



# 2019 Annual Report



The Corporation of the City of Kenora  
Kenora, Ontario  
Canada



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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

- ~ Karen Brown, Chief Administrative Officer
- ~ Stace Gander, Community Services Manager
- ~ Jeff Hawley, Manager of Operations & Infrastructure
- ~ Charlotte Edie, Manager of Finance/Treasurer
- ~ Heather Pihulak, Manager of Administration/City Clerk
- ~ Adam Smith, Development Services Strategist



## Mayor's Message

2019 was the completion of Council's first full year in term of office. While much of the first term of a new Council is spent reviewing policies and priorities for the City, Council focused on future priorities and investments in our community to move our City forward.

While the merger of Kenora Hydro and Thunder Bay Hydro to SYNERGY NORTH was committed prior to this Council, the completion of the merger significantly changes and improves the electricity landscape in Northern Ontario and provides the ability to better serve customers through efficiency and with innovative customer service amenities. Council is committed to efficiencies and investments that make sense for our community in the long term and meets the vision of long term goals for Kenora.

Council continues to invest in the downtown and developing our downtown core with the celebration of the opening of First Street South and new roundabout. This investment demonstrates the commitment of our provincial partners and Council to continual improvements of our aging infrastructure and beautification of our City. The next phase of development to Park Street and onto Railway Street will further demonstrate these improvements to our City.

Through our Senior Leadership Team and community partners several key capital projects have been identified and Council is committing to these investments. Funding applications are in progress for many of these key developments that will continue to move the City forward. Investments in Kenora through private development, provincial investment and community partnerships demonstrates the confidence in Kenora.

Respectfully,

Mayor Daniel Reynard



## 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 is established to provide the City with guidelines for evaluating and determining its actions, making decisions and setting the budget.

In 2019, the City invested in reducing the infrastructure deficit, by improving roads, water & sewer lines, sidewalks, pumping stations, storm drains, bridges and more. With regard to addressing the housing crisis in the community, several major improvements were made to the Zoning By-law and Official Plan to enable new housing development. In addition, a new By-law was created to allow the City to support affordable housing initiatives.

The City has committed to tracking and communicating our results on an annual basis to ensure that we are maintaining the momentum in realizing the goals and actions under the Strategic Plan. The 2019 Strategic Plan Progress Report offers a glimpse into how well we are doing in fulfilling our vision and achieving our mission.

### *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 – “Recreation & Tourism”

### Facility Participant Visits

Swimming Pool – Programming.....	23,180 visits
Swimming Pool – Recreation .....	66,575 visits
Walking track .....	11,068 visits
Fitness Centre .....	55,785 visits
Group Fitness .....	8,812 visits

### Facility Bookings

Thistle Arena .....	2,594.5 hours
Keewatin Memorial Arena .....	2,265.25 hours
Room Rentals .....	1,331.52 hours
Ball Diamond Bookings .....	4,704.66 hours
Special events held in recreation facilities.....	33
Programs and activities held in recreation facilities.....	55

### Information Centres

Visitors to the Discovery Centre .....	18,116
Visitors to the Harbourfront Thistle Pavilion.....	9,591

## Look What's New in 2019

Significant construction projects and exciting events included:



The opening of the new roundabout and new First Street South. This also led to the renaming of the old First Street South to Thistle Drive in recognition of the old Thistle Arena which was located on this street until it was replaced in 1968 by the recreation centre.



The opening of the Kenora Rotary Splash Park and Pickleball courts.

A partnership with Hotspot parking now allows residents and tourists to pay for parking in downtown Kenora with their phones.

The replacement of the Coker Bailey Bridge.



Thunder Bay Hydro and Kenora Hydro merged to form SynergyNorth.

Wayfinding Kiosks installed has made City navigation easier for residents and tourists.

The completion and grand opening of the Douglas Family Art Centre.



## Looking Ahead to 2020

As we look to 2020, we find ourselves in the final year of the 2015 - 2020 Strategic Plan. The City will be conducting an extensive review of the previous strategic priorities as the basis to develop 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.

2020 marks the second year of the four year term for the current Mayor and Council.

The City anticipates some significant construction in 2020 which includes the reconstruction of Park Street that will continue on to phase 1 of the Railway Street/Tenth Avenue South reconstruction. Some committed projects intended for ground breaking in 2020 have been delayed as a result of the COVID virus. Delayed projects are poised for start and are anticipated to bring some needed relief for housing and social programming through community partners.

Kenora also is looking forward to additional enhancements in recreation and tourism which includes parks and trails enhancements as well as work to begin on the new Central Community Club project. The City also looks forward to accessible improvement with the installation of water access mats at all beaches and accessible pathways to be installed at Norman park and beach.



## 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 senior manager 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

### 2019 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, 2019. 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 2019 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 \$51.4 million in 2019 of the total revenues of \$58.3 million. Funding for capital projects was an additional \$6.9 million. The City also utilized \$9.3 million in reserves and reserve funds in 2019 for capital and operations. As in previous years, taxation accounts for the largest source of current operations revenues, providing 45.1% of total revenues. Fees and user charges represent another 27.6% of total revenues. An analysis of total revenues by source in graph form follows on page 14.

