

The City of Kenora, Ontario, Canada.

Annual Report  
**2006**



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### City Council

From Left to Right:

- ❑ Councillor Chris VanWalleghem, Chair of Community Services
- ❑ Councillor Charito Drinkwalter, Chair of Emergency Services
- ❑ Councillor Andrew Poirier, Chair of Utilities and Communications
- ❑ Mayor Len Compton
- ❑ Councillor Rory McMillan, Chair of Finance and Administration
- ❑ Councillor Wendy Cuthbert, Chair of Property and Community Planning
- ❑ Councillor David McCann, Chair of Operations

### City CAO and Managers

Not Shown:

- ❑ Bill Preisentanz, CAO
- ❑ Karen Brown, Manager, Finance & Administration
- ❑ Warren Brinkman, Manager, Emergency Services
- ❑ Sharen McDowall, Manager, Human Resources
- ❑ Rick Perchuk, Manager, Operations
- ❑ Barry Reynard, Manager, Community Services

## Introductory Information

City Council

City CAO and Managers

## Mayor's Message

As with many Ontario municipalities, Kenora continued to face mounting fiscal challenges in 2006, including increased demands related to downloaded services, an aging infrastructure, and the question of the long term stability of the City's provincial funding. In 2006, however, the most notable challenge for the City related to dealing with the impacts resulting from the permanent closure of the local Kenora Abitibi Consolidated Inc. mill.

To help meet these challenges, Kenora has placed an increased focus on economic development. In addition, we have committed ourselves to a continuous improvement philosophy, one of regular review, innovation and adaptation, to help meet the realities of the world we operate in today. We believe that we are ready to meet the ongoing challenges we face as a City, not only today but tomorrow as well. We have a strong team in place at the City, and I would like to take this opportunity to thank all City staff for everything they do for the City, every day.

I would also like to congratulate my colleagues on Council for the hard work and dedication they have shown to the City. We as a Council are committed to the betterment of this City and making the right decisions to ensure that Kenora continues to move forward and becomes an ideal place for our residents, businesses and visitors alike.



*Mayor Len Compton*

## CAO's Message

2006 was a year of continuing challenges for the City, as the anticipated impacts of the closure of the local Abitibi Consolidated mill in October 2005 became reality, both for our citizens and local businesses as well as the City itself. In response, Council adopted the City of Kenora Economic Development Plan in August 2006. Coupled with the City's strategic plan, Kenora Vision 2009, we believe we have effectively positioned the City to face the challenges in the years ahead.

The City of Kenora's annual report covers the City's fiscal year, which runs from January 01 to December 31. Just as corporations publish annual reports for their stockholders, so the City of Kenora, as a municipal corporation, is submitting an annual report to its stakeholders – the citizens and business owners of Kenora. On behalf of City administration, it is our pleasure to present highlights of our activities for 2006.



*Bill Preisenz*  
CAO

## Introductory Information

Mayor's Message

CAO's Message

## City's Strategic Plan

Since its inception, under Council direction, the new City has actively pursued continued improvements, enhancements and growth, working to position itself as a regional leader.

During the years shortly after amalgamation, and as part of Council's direction, Council and senior staff undertook a strategic planning exercise, resulting in the development of a City strategic plan, Kenora Vision 2007. The intent of the Plan was to provide focus and direction to the City in its journey into the future. The plan lays the foundation for the City's future, sets out the City's guiding principles, as well as provides the strategic directions for the City.

It is recognized, however, that the strategic plan does not end simply with the development of a planning document. In fact, one of the key points noted in the introduction portion of the City's strategic plan was that "...the corporate strategic plan is a dynamic document, one that can be adapted as conditions change. As such, it requires regular review and revision."

Based on this, during late 2004, Council and senior staff met to review and update the City's Strategic Plan. The City's new strategic plan, Kenora Vision 2009, was unveiled during 2005. The updated plan was intended to recognize new challenges facing the City, and set out related goals as appropriate to help the City meet those challenges. The City will continue to both work towards the directions as outlined within its strategic planning document and amend the plan as appropriate to more accurately reflect new challenges and opportunities as we move into the future.

## Guiding Principles for the Corporation

Kenora Vision 2009 sets out guiding principles for the City. These principles provide the City with guidelines for evaluating and determining its actions, and have become the cornerstone for major Council decisions, as well as a primary component of the budget setting process.

These principles are:

- Kenora will provide fairness in taxation
- Kenora will provide value for service to the ratepayer
- Kenora will ensure sound fiscal management
- Kenora will provide quality of life amenities and services for citizens and visitors
- Kenora will explore and pursue new opportunities
- Kenora will value and be responsible to its employees
- Kenora will understand and respect its citizens
- Kenora will inform and engage its citizens
- Kenora will be a steward of the environment

## Introductory Information

City's Strategic Plan

Guiding Principles  
For the Corporation

## 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 significant component of the City’s economic base, despite the significant challenges currently facing this sector. The City currently is pleased to be home to an iLevel strand board mill, as well as Kenora Forest Products.

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. The retail sector is also a significant contributor to the local economy.

## Interesting Statistics – “2006 by the Numbers”

|  |                 |
|--|-----------------|
| Kenora’s Population                          | 13,414          |
| Household Count                              | 7,292           |
| Total Hectares in the Municipality           | 24,939 hectares |
| Total Property Assessment                    | \$ 1.22 billion |
| Kilometers of Water Main                     | 131.0 km        |
| Kilometers of Sewer Main                     | 136.5 km        |
| Kilometers of Roads                          |                 |
| Asphalt                                      | 125.0 km        |
| Surface Treatment                            | 37.0 km         |
| Gravel                                       | 161.0 km        |
| Tonnes of Garbage Disposed of                | 17,381.0 tonnes |
| Trees & Shrubs Planted                       | 40              |
| Fire Calls for Services                      | 843             |
| Calls for Police Services                    |                 |
| Kenora Police Services                       | 14,202          |
| Ontario Provincial Police                    | 2,533           |
| Dogs Licensed                                | 774             |
| Bears Trapped & Released                     | 31              |
| Bears Tranquilized                           | 13              |
| City Business Licences Held                  | 454             |
| Business Licences Issued in 2006             | 134             |
| City Employees                               | 307             |
| Employees Receiving First Aid / CPR Training | 13              |

