



**MINUTES**  
**SPECIAL**  
**COMMITTEE OF THE WHOLE**

**July 10, 2014**  
**9:05 a.m.**  
**City Council Chambers**

**Action**

**Present:** Mayor D. Canfield  
Councillor S. Smith  
Councillor R. Lunny  
Councillor R. McKay  
Councillor L. Roussin (arrived at 9:10)  
Councillor R. McMillan (arrived at 9:15)  
K. Brown, CAO  
L. D'Argis, Corporate Services Manager  
C. Edie, Municipal Treasurer  
H. Lajeunesse, Deputy Clerk

**Regrets:** Councillor C. Gallivan

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**1. Presentation of Financial Statements by MNP, LLP**

Cathy Nelson and Marty Nelson presented the financial statements to Council on behalf of MNP, LLP, the accounting firm responsible for auditing the City of Kenora's 2013 consolidated financial statements. The financial statements are ultimately the City's responsibility and MNP, LLP provides an audit of the statements.

The consolidated financial statements were reviewed and highlights were touched on. Total Financial Assets at the end of 2013 were \$79.4 million. Cash flows totaled \$19 million, temporary investments \$13.2 million, taxes receivable were \$513,000 as compared to \$615,000 the previous year. It was noted that taxes prepayments have been increasing every year and this year was \$165,000 more than last year. Trade and other receivables were \$5.4 million compared to \$4.9 million in 2012. The increase was due to an increase in receivables from the federal government for capital projects. Inventory held for resale was \$37,000 and Long Term Notes were \$99,000.

The Citizens' Trust Fund at the end of 2013 totaled \$32 million and investment in government business enterprise was \$9.1 million.

Total Liabilities at the end of 2013 were \$9.8 million. Accounts payable and accrued liabilities were down a million from last year at \$4.1 million, with fluctuations due to purchases and payments. Deferred revenue has gone down at \$3.3 million, which is a result of bridgeworks and the new transit purchase. Employee future benefits payable was \$2.3 million.

Net Financial Assets at the end of 2013 totaled \$ 69.6 million. Non-financial assets include tangible capital assets of \$143.6 million and inventories of consumables and prepaids of \$929,000. Revenues for 2013 were \$47 million and expenses \$41.7 million. The statement of change in net financial assets was reviewed, which is a non cash statement that shows amortization. Accumulated surplus at the end of 2013 shows \$214.2 million.

The following was discussed and clarified:

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. Essentially, this is not a proper reflection of the City's finances, which makes it difficult to clarify for the taxpayers. The change makes municipal government statements more comparable to those of private corporations, although the public and private sector are quite different and should be viewed differently.

The auditors indicated that various items were somewhat under budget while others were slightly over budget, adding that the outcome for 2013 was very close to what was budgeted by the City.

It was noted by the auditors that there could be a future accounting issue coming forward for 2015 related to contaminated sites. Governments will become responsible and it will be to be determined whether there is a liability in various cases. A government environmental study may be required. Applicable sites are currently being reviewed.

The Audit Findings Report outlines important points related to the audit. The cover letter from the report was reviewed. It indicates that MNP, LLP encountered no difficulties and no limitations in place during the scope of the audit. Nothing came to the auditors' attention through their systems of internal control relating to any fraud or non-compliance with laws. Overall the auditors feel there are no going concerns, matters arising or significant differences and commended staff on a job well done. A letter of independence was also provided by MNP, LLP which demonstrates they are completely independent of the City and there are no personal ties.

In the opinion of MNP, LLP, the consolidated financial statements present fairly, in all material aspects, the financial position of the City of Kenora as at December 31, 2013 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The final Auditor's Report will not be signed until Council has formally approved the financial statements at its regular Council meeting to be held July 15, 2014.

**Recommendation:**

That Council approve the 2013 City of Kenora Annual Report, including the 2013 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.

**Recommendation approved.**

The meeting closed at 10:16 a.m.