Overall current operations expenditures in the various functional areas listed above, were \$49.6 million in 2019, before changes in City surplus. An analysis of current expenditures by functions in graph form follows on page 15.

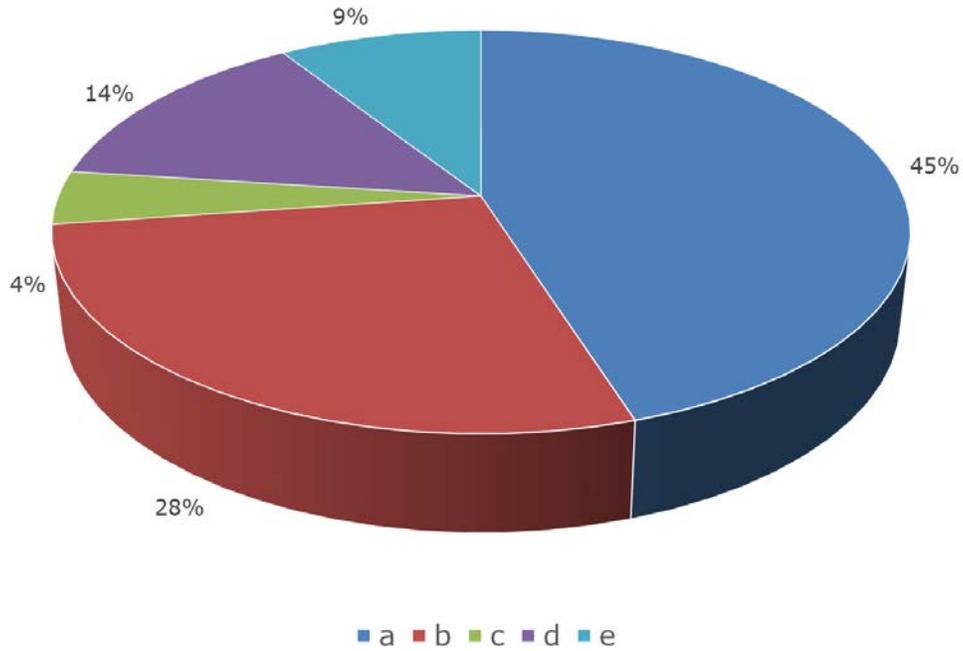


Current operating expenditures also include contributions to external organizations. These include:

Northwestern Health Unit:	\$ 697,830
Kenora District Services Board:	
Child Care	160,405
Ontario Works	293,123
Social Housing	1,498,644
Land Ambulance	1,489,856
District of Kenora Home for the Aged	1,675,316
O.P.P.	6,218,713
Kenora Handi Transit	81,800
Kenora Public Library	607,124
Lake of the Woods Museum and Art Centre	426,791
The Pines Community Resource Centre	166,500

This discussion does not include capital activity of the City.

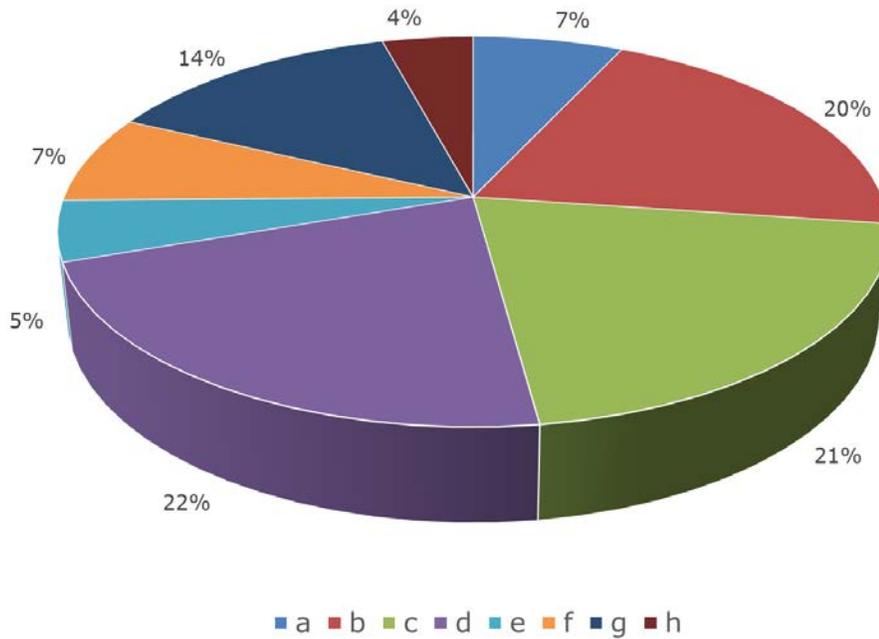
## Revenues, Financing and Transfers



### **Revenues, Financing and Transfers (in thousands of dollars)**

a	Taxation	\$ 26,312	45.1%
b	Fees and user charges	16,125	27.6%
c	Canada grants	2,509	4.3%
d	Ontario grants	8,127	13.9%
e	Other	5,269	9.1%
		<b>\$ 58,342</b>	<b>100.0%</b>