## Introductory Information

### City Profile

### Interesting Statistics – “2006 by the Numbers”

## 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 standing committee structure. Each standing committee is comprised of three Members of Council. These committees meet on a bi-weekly basis, and are responsible for making recommendations to Council within their respective mandates. Standing committees currently include:

- ❑ Community Services Committee
- ❑ Emergency Services Committee
- ❑ Finance and Administration Committee
- ❑ Operations Committee
- ❑ Property and Community Planning Committee
- ❑ Utilities and Communications Committee

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. These include:

- ❑ Kenora Police Services Board
- ❑ Lake of the Woods Development Commission
- ❑ KMTS Commission
- ❑ Kenora Hydro Electric Corporation Ltd. Board
- ❑ Other Boards and Committees, such as, but not limited to:
  - Kenora Handi Transit Board
  - Kenora Public Library Board
  - Lake of the Woods Museum Board
  - Leisure Services Committee

The City of Kenora also has an Audit Committee, comprised of three Members of Council, as well as two citizen representatives. This Committee is responsible for making recommendations directly to Council regarding the following:

- ❑ Internal Audit Function
- ❑ Corporate Control Framework
- ❑ Performance Measures / Benchmarking
- ❑ External Audit Function
- ❑ Financial and Other Reporting
- ❑ General and Administrative

Ultimately Council is responsible for City direction, policy and decisions. The City CAO, Bill Presentanz, is directly responsible for the City's operations. The CAO oversees a team of Managers who are also responsible to work directly with their respective standing committees. Together, the CAO and Managers work with the 300 plus City employees who maintain City operations and provide front line customer service to our residents and visitors.

## Introductory Information

### City Council and Committee Structure

## 2006 Financial Information

The financial statements, and all other financial information provided herein, are the responsibility of the management of the City of Kenora, and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The 2006 statements outline the financial position and operations of the City of Kenora. They are presented both on a consolidated basis, as well as on an individual fund basis, including an operating fund, a capital fund and a reserve fund. Various boards and municipal enterprises have also been consolidated into the City's financial statements, as outlined in the significant accounting policies (note 1 to the consolidated financial statements). In addition, the City statements also reflect the City's significant investment in government business enterprises.

## Current Fund

The current fund operations 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 to persons and property (Fire, Police, By-law enforcement, 911 Services)
- ❑ Transportation services (Roads, Transit)
- ❑ Environmental services (Water and Sewer, 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)

The 2006 current fund revenues were \$34.7 million before transfers from government business enterprises. These transfers represented an additional \$1.5 million in current fund revenues to the City, resulting in total combined current revenue of \$36.2 million, before contributions from reserves and reserve funds. Taxation continues to be the primary income source for the City's current fund, representing 48.4% of all total current revenues. Fees and user charges represent an additional 27.4% of total current revenues. An analysis of current revenues by source plus related financing and transfers has been included on the following page.

Overall current fund expenditures in the various functional areas listed above were \$29.9 million in 2006. The consolidated current fund deficit decreased slightly in 2006. An analysis of the current fund expenditures by function, as well as debt repayment, net transfers to capital and reserve funds and the final current fund balance change has also been included on the next page. The page following that contains some overall variance analysis of the 2006 actual operating results as compared to the original budget estimates.

## Financial Highlights

### 2006 Financial Information

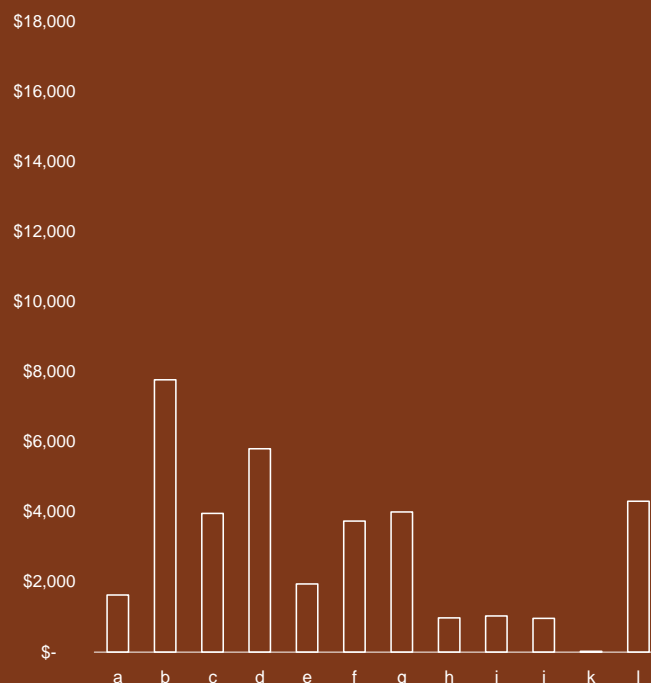
#### Current Fund



## Current Fund

Revenues, Expenditures, Financing and Transfers  
2006 Actual Results (in thousands of dollars)

## Financial Highlights



### Revenues, Financing and Transfers

|                                   |                  |               |
|-----------------------------------|------------------|---------------|
| a Taxation                        | \$ 17,504        | 48.4%         |
| b Fees and user charges           | 9,914            | 27.4%         |
| c Canada grants                   | 117              | 0.3%          |
| d Ontario grants                  | 5,411            | 15.0%         |
| e Other                           | 1,796            | 5.0%          |
| f Government business enterprises | 1,450            | 3.9%          |
|                                   | <b>\$ 36,192</b> | <b>100.0%</b> |

### Expenditures, Financing and Transfers

|  |                  |               |
|--|------------------|---------------|
| a General government                             | \$ 1,636         | 4.5%          |
| b Protection services                            | 7,776            | 21.5%         |
| c Transportation services                        | 3,959            | 10.9%         |
| d Environmental services                         | 5,812            | 16.1%         |
| e Health services                                | 1,948            | 5.4%          |
| f Social and family services                     | 3,747            | 10.4%         |
| g Recreational and cultural services             | 4,004            | 11.1%         |
| h Planning and development                       | 977              | 2.7%          |
| i Debt principal repayment                       | 1,031            | 2.8%          |
| j Net transfers to capital                       | 969              | 2.7%          |
| k Change in current fund balance                 | 23               | 0.1%          |
| l Net transfers to reserves<br>and reserve funds | 4,310            | 11.8%         |
|  | <b>\$ 36,192</b> | <b>100.0%</b> |

