



MINUTES
SPECIAL COMMITTEE OF THE WHOLE
Tuesday, July 9, 2019
8:00 a.m.
City Hall Council Chambers

Present: Mayor D. Reynard
Councillor M. Goss
Councillor R. McMillan
Councillor A. Poirier
Councillor K. Ralko
Councillor S. Smith
Councillor C. Van Wallegghem

Staff: Karen Brown, CAO, Heather Pihulak, City Clerk, Charlotte Edie, Treasurer, Jon Ranger, Deputy Treasurer

Call Meeting to Order

Mayor Reynard called the meeting to order at 8:00 a.m.

Public Notices

Take Notice that as required under Notice By-law #144-2007, Council intends to adopt the following items at this Special Meeting of Council:

N/A

Declaration of Pecuniary Interest & General Nature thereof

- i) On Today's Agenda
- ii) From a Meeting at which a Member was not in Attendance

There were none declared.

Deputations

None.

1. Presentation by Municipal Auditors – MNP

Cathy and Marty Nelson were present to provide Council the 2018 Financial Statements.

The financial statements are draft until such time as Council approves them. The first statement is the consolidated statement of financial position. They are prepared using public sector financial standards. The statements show your 2018 balance as of December 31, 2018. At the end of 2018 there is approximately \$35M in cash and temporary

investment balances due in large part of our capital spending program in 2018. Temporary investments include ONE Bond investments and the Museum carries an investment and a guarantee related to the airport loan.

Our government funding receivables are up and recoveries of HST are up for 2018. Ontario Power Gen loan receivable is the last year for that.

\$32.9M at the end of 2018 market value at end of year was \$34.1M for these statements we eliminate the internal investment and remove the debt so neither are shown on the statement. Your investment in Kenora Hydro was \$10M and is up \$89,000 at the end of 2018 which is the income Kenora Hydro reported. On January 1, 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 9.1% of the issued common shares of Synergy North Corporation. The investment in Kenora Hydro Electric Corporation Ltd. reflected as a government business enterprise in these consolidated financial statements will be reported as a portfolio investment in Synergy North Corporation in subsequent years' consolidated financial statements.

Liabilities such as accounts payable and accrued liabilities were \$6.4M at the end of the year. Deferred revenue relates to funds that have been received from government sources which the City has not yet expended. Until you expend the funds they are a liability. The largest single deferred revenue fund is federal gas tax. The next two items dedicated gas tax and misc transit funding at end of year we have just over \$4M remaining available for future use.

Our next liability of employee future benefits payable – about \$2.6M is calculated by an actuary of future cost of providing benefits to age 65 which are calculated and recorded in the year that they are provided. It includes a calculation for non-vested sick leave. Other components of benefits of lieu time accrual and vested sick leave.

Net financial assets are \$71M which speaks well for the City of Kenora.

Non-financial assets are assets you have that will never turn into cash but we need them to provide services to the citizens. Tangible capital assets such as big components of roads and bridges which the single biggest components are the 7th Avenue bridge. It will never turn into cash. Inventories of consumables and prepaid.

Accumulated surplus is the accumulated surplus which consists of individual fund surplus, reserves and reserve funds and internally restricted entities. The current accumulated surplus is just over \$233M.

At December 31, 2018 the City has guaranteed bank indebtedness of the following: Kenora Golf and Country Club in the amount of \$216,680 (2017 was \$260,012) and the maximum amount is \$650,000; the Kenora Health Care Centre in the amount of \$6,089,354 (2017 was \$6,271,453); and the Kenora Airport Authority Inc in the amount of \$0.00 and the maximum is \$1,000,000. In addition, the City was required to provide a \$200,000 deposit to satisfy the guarantee requirements.

The Independent Auditors Report outlines their opinions and other information to Council and management. New to the report the auditors are now required to report on the annual

report. Their responsibility is to read the information and ensure the information is materially consistent. If based on the work performed there is a mistake they have to report it to the City and there is nothing to report after their review. The draft prepared 2018 Annual Report is consistent with the financial statements.

In summary, the City of Kenora is in a positive position. The auditors thanked the City Council for their confidence in the firm and thanked the finance staff and other administration for their efforts and assistance during their audit.

2. Adjournment

Meeting adjourned at 8:50 a.m.