## Expenditures, Financing and Transfers



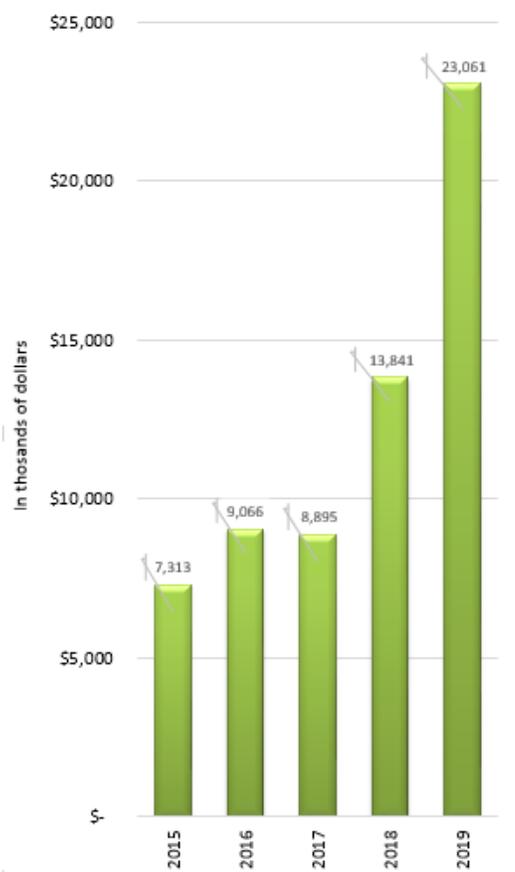
### Expenditures, Financing and Transfers (in thousands of dollars)

a General government	\$ 3,440	6.9%
b Protection services	\$ 10,044	20.2%
c Transportation services	\$ 10,241	20.7%
d Environmental services	\$ 10,835	21.9%
e Health services	\$ 2,486	5.0%
f Social and family services	\$ 3,628	7.3%
g Recreational and cultural services	\$ 6,828	13.8%
h Planning and development	\$ 2,077	4.2%
	<b>\$ 49,579</b>	<b>100.0%</b>

## 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 2019 were \$23.1 million. Major capital projects for 2019 included:

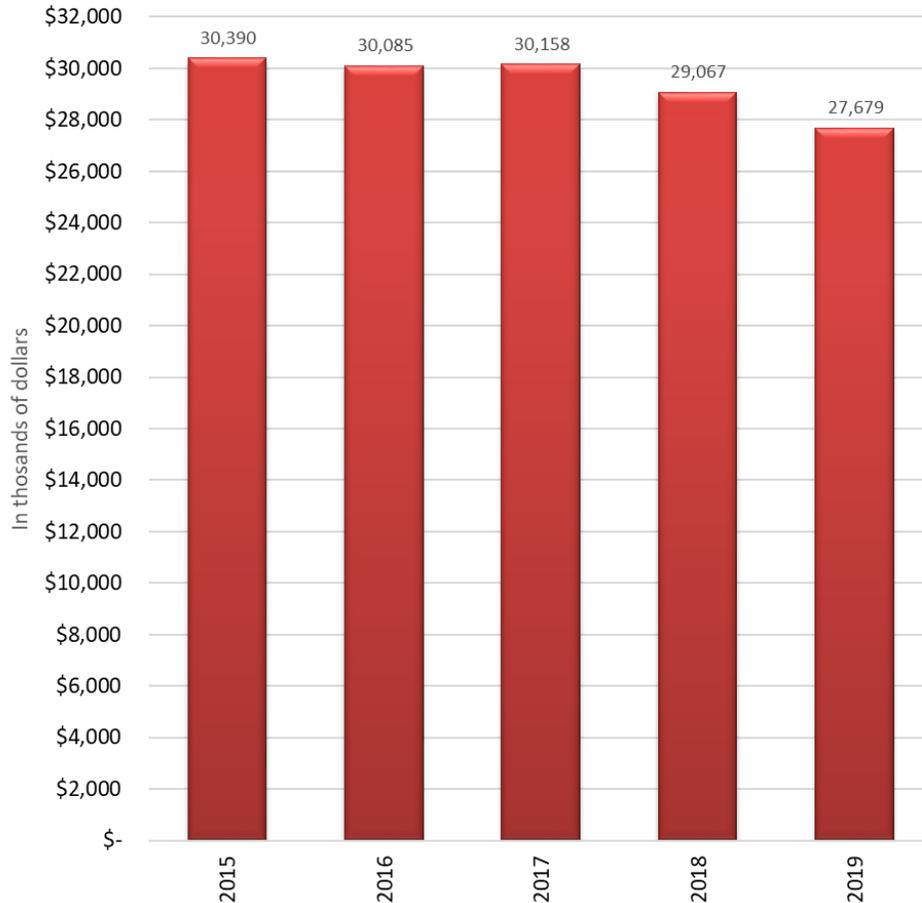


- ~ First Street Development: \$8.0 million
- ~ Fleet purchases: \$1.3 million – including yard loader, roads loader, single axel roads, trackless sidewalk plow, highway tractor, and trailer.
- ~ Douglas Family Art Centre work to date: \$4.5 million
- ~ Coker Bailey Bridge Construction: \$1.1 million
- ~ Paved and surface treated roadwork: \$1.1 million
- ~ Library Accessible Entrance \$.2 million
- ~ Water and Wastewater projects: \$4.6 million

## 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 (\$2.8 million).

The reserve and reserve fund balance at the end of 2019 was \$27.7 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 \$40.9 million at the end of 2019. 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 \$12.9 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.