**City of Kenora**  
**Current Fund Operations**  
**Comparison of Actual to Budget**  
(in thousands of dollars)

| <b>Category</b> | <b>2006<br/>Budget</b> | <b>2006<br/>Actual</b> | <b>Variance<br/>Fav. (Unfav.)</b> | <b>% Variance<br/>Fav. / -Unfav.</b> | <b>Variance Explanation<br/>Favourable (Unfavourable)</b>   |
|-----------------|------------------------|------------------------|-----------------------------------|--------------------------------------|---|
| Revenues        | \$ 33,309              | \$ 34,742              | \$ 1,433                          | 4.1%                                 | Main impacts include: <ul style="list-style-type: none"> <li>- Actual property tax write offs were less than originally budgeted for due to an agreement reached between the City and Abitibi Consolidated Inc. with regards to the treatment of the assessment on the local mill following closure.</li> <li>- Higher than anticipated user fees relating to provincial offences and solid waste operations. These were partially offset by lower than expected revenues related to the City's recreation facilities.</li> <li>- Unbudgeted revenues related to programs offered through the Kenora Assembly of Resources.</li> <li>- Incremental Funding from the Province related to the 1,000 Officer Program for the Kenora Police Services.</li> <li>- Significantly higher than budgeted interest and investment income on City investments.</li> </ul>  |
| Expenditures    | \$ 28,950              | \$ 29,859              | \$ (909)                          | -3.0%                                | Main impacts include: <ul style="list-style-type: none"> <li>- CAO's Office. Unanticipated legal fees of approximately \$120,000 with respect to litigation and the drafting of legal agreements. These fees were largely offset by an appropriation from reserves.</li> <li>- Kenora Police Services (KPS). Higher than anticipated wage &amp; benefits costs related to the KPS, primarily due to an unbudgeted contract settlement with the Police Union, the related costs of which was covered through an appropriation from the City's contingency reserve. These increased costs were offset by departments experiencing results below budget, including Fire, OPP and Building.</li> <li>- Roads maintenance. Higher than anticipated roads related wages &amp; benefits costs.</li> <li>- Operations Facility. Higher than anticipated maintenance costs for the facility, including repairs and maintenance and internal equipment charges.</li> <li>- Kenora Assembly of Resources (KAR) Programs. Total program expenditures are approximately \$75,000, with no corresponding budget as these programs are not considered City activity. Expenses are offset by related revenues.</li> <li>- Recreation Facilities. Consolidated facility expenditures experienced cost overruns of about \$190,000, related primarily to repairs, maintenance, cleaning and utilities.</li> <li>- Business Enterprise Centre. Program costs exceeded original budget allocations, however there were sufficient third party revenues to offset the incremental costs.</li> <li>- Youth Intern Program and Northern Star Action Centre. These represent fully funded government programs that were not included in the City's original budget as the opportunities for these programs were not known at that time. Combined expenditures are about \$136,000.</li> </ul> |

### Capital Fund

The City’s capital fund represents significant expenditures related to physical assets or large projects for the City. These expenditures generally provide the City with a long-term benefit, either through the purchase of new capital assets, improvement to existing City capital assets, or the extension of the life of existing capital assets. These expenditures are also broken out based on the same functional areas as outlined under Current Fund.

Overall capital fund expenditures in the various functional areas were \$4.6 million in 2006. Major capital works for 2006 included:

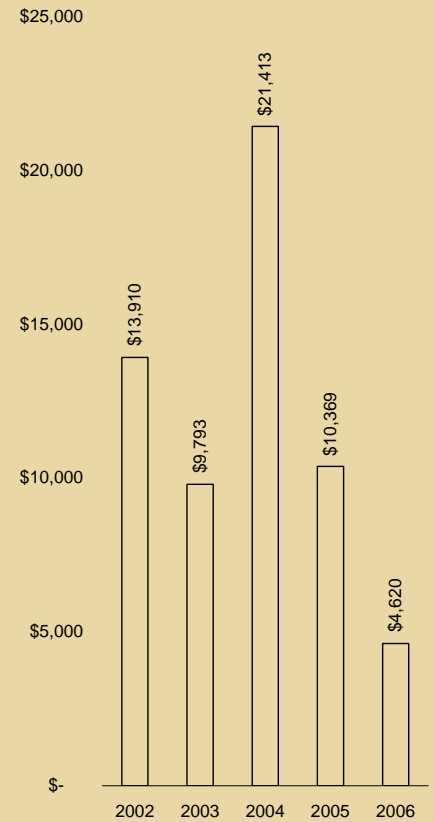
- ❑ Municipal Paving Program - \$1.0 million
- ❑ Skateboard Park - \$.4 million

The municipal paving program relates to the reconstruction and paving of various roads throughout the City. The original allocation in the 2006 budget was \$320,000. The City was, however, able to obtain additional funding through the Move Ontario grant program to bring total spending on this project to about \$1.0 million for 2006, with some remaining dollars left available to carry forward to 2007. Road works performed under this program in 2006 included a number of streets and roads, together with some intersections and laneways, with a significant component of the works being allocated to the rehabilitation of Mellick Avenue.

The KMTS Skateboard Park was a partnership between the Skateboard Park Committee, The City of Kenora and KMTS as the major corporate sponsor. The park’s official opening was celebrated in August 2006. This world-class park opened to rave review and has been packed with activity since its completion. The KMTS Skateboard Park was completed with \$150,000 in volunteer commitment of community labour and machinery time capital investments in addition to project expenditures of about \$.4 million. This park also included a fundraising “Tile Wall” that had over 5,000 community tiles formed in three pillars celebrating the youth that shaped the vision of this project. This capital project further enhances the recently completed capital investment to the Kenora Recreation Centre renovations and expansion. These completed projects have provided infrastructure leadership for recreation and leisure activities for the community for years to come.

The chart on this page shows gross capital fund expenditures for the City over the past five years.

