,425,446).

The main assumptions employed in the actuarial valuation prepared as at 31 December 2023 for the calculation of employee future benefits are as follows:

1. Interest (Discount) Rate

The obligation as at December 31, 2023 of the present value of future liabilities was determined using a discount rate of 4.3% and expense for the 12 months ended December 31, 2023 was determined using a discount rate of 2.20%.

2. Medical Costs

Medical costs were assumed to increase 5.27% per year to 2026 and between 3.57% and 5.16% per year thereafter

3. Dental Costs

Dental costs were assumed to increase 5.00% per year to 2026 and between 3.57% and 4.95% per year thereafter.

4. Salary and wage rates

Salary and wage rates were assumed to increase 2.50% per year to 2023 and 2.50% per year thereafter.

18. EMPLOYEE FUTURE BENEFITS PAYABLE

	2023	2022
Employee future benefits (Note 17)	\$ 2,500,824	\$ 2,425,446
Vested sick leave	66,796	69,654
Lieu time accrual	144,053	141,262
	\$ 2,711,673	\$ 2,636,362

19. CONTINGENT LIABILITIES

At 31 December 2023, the Corporation of the City of Kenora has guaranteed bank indebtedness of the following: the Kenora Health Care Centre in the amount of \$5,057,604 (2022 - \$5,285,428) and the Kenora Airport Authority Inc. in the amount of \$124,846 (2022 - \$466,551). The City was required to provide a \$200,000 deposit to satisfy the guarantee requirements. In January 2024, the Kenora Airport Authority guarantee has been discharged. The Kenora Golf and Country Club debt has been fully repaid in 2023. 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 \$910,017 (2022 - \$910,017). The Home's management expects to recover this deficit from projected future 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.

20. GOVERNMENT TRANSFERS

	2023	2022
Revenues		
Government of Canada grants		
Operating	\$ 45,418	\$ 202,964
Capital	1,032,264	2,539,381
Province of Ontario grants		
Operating	4,165,256	4,462,352
Capital	5,667,369	3,533,380
Total Revenues	\$ 10,910,307	\$ 10,738,077
Expenses		
External transfers to others	\$ 12,505,500	\$ 12,646,766
Total Expenses	\$ 12,505,500	\$ 12,646,766

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

21. ASSET RETIREMENT OBLIGATIONS

The City's financial statements include asset retirement obligations for future asbestos remediation, landfill closure and post-closure care requirements and retirement of underground fuel storage tanks. The related asset retirement costs are amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.6% (2022 – 4.6%). The estimated total undiscounted future expenditures are \$9,134,336.

Asset retirement obligations related to the buildings with asbestos will occur at the end of useful life. Asset retirement obligations related to the landfills will occur at regular intervals throughout its remaining useful life and its post-closure monitoring period of 15 years.

	2023	2022
		Restated Note 1
Asset Retirement Obligation, beginning of year	\$ 1,654,538	\$ -
Opening adjustment for PSAB adjustment	-	1,581,776
Increase due to accretion expense	76,109	72,762
Asset Retirement obligation, end of year	\$ 1,730,647	\$ 1,654,538

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

22. ACCOUNTING PRONOUNCEMENTS

PSAB has issued several pronouncements that may impact the City's future financial statements. The pronouncements the City will be reviewing to determine their impact on the Statements include:

- In November 2018, PSAB issued section PS 3400 Revenue. This standard addresses revenue recognition principles that apply to revenue common in the public sector other than government transfers and tax revenue. The new standard is effective for fiscal years beginning on or after April 1, 2023.
- In December 2020, PSAB approved the Public Private Partnerships standard, PS 3160. The standard addresses the accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023.
- In December 2022, PSAB approved the Conceptual Framework for Financial Reporting in the Public Sector and a series of consequential amendments to various standards in the Public Sector Handbook. This standards promotes consistency in understanding and interpreting public sector accounting standards. The new standards are effective for fiscal years beginning on or after April 1, 2026.
- 2022 – 2023 annual improvements implemented by PSAB clarified the guidance on recognizing purchased intangible assets that meet the definition of an asset. The recognition criteria is effective for fiscal years beginning on or after April 1, 2023.

23. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

24. 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 2023

24. 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 included 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 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2023 Total
Revenues										
Taxation	\$ 3,171,043	\$ 7,539,582	\$ 7,414,587	\$ 222,543	\$ 2,326,876	\$ 3,059,345	\$ 4,578,557	\$ 1,552,627	\$ -	\$ 29,865,160
Fees and user charges	258,059	691,783	851,830	14,663,068	263,858	-	2,147,737	103,746	-	18,980,081
Government grants	396,731	1,304,335	4,919,215	39,410	398,710	359,237	4,167,244	720,869	(1,395,444)	10,910,307
Other	809,959	835,532	875,273	948,727	257,108	338,021	668,763	375,735	-	5,109,118
	4,635,792	10,371,232	14,060,905	15,873,748	3,246,552	3,756,603	11,562,301	2,752,977	(1,395,444)	64,864,666
Expenses										
Salaries and benefits	3,458,810	3,291,449	3,676,540	4,723,523	205,122	-	4,391,286	1,317,452	-	21,064,182
Materials and supplies	1,256,744	6,934,291	2,880,637	5,628,150	145,657	-	2,587,659	1,568,940	-	21,002,078
External transfer	-	-	99,733	-	2,479,449	3,838,484	33,000	-	-	6,450,666
Interest on long-term debt	-	28,727	142,239	30,724	-	-	21,654	7,558	-	230,902
Amortization	161,046	352,982	4,427,069	2,456,782	21,416	-	1,092,884	244,837	-	8,757,016
	4,876,600	10,607,449	11,226,218	12,839,179	2,851,644	3,838,484	8,126,483	3,138,787	-	57,504,844
Net surplus (deficit)	\$ (240,808)	\$ (236,217)	\$ 2,834,687	\$ 3,034,569	\$ 394,908	\$ (81,881)	\$ 3,435,818	\$ (385,810)	\$ (1,395,444)	\$ 7,359,822

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2022 Total
Revenues										
Taxation	\$ 2,618,978	\$ 8,249,653	\$ 6,152,034	\$ 381,227	\$ 2,206,672	\$ 2,993,588	\$ 4,350,679	\$ 1,604,339	\$ -	\$ 28,557,170
Fees and user charges	192,892	612,593	781,467	13,916,768	266,785	-	1,796,244	122,326	-	17,689,075
Government grants	446,337	1,474,600	3,967,638	986,632	417,880	378,340	3,448,847	977,275	(1,359,472)	10,738,077
Other	1,579,383	223,173	154,973	409,629	56,676	75,541	576,569	2,706,135	-	5,782,079
	4,837,590	10,560,019	11,056,112	15,694,256	2,948,013	3,447,469	10,172,339	5,410,075	(1,359,472)	62,766,401
Expenses										
Salaries and benefits	2,666,864	2,923,322	3,125,916	4,112,113	227,425	-	3,799,557	954,667	-	17,809,864
Materials and supplies	1,132,122	7,608,995	3,322,871	4,971,390	130,731	-	2,852,670	1,212,142	-	21,230,921
External transfer	-	-	98,989	-	2,443,543	3,652,422	20,000	-	-	6,214,954
Interest on long-term debt	-	35,157	150,607	31,821	-	-	23,815	9,708	-	251,108
Amortization	150,500	351,333	4,161,336	2,340,423	23,509	-	1,015,349	287,071	-	8,329,521
	3,949,486	10,918,807	10,859,719	11,455,747	2,825,208	3,652,422	7,711,391	2,463,588	-	53,836,368
Net surplus (deficit)	\$ 888,104	\$ (358,788)	\$ 196,393	\$ 4,238,509	\$ 122,805	\$ (204,953)	\$ 2,460,948	\$ 2,946,487	\$ (1,359,472)	\$ 8,930,033

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 2023

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	2023 Total
Revenues					
Taxation	\$ 29,865,160	\$ -	\$ -	\$ -	29,865,160
Fees and user charges	18,381,751	179,800	31,016	387,514	18,980,081
Government grants	10,811,133	59,251	39,923	-	10,910,307
Other	4,991,078	86,164	31,876	-	5,109,118
	64,049,122	325,215	102,815	387,514	64,864,666
Expenses					
Salaries and benefits	19,629,553	610,076	582,420	242,133	21,064,182
Materials and supplies	20,395,948	338,524	163,796	103,810	21,002,078
External transfer	7,720,629	(579,695)	(690,268)	-	6,450,666
Interest on long-term debt	230,902	-	-	-	230,902
Amortization	8,675,863	32,376	48,777	-	8,757,016
	56,652,895	401,281	104,725	345,943	57,504,844
Net surplus (deficit)	\$ 7,396,227	\$ (76,066)	\$ (1,910)	\$ 41,571	\$ 7,359,822

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	2022 Total
Revenues					
Taxation	\$ 28,557,170	\$ -	\$ -	\$ -	28,557,170
Fees and user charges	17,143,805	148,545	30,205	366,520	17,689,075
Government grants	10,487,722	207,842	42,513	-	10,738,077
Other	5,357,581	387,886	36,612	-	5,782,079
	61,546,278	744,273	109,330	366,520	62,766,401
Expenses					
Salaries and benefits	16,561,110	518,774	516,781	213,199	17,809,864
Materials and supplies	20,367,186	608,952	153,853	100,930	21,230,921
External transfer	7,435,433	(552,023)	(668,456)	-	6,214,954
Interest on long-term debt	251,108	-	-	-	251,108
Amortization	8,248,477	32,799	48,245	-	8,329,521
	52,863,314	608,502	50,423	314,129	53,836,368
Net surplus (deficit)	\$ 8,682,964	\$ 135,771	\$ 58,907	\$ 52,391	\$ 8,930,033

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.