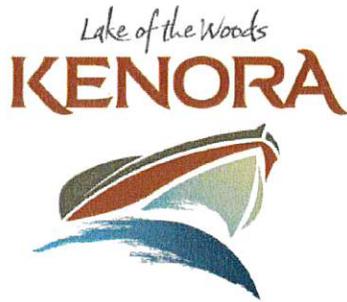
The Trust Fund is reported on the City's financial statements at \$28.1 million because the Canadian generally accepted accounting principles, as established by the Public Sector Accounting Board, dictate that such inter-organizational transactions be eliminated on consolidation. As a result the balance of \$28.1 million reflected on the consolidated statement of financial position does not reflect the balance of the debentures and interfund balances at 31 December 2019 of \$12.8 million.



## Financial Statements

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## City of Kenora

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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.

A handwritten signature in black ink that reads "Charlotte Edie".

Charlotte Edie, Manager of Finance/Treasurer  
Kenora, Ontario

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, 2019, 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, 2019, 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 25, 2020

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants



**THE CORPORATION OF THE CITY OF KENORA**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
For the year ended 31 December 2019

	2019 Budget (Note 14)	2019 Actual	2018 Actual
<b>Revenues</b>			
Taxation	\$ 26,336,720	\$ 26,312,359	\$ 25,332,389
Fees and user charges	15,750,606	16,125,391	15,103,063
Canada grants	2,895,367	2,507,914	1,754,335
Ontario grants	6,627,701	8,126,677	8,666,376
Net income from government business enterprise (Note 7)	-	-	89,000
Other (Note 11)	2,820,132	5,269,342	3,592,775
	<u>54,430,526</u>	<u>58,341,683</u>	<u>54,537,938</u>
<b>Expenses</b>			
General government	3,471,757	3,440,097	3,914,400
Protection services	9,894,072	10,044,172	9,449,660
Transportation services	10,311,445	10,240,955	11,055,474
Environmental services	10,447,960	10,835,063	10,672,104
Health services	2,470,313	2,486,171	2,445,016
Social and family services	3,616,263	3,627,488	3,525,013
Recreation and cultural services	6,513,639	6,827,371	6,174,925
Planning and development	1,927,869	2,077,387	1,902,998
	<u>48,653,318</u>	<u>49,578,704</u>	<u>49,139,590</u>
<b>Annual surplus</b>	<u>5,777,208</u>	8,762,979	5,398,348
<b>Accumulated surplus, beginning of year</b>		233,472,777	228,074,429
<b>Accumulated surplus, end of year</b>		\$ 242,235,756	\$ 233,472,777

See Accompanying Notes

**THE CORPORATION OF THE CITY OF KENORA**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the year ended 31 December 2019

	2019 Budget (Note 14)	2019 Actual	2018 Actual
<b>Annual surplus</b>	\$ 5,777,208	\$ 8,762,979	\$ 5,398,348
Acquisition of tangible capital assets	(21,478,697)	(23,061,090)	(13,840,737)
Amortization of tangible capital assets	7,386,688	7,386,688	7,142,099
Loss (Gain) on sale of tangible capital assets	-	189,858	(591)
Proceeds on sale of tangible capital assets	-	178,792	297,861
	(8,314,801)	(6,542,773)	(1,003,020)
Acquisition of prepaid expenses and inventory of supplies	(2,257,428)	(2,257,428)	(2,892,549)
Net use/consumption of inventories of consumables and prepaids	2,120,714	2,120,714	2,845,930
	(136,714)	(136,714)	(46,619)
<b>Net change in net financial assets (debt)</b>	(8,451,515)	(6,679,487)	(1,049,639)
<b>Net financial assets, beginning of year</b>	71,305,422	71,305,422	72,355,061
<b>Net financial assets, end of year</b>	\$ 62,853,907	\$ 64,625,935	\$ 71,305,422