### City Capital Fund Expenditures (in thousands of dollars)



## Financial Highlights

### Capital Fund

### Reserves and Reserve Funds

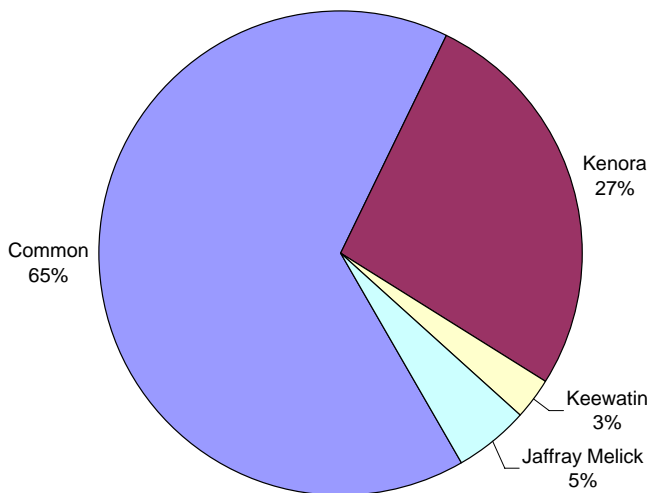
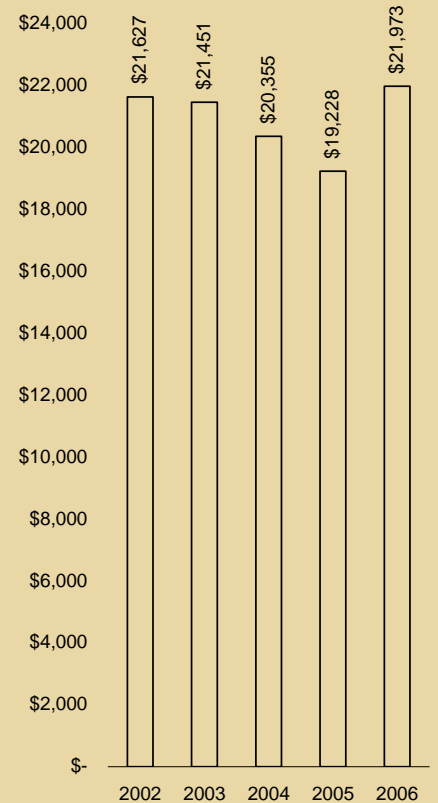
The City maintains reserves and reserve funds designed to offset future costs related to specific expenditures, as approved by Council. While these reserves are primarily intended for capital expenditures, the City also holds significant working capital (\$2.3 million) and consolidated contingency (\$3.5 million) reserves.

As part of the terms of the amalgamation agreement, reserves and reserve funds existing at 1 January 2000 were protected by geographic boundaries of the former Towns of Kenora, Keewatin and Jaffray Melick. This protection remained in effect until 31 December 2004. Despite the expiration of this requirement, the City continues to track any pre-amalgamation reserve monies by the separate geographic areas to which they relate. Any new reserves or reserve funds that have accumulated since the date of amalgamation are considered common reserves, and can be used throughout the new City boundaries.

The consolidated reserve and reserve fund balance as at the end of 2006 was \$22.0 million. This chart to the right outlines the consolidated reserve and reserve fund combined balances for the last five years. These balances exclude any equity related to the Kenora Hydro Electric Corporation Ltd., KMTS, KMTS Net and KMTS Mobility. This equity is reflected separately as net equity in government business enterprises.

The unconsolidated, combined reserve and reserve fund balances for the City before including consolidated entities was \$21.5 million at the end of 2006. The following pie chart shows the current allocation between common reserves accumulated since City inception, and remaining balances of pre-amalgamation reserves still tracked by the geographic boundaries of the former Towns of Kenora, Keewatin and Jaffray Melick.

City Reserves and Reserve Funds  
(in thousands of dollars)



## Financial Highlights

### Reserves and Reserve Funds

### Government Business Enterprises

Government business enterprises are separate municipal operations or legal entities that report independently to a separate Board or Commission and do not rely on the City for funding. The City's combined net equity in government business enterprises as at the end of 2006 was \$46.9 million. This page includes a chart outlining the City's comparative net equity in government business enterprises for the past five years. This amount is comprised of consolidated net equity from the following:

- ❑ Kenora Hydro Electric Corporation Ltd.
- ❑ Kenora Municipal Telephone System (KMTS)
- ❑ KMTS Mobility
- ❑ KMTS Net

### Kenora Hydro Electric Corporation Ltd.

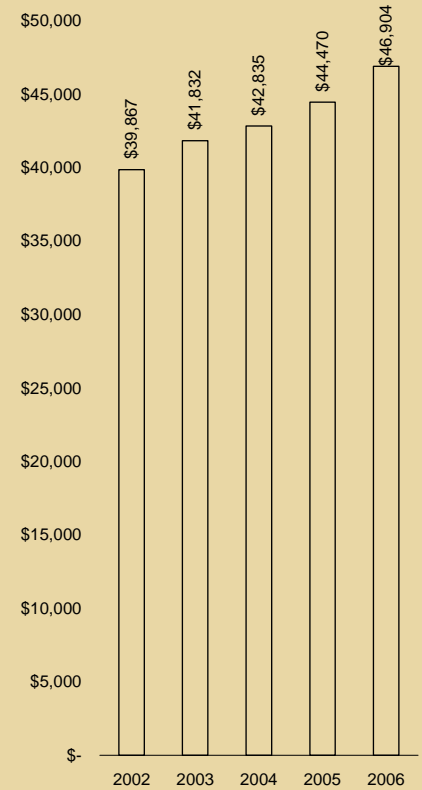
The Kenora Hydro Electric Corporation Ltd. (Kenora Hydro) is a Local Distribution Company (LDC), incorporated under the Ontario Business Corporation Act in compliance with Hydro Deregulation. Kenora Hydro provides hydro distribution services to residents within the boundaries of the former Towns of Kenora and Keewatin. Kenora Hydro operates as an independent corporation under a Board of Directors appointed by the City as the sole shareholder.

### KMTS

KMTS also operates independently under a separate commission. The KMTS Commission is responsible for the operations of KMTS, KMTS Mobility and KMTS Net. These KMTS organizations provide local, long distance, fibre, wireless, mobility and internet services.

