



July 6, 2012

City Council Committee Report

To: Mayor Canfield & Members of Council

From: Charlotte Edie, Treasurer

Re: 2011 Annual Report and Audited Financial Statements

Recommendation:

That Council approve the 2011 City of Kenora Annual Report, including the 2011 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 2011 annual report, which includes the City's 2011 audited financial statements, will be presented to the City's Audit Committee and attending members of Council at a meeting held Monday, July 16th. Representatives from BDO Canada LLP, the City's external auditor are scheduled to attend to provide the Committee with an overview into the City's financial activities for 2011, as well as the financial position of the City as at 31 December 2011.

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 2011 operating budget and the actual as reflected on our statements.

Budget: N/A

Communication Plan/Notice By-law Requirements:

A press release will be prepared for the annual report and statements prior to review by the Audit Committee. This press release will be distributed to Council and members of the Audit Committee. 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	\$357,880
Add: Capital expenditures	16,056,139
Less: Budgeted transfers from accumulated surplus	(2,735,541)
Budgeted proceeds from long-term liabilities	(1,248,547)
Amortization	<u>(5,482,587)</u>
Budget surplus per statement of operations	<u>\$6,947,344</u>