See Accompanying Notes

**THE CORPORATION OF THE CITY OF KENORA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2019

	2019	2018
<b>Operating transactions</b>		
Annual surplus	\$ 8,762,979	\$ 5,398,348
Items not involving cash		
Amortization	7,386,688	7,142,099
Loss (Gain) on disposal of tangible capital assets	189,858	(591)
Income from government business enterprise	-	(89,000)
	<b>16,339,525</b>	<b>12,450,856</b>
Change in non-cash working capital balances		
Decrease (Increase) in taxes receivable	307,256	(91,650)
(Increase) in trade and other receivables	(1,306,806)	(1,928,337)
(Increase) in other assets	(146,142)	(45,642)
Increase in accounts payable and accrued liabilities	811,720	502,725
Increase in deferred revenue	67,100	115,590
Increase in employee future benefits payable	430,563	149,066
	<b>16,503,216</b>	<b>11,152,608</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(23,061,090)	(13,840,737)
Proceeds on sale of tangible capital assets	178,792	297,861
	<b>(22,882,298)</b>	<b>(13,542,876)</b>
<b>Investing transactions</b>		
Decrease in long term note receivable	18,512	17,620
Decrease (Increase) in Citizens' Prosperity Trust Fund	4,752,907	(48,788)
	<b>4,771,419</b>	<b>(31,168)</b>
<b>Net change in cash and equivalents</b>	<b>(1,607,663)</b>	<b>(2,421,436)</b>
<b>Cash and equivalents, beginning of year</b>	<b>34,572,696</b>	<b>36,994,132</b>
<b>Cash and equivalents, end of year</b>	<b>\$ 32,965,033</b>	<b>\$ 34,572,696</b>
<b>Represented by</b>		
Cash	\$ 17,050,905	\$ 19,048,268
Temporary investments	15,914,128	15,524,428
	<b>\$ 32,965,033</b>	<b>\$ 34,572,696</b>

See Accompanying Notes

**THE CORPORATION OF THE CITY OF KENORA  
SIGNIFICANT ACCOUNTING POLICIES**

For the year ended 31 December 2019

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. 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 69.51% (2018 - 69.31%) of the Provincial Offences Fund is reflected in the consolidated financial statements.

The government business enterprise is a separate legal entity which does not rely on the municipality for funding. The investment in the government business enterprise is accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards for rate-regulated industries, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The Kenora Hydro Electric Corporation Ltd. was the only government business enterprise reflected in the consolidated statements (Note 7).

**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 2019

**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 2019

**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 2019

**1. CASH**

	2019	2018
Unrestricted	\$ 11,731,803	\$ 13,945,328
Restricted	5,319,102	5,102,940
	<b>\$ 17,050,905</b>	<b>\$ 19,048,268</b>

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 2019, \$ - (2018 - \$ -) 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	2019	2018
Unrestricted	\$ 15,502,938	\$ 13,752,633	\$ 13,346,236
Restricted	2,161,495	2,161,495	2,178,192
	<b>\$ 17,664,433</b>	<b>\$ 15,914,128</b>	<b>\$ 15,524,428</b>

97% (2018-96%) of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments have rates of return between 0.1% and 17.25%.

**3. TAXES RECEIVABLE**

	2019	2018
Taxes receivable	1,548,914	1,722,122
Prepaid on account	\$ (1,475,051)	\$ (1,341,003)
	<b>\$ 73,863</b>	<b>\$ 381,119</b>

**4. LONG TERM NOTE RECEIVABLE**

	2019	2018
Loan receivable, Ontario Power Generation, repayable \$1,587 monthly including interest at 5%, secured by leasehold improvements, matures 2020.	\$ 698	\$ 19,210

**5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS**

	2019	2018
Cash	\$ 932,300	\$ 14,190
Temporary Investments	27,208,304	32,879,321
	<b>\$ 28,140,604</b>	<b>\$ 32,893,511</b>

**THE CORPORATION OF THE CITY OF KENORA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS - Continued**

The market value of the temporary investments is \$29,803,580 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.

53% (2018-42%) 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 of 2.59%, 5.40% and 19.52%. 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 1.58% to 4.50%. These investments mature between 2020 and 2024.

Debentures receivable in the amount of \$12,898,106 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 2020 and 2044.

**6. LONG TERM INVESTMENT**

	<b>2019</b>	<b>2018</b>
Promissory note receivable from Synergy North Corporation, in monthly instalments of interest only at the TD Canada Trust prime rate (3.95% - 31 December 2019)	\$ 3,069,279	\$ -
9,100 voting, participating common shares of Synergy North Corporation, representing 8.31% of common shares issued	6,930,721	-
	<b>\$ 10,000,000</b>	<b>\$ -</b>

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. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE**

The Kenora Hydro Electric Corporation Ltd. was owned and controlled by the City of Kenora until 31 December 2018. On 1 January 2019 Kenora Hydro Electric Corporation Ltd. and Thunder Bay Hydro Electricity Distribution Inc. merged and continued operations as Synergy North Corporation. As at that date, the Corporation of the City of Kenora holds 8.31% of the issued common shares of Synergy North Corporation (Note 6).