### Government Business Enterprises

(in thousands of dollars)



## Financial Highlights

Government Business Enterprises

Kenora Hydro Electric Corporation Ltd.

KMTS

**Martin R. Nelson**  
*Professional Corporation*  
**CHARTERED ACCOUNTANTS**

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Kenora, Ontario P9N 1G7  
(807) 468-5656  
Fax: (807) 468-3556

## AUDITORS' REPORT

### TO THE MEMBERS OF COUNCIL, INHABITANTS & RATEPAYERS OF THE CORPORATION OF THE CITY OF KENORA

We have audited the consolidated statement of financial position of **The Corporation of the City of Kenora** as at **31 December 2006** and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Kenora as at 31 December 2006 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



MARTIN R. NELSON, C.A., PROFESSIONAL CORPORATION,  
Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario

Kenora, Ontario  
25 May 2007

For this communication, together with the work done to prepare this communication and for this opinion we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2006

(in thousands of dollars)

|  | 2006             | 2005             |
|--|------------------|------------------|
| <b>Financial Assets</b>                                |                  |                  |
| Cash (Note 2)  | \$ 9,747         | \$ 13,496        |
| Temporary investments (Note 3)                         | 11,948           | 8,183            |
| Taxes receivable                                       | 712              | 652              |
| Trade and other receivables                            | 8,672            | 7,560            |
| Inventory held for resale                              | 22               | 20               |
| Long term investments (Note 4)                         | 1,629            | 228              |
| Investment in government business enterprises (Note 5) | 46,904           | 44,272           |
|  | <b>79,634</b>    | <b>74,411</b>    |
| <b>Non Financial Assets</b>                            |                  |                  |
| Inventories of consumables and prepaids                | 856              | 732              |
|  | <b>\$ 80,490</b> | <b>\$ 75,143</b> |
| <b>Liabilities</b>                                     |                  |                  |
| Accounts payable and accrued liabilities               | \$ 7,352         | \$ 7,367         |
| Deferred revenue (Note 6)                              | 2,434            | 2,504            |
| Long term liabilities (Note 7)                         | 16,299           | 17,330           |
| Employee benefits payable (Note 17)                    | 1,960            | 1,886            |
|  | <b>28,045</b>    | <b>29,087</b>    |
| <b>Municipal Position</b>                              |                  |                  |
| Current fund   | (34)             | (57)             |
| Capital fund   | (99)             | (57)             |
| Reserves and reserve funds                             | 21,973           | 19,228           |
| Net equity in government business enterprises (Note 5) | 46,904           | 44,272           |
|  | <b>68,744</b>    | <b>63,386</b>    |
| Amounts to be recovered (Note 8)                       | (16,299)         | (17,330)         |
|  | <b>52,445</b>    | <b>46,056</b>    |
|  | <b>\$ 80,490</b> | <b>\$ 75,143</b> |

See Accompanying Notes

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

for the year ended 31 December 2006

(in thousands of dollars)

|  | 2006<br>Budget | 2006<br>Actual | 2005<br>Actual |
|--|----------------|----------------|----------------|
| <b>Revenues</b>  |                |                |                |
| Taxation   | \$ 17,203      | \$ 17,504      | \$ 17,028      |
| Fees and user charges  | 9,592          | 9,914          | 9,986          |
| Canada grants  | 1,492          | 422            | 322            |
| Ontario grants   | 5,987          | 6,613          | 6,515          |
| Other income (Note 9)  | 1,758          | 2,351          | 2,714          |
|  | 36,032         | 36,804         | 36,565         |
| <b>Expenditures</b>  |                |                |                |
| <b>Current Operations (Note 10)</b>  |                |                |                |
| General government   | 1,587          | 1,636          | 1,579          |
| Protection to persons and property   | 7,743          | 7,776          | 7,834          |
| Transportation services  | 3,535          | 3,959          | 4,618          |
| Environmental services   | 5,836          | 5,812          | 5,833          |
| Health services  | 1,940          | 1,948          | 1,670          |
| Social and family services   | 3,822          | 3,747          | 3,634          |
| Recreation and cultural services   | 3,730          | 4,004          | 3,484          |
| Planning and development   | 757            | 977            | 790            |
|  | 28,950         | 29,859         | 29,442         |
| <b>Capital</b>   |                |                |                |
| General government   | 408            | 334            | 197            |
| Protection to persons and property   | 322            | 268            | 189            |
| Transportation services  | 2,761          | 2,286          | 2,691          |
| Environment services   | 4,520          | 682            | 1,377          |
| Health services  | 50             | -              | 31             |
| Social and family services   | -              | -              | 53             |
| Recreational and cultural services   | 1,185          | 737            | 2,944          |
| Planning and development   | 1,361          | 313            | 2,887          |
|  | 10,607         | 4,620          | 10,369         |
|  | 39,557         | 34,479         | 39,811         |
| <b>Net revenue (expenditure) for the year before financing and transfers</b> | (3,525)        | 2,325          | (3,246)        |
| <b>Financing and transfers</b>   |                |                |                |
| New debt issued  | -              | -              | 2,258          |
| Debt principal repayments  | (1,031)        | (1,031)        | (864)          |
| Net transfer from government business enterprises                            | 1,450          | 1,450          | 1,450          |
|  | 419            | 419            | 2,844          |
| <b>Net revenue (expenditure) for the year</b>                                | \$ (3,106)     | 2,744          | (402)          |
| Surplus/net income for the year of government business enterprises           |                | 2,632          | 2,041          |
| <b>Change in fund balances for the year</b>                                  | \$             | 5,376          | \$ 1,639       |
| <b>Fund Balances</b> , beginning of the year                                 |                | 63,386         | 61,776         |
| Adjustments  |                |                |                |
| PSAB recommendations - local improvement receipts                            |                | (18)           | (29)           |
| <b>Fund Balances</b> , end of the year                                       | \$             | 68,744         | \$ 63,386      |

