

Annual Report 2015



The City of Kenora, Ontario, Canada



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City Council



From left to Right:

- ~ Councillor Dan Reynard
- ~ Councillor Mort Goss
- ~ Mayor David Canfield
- ~ Councillor Rory McMillan
- ~ Councillor Sharon Smith
- ~ Councillor Colin Wasacase
- ~ Councillor Louis Roussin



City CAO and Managers

- ~ Karen Brown, CAO
- ~ Andrew Glassco, Manager of Community & Development Services
- ~ Jeff Hawley, Manager of Operations & Infrastructure
- ~ Lauren D'Argis, Manager of Corporate Services & Strategic Initiatives
- ~ Todd Skene, Manager of Fire & Emergency Services



Mayor's Message

2015 was a year of significant change for the municipality within administration as we continue to move forward with implementation of the recommendations from our Organizational Review. With four new larger structured departments, our leadership team has worked diligently to create teams within their departments to work towards the Strategic Plan goals of improved customer service while realizing efficiencies.

Teams are committed to maintaining the momentum on our new Strategic Plan, ***Our Vision is 2020***, which is grounded in the realities of today and opportunities of tomorrow. Our vision is that Kenora is a City of choice, renowned as a sustainable, lifestyle community supported by a Municipality committed to excellence. Our mission is to deliver quality, cost-effective Municipal services.

Partnerships have continued to be a strong focus for Council and 2015 brought many new positive community partnerships to strengthen our community. Volunteers in our community such as the Kenora Baseball League for improvements to our baseball fields, the Kenora Tennis Club for improvements to our tennis courts, the Kenora Rotary Club with the fundraising campaign for the splash park and the list continues to grow. These are invaluable partnerships that build upon the success of our community, by the community.

Kenora continues to be a leader in the Northwest through our economic development success with many new small to medium size business openings and recognized the success of the re-opening of the Kenora Forest Products mill. All of these new business opportunities in Kenora drive our economic development, offer employment opportunities and bring people to our community.

Council and administration continue to be committed to the citizens of Kenora which extends to our summer residents and visitors alike. Improved communication and public relations are a priority for Council and many new programs are being introduced in the near future which will assist to engage our citizens and offer mechanisms for them to reach out to us. Council continues to be committed to strong fiscal management, economic growth and investment in our future.

Mayor David S. Canfield



CAO's Message

Year end is a time we can both reflect back on our successes and challenges of the past year, as well as look ahead towards the future. Our achievements are a credit to the hard work done by our dedicated City Team over the past year, striving to meet our Vision of municipal excellence. Thank you to our Team, including City Staff, Council and our Partners, the Citizens and Businesses of Kenora, and the role that each of you plays in making our successes a reality.

In 2015, Council approved the organizational review and virtually all of its recommendations. Recommendations intended to ensure that the City was aligned with the goals in our strategic plan. Following Council approval, the recommendations began flowing out to City staff, starting with the detailed staffing changes. Changes to the City staff structure began in 2015, and continued into early 2016. Overall, there was a significant amount of change and adjustment for staff. This was no doubt a challenging time for staff. Despite the changes, staff at the City worked hard to ensure the transition was seamless for our customers.

The 2015 organizational review transition included a focus on staff training. Focusing on our People is one of our strategic priorities. Under the organizational review, moving to a culture of employee empowerment is a priority for our workplace and staff. Some of our departments already operate using this concept, while other areas need to develop this. It is through empowerment that we can work towards becoming an employer of choice, together with ensuring our staff have the tools and the supports they need to focus on customer service excellence.

As we move into 2016, the City reviewed and updated the actions under its strategic plan. This was done to ensure that these actions were both current and that they remained in line with the current Council's priorities. Realizing these actions, together with the ongoing implementation of the recommendations from the organizational review, are a priority for our City Team in 2016.

The City of Kenora's annual report covers the City's fiscal year, which runs from January 01 to December 31. On behalf of City administration, it is our pleasure to present highlights of our activities for 2015.

Karen Brown, CAO



Strategic Direction for the Corporation

The City of Kenora's current corporate Strategic Plan, adopted mid 2014 is called *Our Vision is 20/20*. The plan is established to provide the City with guidelines for evaluating and determining its actions, making decisions and setting the budget.

In 2015, the City made significant progress on a number of action items in its Strategic Plan. Among the most significant includes making the first steps towards implementation of the Organizational Review recommendations.

To ensure that we are maintaining the momentum in realizing the goals and actions under the Strategic Plan, the City has committed to tracking and communicating our results on an annual basis. The 2015 Strategic Plan Progress Report offers a glimpse into how well we are doing in fulfilling our vision and achieving our mission.

Our Vision:

Kenora is a City of choice, renowned as a sustainable lifestyle community supported by a Municipality committed to excellence.

Our Mission:

To deliver quality, cost-effective Municipal services.



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 component of the City’s economic base, despite the significant challenges currently facing this sector. The City currently is home to a Weyerhaeuser iLevel Mill, one of the largest value added facilities in the Ontario forest industry and the newly re-opened Kenora Forest Products Ltd. lumber mill.

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. Kenora’s population more than doubles in the summer because of tourists and seasonal residents. The retail sector is also a significant contributor to the local economy.