**THE CORPORATION OF THE CITY OF KENORA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**8. DEFERRED REVENUE**

	2019				
	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 1,446,770	\$ 1,911,818	\$ 32,964	\$ 1,053,862	\$ 2,337,690
Dedicated gas tax	301,742	150,290	10,913		462,945
Miscellaneous transit funding	161,951		-		161,951
Roads deposits	50,038	-	1,035	-	51,073
Other deferred revenue	2,131,148	508,042	11,880	1,505,980	1,145,090
	<b>\$ 4,091,649</b>	<b>\$ 2,570,150</b>	<b>\$ 56,792</b>	<b>\$ 2,559,842</b>	<b>\$ 4,158,749</b>

**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. ACCUMULATED SURPLUS**

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

	2019	2018
Current funds	\$ 129,099	\$ 490,391
Investment in tangible capital assets	176,429,340	161,123,587
Long term investment	10,000,000	-
Government business enterprise	-	10,000,000
	<b>186,558,439</b>	<b>171,613,978</b>
Reserves and Reserve Funds		
Working capital	4,461,465	4,461,465
Contingencies	2,797,842	3,272,064
Capital expenditure purposes	14,750,220	15,426,900
Replacement of equipment	1,786,564	2,092,668
Museum	939,930	955,307
Cemetery Columbarium	163,910	206,215
Current expenditures purposes	2,779,311	2,652,282
Total Reserves and Reserve Funds	<b>27,679,242</b>	<b>29,066,901</b>
Internally Restricted Entity		
Citizens' Prosperity Trust Fund	27,998,075	32,791,898
<b>ACCUMULATED SURPLUS</b>	<b>\$ 242,235,756</b>	<b>\$ 233,472,777</b>

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 2019

**10. 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	\$ <b>302,733,426</b>
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	<b>23,061,090</b>
Disposals/transfers	(2,952)	498,961	2,074,043	28,755	(1,066,294)	-	(164,575)	(74,883)	(257,266)	(2,850,933)	<b>(1,815,144)</b>
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	\$ <b>323,979,372</b>
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	\$ <b>141,609,839</b>
Amortization	-	318,723	1,042,404	354,268	1,010,577	76,540	2,649,759	569,142	977,310	387,965	<b>7,386,688</b>
Disposals	-	-	-	-	(933,712)	-	(265,040)	(54,338)	(193,405)	-	<b>(1,446,495)</b>
Accumulated amortization, end of year	\$ -	\$ 2,490,982	\$ 9,797,063	\$ 5,009,388	\$ 9,158,430	\$ 691,192	\$ 74,800,825	\$ 16,022,872	\$ 24,124,729	\$ 5,454,550	\$ <b>147,550,032</b>
Net carrying amounts, end of year	\$ 11,631,783	\$ 6,996,122	\$ 34,549,802	\$ 1,963,930	\$ 10,868,492	\$ 1,689,184	\$ 43,723,913	\$ 25,680,975	\$ 34,263,834	\$ 5,061,305	\$ <b>176,429,340</b>

**THE CORPORATION OF THE CITY OF KENORA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**10. TANGIBLE CAPITAL ASSETS**

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Waste Water	Work in Progress and Other	2018
Cost, beginning of year	\$ 11,634,735	\$ 6,414,585	\$ 36,988,493	\$ 6,013,874	\$ 17,115,475	\$ 2,291,947	\$ 109,697,393	\$ 38,900,347	\$ 52,150,926	\$ 8,859,615	\$ <b>290,067,390</b>
Additions	125,000	303,667	664,858	277,080	3,503,064	-	2,886,732	653,026	2,388,431	3,038,879	<b>13,840,737</b>
Disposals/transfers	(125,000)	9,322	10,654	-	(825,445)	-	55,284	(19,433)	205,720	(485,803)	<b>(1,174,701)</b>
Cost, end 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	\$ <b>302,733,426</b>
Accumulated amortization, beginning of year	\$ -	\$ 1,914,986	\$ 7,826,053	\$ 4,321,884	\$ 8,835,108	\$ 537,919	\$ 69,679,495	\$ 14,968,571	\$ 22,508,258	\$ 4,752,897	\$ <b>135,345,171</b>
Amortization	-	257,273	928,605	333,236	933,557	76,733	2,817,264	552,793	928,950	313,688	<b>7,142,099</b>
Disposals	-	-	-	-	(687,099)	-	(80,653)	(13,296)	(96,383)	-	<b>(877,431)</b>
Accumulated amortization, end 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	\$ <b>141,609,839</b>
Net carrying amounts, end of year	\$ 11,634,735	\$ 4,555,315	\$ 28,909,347	\$ 1,635,834	\$ 10,711,528	\$ 1,677,295	\$ 40,223,303	\$ 24,025,872	\$ 31,404,252	\$ 6,346,106	\$ <b>161,123,587</b>

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 \$1,087,943 (2018 - \$3,176,182). 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 2019

**11. OTHER INCOME**

	2019	2018
Penalties and interest on taxation	\$ 313,804	\$ 291,252
Investment income	1,992,146	1,064,286
Donations	2,079,531	1,039,446
Miscellaneous	883,861	1,197,791
	<b>\$ 5,269,342</b>	<b>\$ 3,592,775</b>

**12. 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 500,000+ 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, 2019, the estimated accrued pension obligation for all members (including survivors) of the Plan was \$106,443 million (2018 - \$99,058 million). The Plan had net assets available for benefits of \$109,380 million at the end of 2019 (2018 - \$97,439 million). The resulting funding surplus was \$1,531 million as at December 31, 2019 (2018 - \$2,790 million deficit). The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the City of Kenora paid \$999,544 for employer contributions to the plan in 2019 (2018 - \$959,764).