See Accompanying Notes



**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
for the year ended 31 December 2006  
(in thousands of dollars)

|   | 2006             | 2005             |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>               |                  |                  |
| Net change in fund balances for the year                  | \$ 5,376         | \$ 1,639         |
| Decrease (increase) in amounts to be recovered            | 1,031            | (1,394)          |
| Decrease in local improvements receivable                 | (18)             | (29)             |
|   | <b>6,389</b>     | 216              |
| Decrease (increase) in taxes receivable                   | (60)             | 387              |
| Decrease (increase) in trade and other receivables        | (1,112)          | 1,616            |
| Increase in other assets                                  | (127)            | (102)            |
| Decrease in accounts payable and accrued liabilities      | (15)             | (1,040)          |
| Increase in employee benefits payable                     | 74               | 200              |
| Increase (decrease) in deferred revenue                   | (70)             | 823              |
|   | <b>5,079</b>     | 2,100            |
| <b>Cash flows from financing activities</b>               |                  |                  |
| Increase (decrease) in long term liabilities              | (1,031)          | 1,394            |
| <b>Cash flows from investing activities</b>               |                  |                  |
| Increase in long term investments                         | (1,400)          | (228)            |
| Increase in investment in government business enterprises | (2,632)          | (2,041)          |
|   | <b>(4,032)</b>   | (2,269)          |
| <b>Net change in cash and equivalents</b>                 | <b>16</b>        | 1,225            |
| <b>Cash and equivalents, beginning of year</b>            | <b>21,679</b>    | 20,454           |
| <b>Cash and equivalents, end of year</b>                  | <b>\$ 21,695</b> | \$ 21,679        |
| <b>Represented by</b>                                     |                  |                  |
| Cash  | \$ 9,747         | \$ 13,496        |
| Temporary Investments                                     | 11,948           | 8,183            |
|   | <b>\$ 21,695</b> | <b>\$ 21,679</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the City of Kenora are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

**a) Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available; expenditures 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 expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards which are owned or controlled by the Municipality. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.

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

- Kenora Handi Transit
- 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 expenditures are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of 71.73% of the Provincial Offences Fund is reflected in the consolidated financial statements.

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

- Kenora Hydro Electric Corporation Ltd.
- Kenora Municipal Telephone System
- KMTS Mobility
- KMTS Net

**c) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Temporary Investments**

Temporary investments are recorded at the lower of cost and market value.

**e) Inventory**

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

**f) Capital Assets**

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

**g) Amounts to be Recovered**

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

**h) School Boards**

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

**i) Trust Funds**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

**j) Deferred Revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**2. CASH**

|              | 2006            | 2005             |
|--------------|-----------------|------------------|
| Unrestricted | \$ 6,909        | \$ 10,832        |
| Restricted   | 2,838           | 2,664            |
|              | <b>\$ 9,747</b> | <b>\$ 13,496</b> |

**3. TEMPORARY INVESTMENTS**

|              | Market Value     | 2006             | 2005            |
|--------------|------------------|------------------|-----------------|
| Unrestricted | \$ 8,039         | \$ 8,039         | \$ 4,289        |
| Restricted   | 3,909            | 3,909            | 3,894           |
|              | <b>\$ 11,948</b> | <b>\$ 11,948</b> | <b>\$ 8,183</b> |

Investments have been recorded at the lower of cost and market value at the end of the year

**4. LONG TERM INVESTMENTS**

|   | 2006            | 2005          |
|---|-----------------|---------------|
| Loan receivable, Kenora Health Care Centre, interest at 4.05% per annum, repayable interest only until 2008, principal repayments to commence in 2008, secured by land, buildings and equipment, loan approved to a maximum of \$2,800. | \$ 1,429        | \$ -          |
| Nothern Ontario Grow Bond, at cost. Interest earned at 4% per annum, receivable annually, maturing April 11, 2010.  | \$ 200          | \$ 200        |
| Donation commitments receivable, non interest bearing.  | \$ -            | \$ 28         |
|   | <b>\$ 1,629</b> | <b>\$ 228</b> |

**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

The Kenora Hydro Electric Corporation Ltd., the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net are owned and controlled by the City of Kenora and as business enterprises of the City, are accounted for on a modified equity basis in these financial statements. The following information provides condensed supplementary information for the enterprises for the year ended 31 December 2006.

**i) Financial Position, Results of Operations and Changes in Net Assets**

|                       | 2006          | 2005          |
|-----------------------|---------------|---------------|
| Current assets        | \$ 17,611     | \$ 13,663     |
| Long term investments | 16,325        | 17,106        |
| Capital assets        | 14,654        | 14,594        |
| Goodwill              | 2,794         | 2,794         |
| Total Assets          | <b>51,384</b> | <b>48,157</b> |
| Current liabilities   | 4,172         | 3,255         |
| Long term liabilities | 308           | 630           |
| Total Liabilities     | <b>4,480</b>  | <b>3,885</b>  |
| Net Assets            | <b>46,904</b> | <b>44,272</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES - continued****i) Financial Position, Results of Operations and Changes in Net Assets - continued**

|                                | <b>2006</b> | <b>2005</b> |
|--------------------------------|-------------|-------------|
| Revenues                       | \$ 22,864   | \$ 21,847   |
| Expenses                       | 18,782      | 18,356      |
| Net Income                     | 4,082       | 3,491       |
| Contribution to City of Kenora | (1,450)     | (1,450)     |
|                                | 2,632       | 2,041       |
| Net assets, beginning of year  | 44,272      | 42,231      |
| Net assets, end of year        | \$ 46,904   | \$ 44,272   |

**ii) Balances with other organizations**

|   |           |           |
|---|-----------|-----------|
| Due to (from) City of Kenora Revenue Fund | \$ (401)  | \$ 316    |
| Long term investments                     |           |           |
| Debentures - City of Kenora Capital Fund  | \$ 16,299 | \$ 17,220 |

**iii) Transactions with other organizations**

|  |          |          |
|--|----------|----------|
| Administration charges by City of Kenora | \$ 1,643 | \$ 1,635 |
| Interest charged by KMTS Mobility        | (598)    | (533)    |
|  | \$ 1,045 | \$ 1,102 |

Purchases from and sales to the City of Kenora and its business enterprises in the normal course of operations are recorded at amounts approximating those charged to unrelated parties.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**6. DEFERRED REVENUE**

|  | 2006            | 2005            |
|--|-----------------|-----------------|
| Government of Canada - Wharf Maintenance | \$ 1,331        | \$ 1,358        |
| Other deferred revenue                   | 1,103           | 1,146           |
|  | <b>\$ 2,434</b> | <b>\$ 2,504</b> |

