



**July 6, 2011**

## **City Council Committee Report**

**To: Mayor Canfield & Members of Council**

**From: Charlotte Edie, Treasurer**

**Re: 2010 Annual Report and Audited Financial Statements**

### **Recommendation:**

**That** Council approve the 2010 City of Kenora Annual Report, including the 2010 audited financial statements for the City; and

**That** A copy of this report be made available for public viewing on the City's portal, as well as the front desk at City Hall.

### **Background:**

The City's 2010 annual report, which includes the City's 2010 audited financial statements, was presented to the City's Audit Committee and attending members of Council at a meeting held Monday, July 11<sup>th</sup>. Both Claudine Cordeiro and Jennifer Pyzer Whetter attended as representatives for the City's external auditors, BDO Canada, and provided Committee with an overview into the City's financial activities for 2010, as well as the financial position of the City as at 31 December 2010.

In 2009 there was a significant change to the City's financial statements from previous years, due to the new requirement to record Tangible Capital Assets and related amortization, with capital works no longer being expensed as performed. Under this new requirement, the City is required to record the value of all tangible assets net of amortization. As a result of this, the City's financial statements reflect a significant surplus due to the net result of the Tangible Capital Asset implementation. It should be noted that this surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and organizations that are included in the statements as well as the current amortized value of all City owned assets.

Since the City's budget does not conform to the new requirements, please see attached, a reconciliation of major items between the 2010 operating budget and the actual as reflected on our statements.

A copy of the report is attached for your reference. The report is incomplete in that the Auditors' Report will not be signed until Council has formally approved the financial statements.

Following review of the financial statements, the Audit Committee recommended that the 2010 audited financial statements be forwarded to Council for approval.

**Budget:** N/A

**Communication Plan/Notice By-law Requirements:**

The Audit Committee has requested that a press release be prepared for the Special Council meeting to be held on July 18<sup>th</sup>, during which the annual report and statements will be brought forward to final approval. This press release will be distributed to Council and members of the Audit Committee in advance of that meeting. The annual report will be made available on the city's portal, as well as at the front desk at City Hall. In accordance with the City's requirements under the Municipal Act, extracts of the audited financial statements will also be printed in the local newspaper.

Budget bylaw surplus for the year	\$532,836
Add: Capital expenditures	26,798,309
Less: Budgeted transfers from accumulated surplus	(3,173,205)
Budgeted proceeds from long-term liabilities	(4,348,912)
Amortization	<u>(4,780,406)</u>
Budget surplus per statement of operations	<u>\$15,028,622</u>