**13. PUBLIC SECTOR SALARY DISCLOSURE**

For 2019, 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
Karen Brown	Chief Administrative Officer	\$ 173,709	\$ 1,907
Jeff Hawley	Manager of Operations and Infrastructure	\$ 135,668	\$ 1,702
Donald Skene	Manager of Fire and Emergency Services	\$ 123,998	\$ 1,529
Sharen McDowall	Human Resources Strategist	\$ 121,677	\$ 6,527
Larry Cottam	Captain, Firefighter	\$ 118,680	\$ 1,384
Heather Pihulak	Manager of Administration/City Clerk	\$ 117,758	\$ 1,410
Marco Vogrig	Municipal Engineer	\$ 117,758	\$ 1,459
Charlotte Edie	Manager of Finance/Treasurer	\$ 117,747	\$ 1,410
Brian Birch	Captain, Firefighter	\$ 115,549	\$ 1,347
Stace Gander	Manager of Community Services	\$ 114,242	\$ 951
Gary Sinclair	Firefighter	\$ 113,048	\$ 1,198
John Martin	Captain, Firefighter	\$ 112,056	\$ 1,384
William Chmeliuk	Captain, Firefighter	\$ 109,962	\$ 1,186
Matthew Good	Municipal Design/Field Engineer	\$ 104,977	\$ 1,320
Biman Paudel	Water and Wastewater Division Lead	\$ 104,977	\$ 1,320
Terry McLeod	Firefighter	\$ 104,810	\$ 1,198
Devon McCloskey	Planner	\$ 104,681	\$ 1,292
Kenton Ammerman	Firefighter	\$ 104,303	\$ 1,167
Kyle Sitar	Firefighter	\$ 102,453	\$ 1,167
Earl Bichon	Firefighter	\$ 102,359	\$ 1,109
Kris Tivy	Firefighter	\$ 101,867	\$ 1,131
Doug Schott	Firefighter	\$ 100,109	\$ 1,235

**THE CORPORATION OF THE CITY OF KENORA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**14. BUDGET**

The Financial Plan (Budget) By-Law adopted by Council on 19 March 2019 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 19 March 2019 with adjustments as follows:

	<b>2019</b>
Financial plan (budget) by-law surplus for the year	\$ 291,774
Add:	
Capital expenditures	21,478,697
Debt principal repayments	877,623
Less:	
Debenture financing of capital expenditures	(5,650,000)
Budgeted transfers from accumulated surplus	(3,834,197)
Amortization	(7,386,689)
<b>Budget surplus per statement of operations</b>	<b>\$ 5,777,208</b>

**15. COLLECTION OF TAXES ON BEHALF OF OTHER TAXATION AUTHORITIES**

During the year, taxation revenue of \$5,064,409 (2018 - \$5,104,373) 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:

	<b>2019</b>	<b>2018</b>
Lake of the Woods Cemetery		
Land Fund	\$ 8,137	\$ 7,169
Perpetual Care Fund	654,045	638,679
Langford Estate	58,461	57,276
	<b>\$ 720,643</b>	<b>\$ 703,124</b>

**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 2019 was \$394,294 (2018 - \$156,844), and the resulting future employee benefit liability was \$2,992,450 at 31 December 2019 (2018 - \$2,598,075).

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 2019 expense and accrued obligation is 3.10%.
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 2019

**18. EMPLOYEE FUTURE BENEFITS PAYABLE**

	2019	2018
Employee future benefits (Note 17)	\$ 2,992,450	\$ 2,598,075
Vested sick leave	100,069	100,433
Lieu time accrual	145,263	108,711
	<b>\$ 3,237,782</b>	<b>\$ 2,807,219</b>

**19. CONTINGENT LIABILITIES AND COMMITMENTS**

At 31 December 2019, the Corporation of the City of Kenora has guaranteed bank indebtedness of the following: Kenora Golf and Country Club in the amount of \$173,348 (2018 - \$216,680) (the maximum amount of the guarantee is \$650,000), the Kenora Health Care Centre in the amount of \$5,902,684 (2018 - \$6,089,354) and the Kenora Airport Authority Inc. in the amount of \$1,000,000 (2018 - \$0). The City was required to provide a \$200,000 deposit to satisfy the guarantee requirements.

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 \$1,253,587 (2018 - \$1,345,436). 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.

**20. 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 20 years. Based on an environmental assessment performed by consultants \$21,512 has been accrued relating to the closure & post-closure care for this landfill site at 31 December 2019 (2018 - \$23,114).