**7. LONG TERM LIABILITIES**

|   | 2006             | 2005             |
|---|------------------|------------------|
| 3.3% debenture payable, maturing 2025   | \$ 8,719         | \$ 9,045         |
| 3.55% debenture payable, maturing 2015  | 5,695            | 6,225            |
| 4.05% debenture payable, maturing 2025  | 1,885            | 1,950            |
| 8.125% debenture payable, maturing 2006 | -                | 110              |
|   | <b>\$ 16,299</b> | <b>\$ 17,330</b> |

Principal payments for the next five fiscal years are as follows:

|      |       |
|------|-------|
| 2007 | 953   |
| 2008 | 987   |
| 2009 | 1,021 |
| 2010 | 1,057 |
| 2011 | 1,094 |

**8. AMOUNTS TO BE RECOVERED**

|  | 2006      | 2005      |
|--|-----------|-----------|
| Capital outlay financed by long term liabilities and to be recovered in future years | \$ 16,299 | \$ 17,330 |

**9. OTHER INCOME**

|                                    | 2006            | 2005            |
|------------------------------------|-----------------|-----------------|
| Penalties and interest on taxation | \$ 232          | \$ 259          |
| Investment income                  | 1,348           | 759             |
| Donations                          | 133             | 231             |
| Sale of land and miscellaneous     | 638             | 1,465           |
|                                    | <b>\$ 2,351</b> | <b>\$ 2,714</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**10. EXPENDITURES BY OBJECT**

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

|                                       | 2006             | 2005             |
|---------------------------------------|------------------|------------------|
| Salaries, wages and employee benefits | \$ 14,936        | \$ 14,551        |
| Materials                             | 6,844            | 7,075            |
| Contracted services                   | 4,291            | 3,973            |
| Rents and financial expenses          | 203              | 240              |
| Interest on long term debt            | 599              | 546              |
| Contributions to other organizations  | 2,986            | 3,057            |
|                                       | <b>\$ 29,859</b> | <b>\$ 29,442</b> |

**11. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 262 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2006 was \$847 (2005 - \$781).

**12. PUBLIC SECTOR SALARY DISCLOSURE**

For 2006, 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 |
|---------------------|---------------------------------------|-------------|------------------|
| William Preisentanz | City Chief Administrative Officer     | \$ 118      | \$ 1             |
| Karen Brown         | Manager of Finance and Administration | \$ 101      | \$ 1             |

**13. BUDGET AMOUNTS**

Budget data for 2006 included in these consolidated financial statements represents budgets approved by Council.

**14. OPERATIONS OF SCHOOL BOARDS**

During the year, taxation revenue of \$7,039 was raised and remitted to the school boards.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**15. TRUST FUNDS**

The trust funds administered by the municipality have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2006, the trust funds balances are as follows:

|                            | 2006          | 2005          |
|----------------------------|---------------|---------------|
| Lake of the Woods Cemetery |               |               |
| Land Fund                  | \$ 18         | \$ 17         |
| Perpetual Care Fund        | 417           | 403           |
| Langford Estate            | 48            | 46            |
|                            | <b>\$ 483</b> | <b>\$ 466</b> |

**16. EMPLOYEE FUTURE BENEFITS**

The City of Kenora pays certain health and dental benefits on behalf of its retired employees. The City recognizes post-retirement costs in the period in which the employees rendered the services. The expense for the twelve months ended 31 December 2006 was \$62 (2005 - \$55), and the resulting future employee benefit liability was \$1,646 at 31 December 2006.

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

## a) Interest (Discount) Rate

The interest (discount) rate used for fiscal December 31, 2006 expense and funded status is 6%.

## b) Salary Levels

Future general salary and wage levels were assumed to increase at 3% per annum.

## c) Medical Costs

Medical costs were assumed to increase 10% in 2006 grading down to 5% in 2013.

## d) Dental Costs

Dental costs were assumed to increase at 5% per year.

**17. EMPLOYEE BENEFITS PAYABLE**

|                          | 2006            | 2005            |
|--------------------------|-----------------|-----------------|
| Employee Future Benefits | \$ 1,646        | \$ 1,594        |
| Vested sick leave        | 149             | 132             |
| Lieu time accrual        | 165             | 160             |
|                          | <b>\$ 1,960</b> | <b>\$ 1,886</b> |



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2006

(in thousands of dollars)

**18. CONTINGENCIES**

At 31 December 2006, the Corporation of the City of Kenora has guaranteed bank indebtedness of the Kenora Golf and Country Club in the amount of \$445. The maximum amount of the guarantee is \$600.

The Corporation of the City of Kenora is liable for its pro-rata share totalling \$3,285 (2005 - \$2,269) of the cumulative operating deficit of the District of Kenora Home for the Aged. 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 and Kenora Police Service have several claims and possible claims pending against them. As of the date of the audit report, the outcome of these claims is not determinable nor can any reasonable estimate be made of the potential losses, if any. Therefore, no provision has been made in these financial statements for any potential loss.

The Corporation of the City of Kenora and one of its labour unions are negotiating a collective agreement which had expired 31 December 2005. As of the date of the audit report, the potential liability to the City of Kenora is not determinable and therefore no provision has been made in these financial statements. Any adjustments will be recorded at the time they are determined.

**19. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES**

The Ontario Environmental Protection Act set 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 present value of the estimated total expenditures for closure & post-closure care has been estimated at \$41 at December 31, 2006. This amount has been accrued in the financial statements.