**21. SUBSEQUENT EVENT**

Subsequent to year end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations and businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the City 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 quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**THE CORPORATION OF THE CITY OF KENORA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**22. 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 2019

**22. 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 2019

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2019 Total
<b>Revenues</b>										
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
	<b>4,559,716</b>	<b>9,988,424</b>	<b>10,746,078</b>	<b>12,870,721</b>	<b>2,604,240</b>	<b>3,584,589</b>	<b>10,294,247</b>	<b>4,915,763</b>	<b>(1,222,095)</b>	<b>58,341,683</b>
<b>Expenses</b>										
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
	<b>3,440,097</b>	<b>10,044,172</b>	<b>10,240,955</b>	<b>10,835,063</b>	<b>2,674,351</b>	<b>3,627,488</b>	<b>7,861,286</b>	<b>2,077,387</b>	<b>(1,222,095)</b>	<b>49,578,704</b>
<b>Net surplus (deficit)</b>	<b>\$ 1,119,619</b>	<b>\$ (55,748)</b>	<b>\$ 505,123</b>	<b>\$ 2,035,658</b>	<b>\$ (70,111)</b>	<b>\$ (42,899)</b>	<b>\$ 2,432,961</b>	<b>\$ 2,838,376</b>	<b>\$ -</b>	<b>\$ 8,762,979</b>

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2018 Total
<b>Revenues</b>										
Taxation	\$ 2,773,897	\$ 7,012,006	\$ 5,839,116	\$ 291,322	\$ 1,849,264	\$ 2,867,626	\$ 3,554,134	\$ 1,145,024	\$ -	\$ 25,332,389
Fees and user charges	145,269	575,859	1,018,556	11,440,951	166,136	-	1,458,761	297,531	-	15,103,063
Government grants	423,870	1,390,099	4,765,585	612,955	440,804	1,345,341	1,874,211	731,572	(1,163,726)	10,420,711
Other	907,824	558,030	460,914	310,256	145,973	226,358	960,297	112,123	-	3,681,775
	<b>4,250,860</b>	<b>9,535,994</b>	<b>12,084,171</b>	<b>12,655,484</b>	<b>2,602,177</b>	<b>4,439,325</b>	<b>7,847,403</b>	<b>2,286,250</b>	<b>(1,163,726)</b>	<b>54,537,938</b>
<b>Expenses</b>										
Salaries and benefits	2,705,585	2,637,449	2,948,865	3,837,316	198,660	468	3,157,764	928,347	-	16,414,454
Materials and supplies	1,109,184	6,416,569	3,953,758	4,963,679	86,850	-	2,142,074	754,696	-	19,426,810
External transfer	(27,914)	-	331,800	-	2,317,033	3,524,545	1,110,603	63,886	(1,163,726)	6,156,227
Amortization	127,545	395,642	3,821,051	1,871,109	14,210	-	692,587	219,955	-	7,142,099
	<b>3,914,400</b>	<b>9,449,660</b>	<b>11,055,474</b>	<b>10,672,104</b>	<b>2,616,753</b>	<b>3,525,013</b>	<b>7,103,028</b>	<b>1,966,884</b>	<b>(1,163,726)</b>	<b>49,139,590</b>
<b>Net surplus (deficit)</b>	<b>\$ 336,460</b>	<b>\$ 86,334</b>	<b>\$ 1,028,697</b>	<b>\$ 1,983,380</b>	<b>\$ (14,576)</b>	<b>\$ 914,312</b>	<b>\$ 744,375</b>	<b>\$ 319,366</b>	<b>\$ -</b>	<b>\$ 5,398,348</b>

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 2019

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2019 Total
<b>Revenues</b>						
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
	<b>55,297,820</b>	<b>2,245,593</b>	<b>107,574</b>	<b>312,613</b>	<b>378,083</b>	<b>58,341,683</b>
<b>Expenses</b>						
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
	<b>48,407,911</b>	<b>372,851</b>	<b>127,138</b>	<b>292,721</b>	<b>378,083</b>	<b>49,578,704</b>
<b>Net surplus (deficit)</b>	<b>\$ 6,889,909</b>	<b>\$ 1,872,742</b>	<b>\$ (19,564)</b>	<b>\$ 19,892</b>	<b>\$ -</b>	<b>\$ 8,762,979</b>

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2018 Total
<b>Revenues</b>						
Taxation	\$ 25,332,389	\$ -	\$ -	\$ -	\$ -	\$ 25,332,389
Fees and user charges	14,388,812	95,914	41,978	416,524	159,835	15,103,063
Government grants	10,336,856	29,096	42,303	-	12,456	10,420,711
Other	3,008,208	643,799	24,651	-	5,117	3,681,775
	<b>53,066,265</b>	<b>768,809</b>	<b>108,932</b>	<b>416,524</b>	<b>177,408</b>	<b>54,537,938</b>
<b>Expenses</b>						
Salaries and benefits	15,387,270	312,456	508,075	206,653	-	16,414,454
Materials and supplies	18,697,281	258,012	140,646	89,577	241,294	19,426,810
External transfer	7,148,216	(315,102)	(613,001)	-	(63,886)	6,156,227
Amortization	7,086,405	-	55,694	-	-	7,142,099
	<b>48,319,172</b>	<b>255,366</b>	<b>91,414</b>	<b>296,230</b>	<b>177,408</b>	<b>49,139,590</b>
<b>Net surplus (deficit)</b>	<b>\$ 4,747,093</b>	<b>\$ 513,443</b>	<b>\$ 17,518</b>	<b>\$ 120,294</b>	<b>\$ -</b>	<b>\$ 5,398,348</b>

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.