The City maintains one active landfill site which has an estimated remaining useful life of approximately 60 years. Based on an environmental assessment performed by consultants no amounts are required to be accrued

**SCHEDULE OF CURRENT FUND OPERATIONS**

for the year ended 31 December 2006

(in thousands of dollars)

|   | 2006<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|----------------|----------------|----------------|
| <b>Revenues</b>                                   |                |                |                |
| Taxation  | \$ 17,203      | \$ 17,504      | \$ 17,028      |
| Fees and user charges                             | 9,592          | 9,914          | 9,986          |
| Canada grants                                     | 25             | 117            | 93             |
| Ontario grants                                    | 5,230          | 5,411          | 5,252          |
| Other   | 1,259          | 1,796          | 1,216          |
|   | 33,309         | 34,742         | 33,575         |
| <b>Expenditures</b>                               |                |                |                |
| General government                                | 1,587          | 1,636          | 1,579          |
| Protection services                               | 7,743          | 7,776          | 7,834          |
| Transportation services                           | 3,535          | 3,959          | 4,618          |
| Environmental services                            | 5,836          | 5,812          | 5,833          |
| Health services                                   | 1,940          | 1,948          | 1,670          |
| Social and family services                        | 3,822          | 3,747          | 3,634          |
| Recreation and cultural services                  | 3,730          | 4,004          | 3,480          |
| Planning and development                          | 757            | 977            | 790            |
|   | 28,950         | 29,859         | 29,438         |
| <b>Net revenue for the year</b>                   | 4,359          | 4,883          | 4,137          |
| <b>Financing and transfers</b>                    |                |                |                |
| Debt principal repayments                         | (1,031)        | (1,031)        | (864)          |
| Transfers to capital fund                         | (2,006)        | (969)          | (988)          |
| Transfers to reserves and reserve funds           | (2,814)        | (4,627)        | (4,081)        |
| Transfers from reserves and reserve funds         | 30             | 317            | 324            |
| Net transfer from government business enterprises | 1,450          | 1,450          | 1,450          |
|   | (4,371)        | (4,860)        | (4,159)        |
| <b>Change in fund balance for the year</b>        | \$ (12)        | 23             | (22)           |
| <b>Current fund, beginning of year</b>            |                | (57)           | (35)           |
| <b>Current fund, end of the year</b>              |                | \$ (34)        | \$ (57)        |
| <b>Analyzed as follows:</b>                       |                |                |                |
| City of Kenora                                    |                | \$ 14          | \$ 9           |
| Kenora Handi Transit                              |                | 1              | 2              |
| Lake of the Woods Museum                          |                | 22             | 10             |
| Kenora Public Library                             |                | (71)           | (78)           |
|   |                | \$ (34)        | \$ (57)        |

**SCHEDULE OF CAPITAL FUND OPERATIONS**

for the year ended 31 December 2006

(in thousands of dollars)

|   | 2006<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|----------------|----------------|----------------|
| <b>Revenues</b>   |                |                |                |
| Canada grants   | \$ 1,467       | \$ 305         | \$ 229         |
| Ontario grants  | 757            | 1,202          | 1,263          |
| Other   | 325            | 381            | 1,363          |
|   | 2,549          | 1,888          | 2,855          |
| <b>Expenditures</b>                                     |                |                |                |
| General government                                      | 408            | 334            | 197            |
| Protection services                                     | 322            | 268            | 189            |
| Transportation services                                 | 2,761          | 2,286          | 2,691          |
| Environmental services                                  | 4,520          | 682            | 1,377          |
| Health services   | 50             | -              | 31             |
| Social and family services                              | -              | -              | 53             |
| Recreation and cultural services                        | 1,185          | 737            | 2,944          |
| Planning and development                                | 1,361          | 313            | 2,887          |
|   | 10,607         | 4,620          | 10,369         |
| <b>Net expenditures for the year</b>                    | (8,058)        | (2,732)        | (7,514)        |
| <b>Financing and transfers</b>                          |                |                |                |
| New debt issued   | -              | -              | 2,258          |
| Transfers from current fund operations                  | 2,006          | 969            | 988            |
| Transfers from reserves and reserve funds               | 6,026          | 1,739          | 5,015          |
|   | 8,032          | 2,708          | 8,261          |
| <b>Change in fund balance for the year</b>              | \$ (26)        | (24)           | 747            |
| <b>Capital fund, beginning of the year</b>              |                | (386)          | (1,134)        |
| Adjustment for Public Sector Accounting Recommendations |                |                |                |
| Opening balances - local improvements receivable        |                | 329            | 359            |
| Activity for the year - local improvements receipts     |                | (18)           | (29)           |
|   |                | 311            | 330            |
| Adjusted capital fund balance, beginning of year        |                | (75)           | (804)          |
| <b>Capital fund, end of the year</b>                    | \$             | (99)           | \$ (57)        |

**SCHEDULE OF RESERVES AND RESERVE FUNDS**

for the year ended 31 December 2006

(in thousands of dollars)

|  | 2006<br>Budget    | 2006<br>Actual | 2005<br>Actual |
|--|-------------------|----------------|----------------|
| <b>Revenue</b>   | \$ 174            | \$ 174         | \$ 134         |
| <b>Expenditures</b>                                      | -                 | -              | 4              |
|  | 174               | 174            | 130            |
| <b>Net transfers from (to) other funds</b>               |                   |                |                |
| Transfer from current fund operations                    | 2,814             | 4,627          | 4,081          |
| Transfer to capital fund operations                      | (6,026)           | (1,739)        | (5,015)        |
| Transfer to current fund operations                      | (30)              | (317)          | (324)          |
|  | (3,242)           | 2,571          | (1,258)        |
| <b>Change in balance for the year</b>                    | <u>\$ (3,068)</u> | 2,745          | (1,128)        |
| <b>Reserves and reserve funds, beginning of the year</b> |                   | 19,228         | 20,356         |
| <b>Reserves and reserve funds, end of year</b>           |                   | \$ 21,973      | \$ 19,228      |

**Analyzed as follows:**

Reserves and reserve funds set aside for specific purpose by Council

|  |                  |                  |
|--|------------------|------------------|
| Working capital                                | \$ 2,312         | \$ 2,112         |
| Contingencies                                  | 4,032            | 3,810            |
| Capital expenditure purposes                   | 13,735           | 11,237           |
| Replacement of equipment                       | 1,222            | 1,217            |
| Library  | 34               | 36               |
| Museum   | 364              | 571              |
| Handi Transit                                  | 58               | 51               |
| Cemetery Columbarium                           | 76               | 54               |
| Current expenditure purposes                   | 140              | 140              |
| <b>Reserves and reserve funds, end of year</b> | <b>\$ 21,973</b> | <b>\$ 19,228</b> |