Interesting Statistics – Recreation Services

Welcome to Wellness

Facility Participant Visits

Swimming pool - Programming	35,458	visits
- Recreation	54,312	visits
Walking track	10,841	visits
Fitness centre	53,184	visits
Group fitness	6,538	visits

Facility Bookings

Thistle Rink	2,921	hours
Keewatin Memorial Arena	1,869	hours
(note: Summer ice was not available in 2015. 2014 bookings were 2652 hours)		
Recreation facility meeting rooms	4,793	hours
Ball diamond bookings	2,012	hours
Special events held in recreation facilities	34	
Programs and activities held in recreation facilities	33	

The City of Kenora's Recreation Facilities play a key role in achieving the following goals, as described in the Strategic Plan:

- Develop our Economy***
- Strengthen our Foundations***
- Focus on our People***



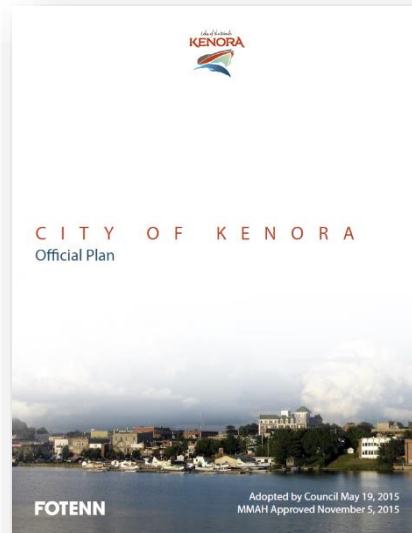
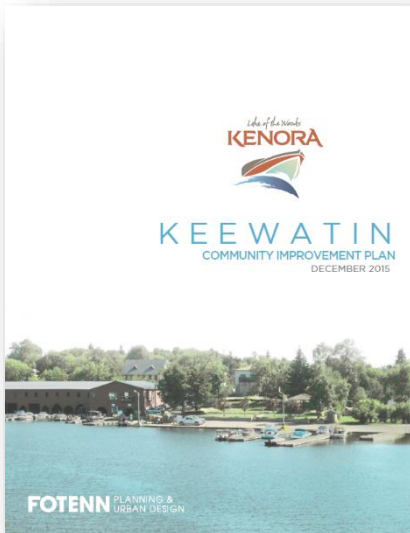
Look What's New in 2015

In response to the increased pressure on municipalities to deliver affordable and efficient services as well as manage high community expectations, the City conducted an organizational review in conjunction with BMA Management Consulting. Following Council approval of almost all the recommendations, City staff worked on implementing changes that affected both staffing and service delivery.

By the end of 2015, the City had successfully mapped existing staff to their new positions and was making progress in hiring individuals to fill remaining vacancies.

The Official Plan review and Keewatin Community Improvement Plan (CIP) were also completed in 2015. After the review period, Council approved a new Official Plan with a growth strategy emphasizing sustainable development and planning around a diversified economy.

Based on the success of the 2004 Harbourtown Centre CIP in revitalizing Kenora's downtown, the City recognized the potential that a CIP could have for revitalization in Keewatin. Upon completion in late 2015, the Keewatin CIP included additional features such as incentives for affordable housing.





Looking Ahead to 2016

The 2015-2020 Strategic Plan is intended to be a living document and as such, will be regularly updated to reflect the changing internal and external context of the City. As we look to 2016, the City will conduct a review of the Strategic Plan to ensure it still aligns with current Council priorities.

Next year the City will also continue to implement recommendations from the organizational review. With the structural and staffing related changes at the City nearing completion, the City will begin to focus on those recommendations that affect how we deliver services. By realigning the Corporation to a four department structure we have laid the foundation to delivering services in a more efficient and effective manner.



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 Committee of the Whole structure. All Council members are members of the Committee of the Whole. The Committee of the Whole is for the purpose of conducting municipal business and forwarding recommendations to Council for enacting final approval and by-laws. There is no recommendation acted upon without prior concurrence of Council. Committee of the Whole meets on a monthly basis one week prior to Council meetings.

In 2015 Council eliminated the Councillor portfolios that were based on six standing committees. Each department will still be broken down as per the senior manager responsibility for reporting purposes, however there will no longer be a lead Councillor for each area. Without portfolios all members of Council are involved and engaged as a whole with respect to all facets of the City's operations.

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. The members of Council are appointed to these committees to represent the City.



2015 Financial Report

The financial report for the City of Kenora includes financial information and analysis as well as financial statements for the year ended December 31, 2015. These financial statements are prepared in accordance with the Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants Canada.

The preparation and presentation of the financial statements and related information contained in this report is the responsibility of the management of the City of Kenora. Included in the consolidated financial statements are those entities that are accountable to or controlled by the City of Kenora and are outlined in the significant accounting policies in the audited financial statements.

City Council appointed the accounting firm of MNP LLP to perform an independent audit of the City's 2015 financial statements, and its report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls.



Current Operations

The current operations (excluding funding for capital projects) 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)

Total current operations revenues were \$44.1 million in 2015 of the total revenues of \$45.5 million. Funding for capital projects was an additional \$1.4 million. The City also utilized \$3.3 million in reserves and reserve funds in 2015 for capital and operations. As in previous years, taxation accounts for the largest source of current operations revenues, providing 51.4% of total revenues. Fees and user charges represent another 28.6% of total revenues. An analysis of total revenues by source in graph form follows on page 15.

Overall current operations expenditures in the various functional areas listed above, were \$43.8 million in 2015, before changes in City surplus. An analysis of current expenditures by functions in graph form follows on page 16.

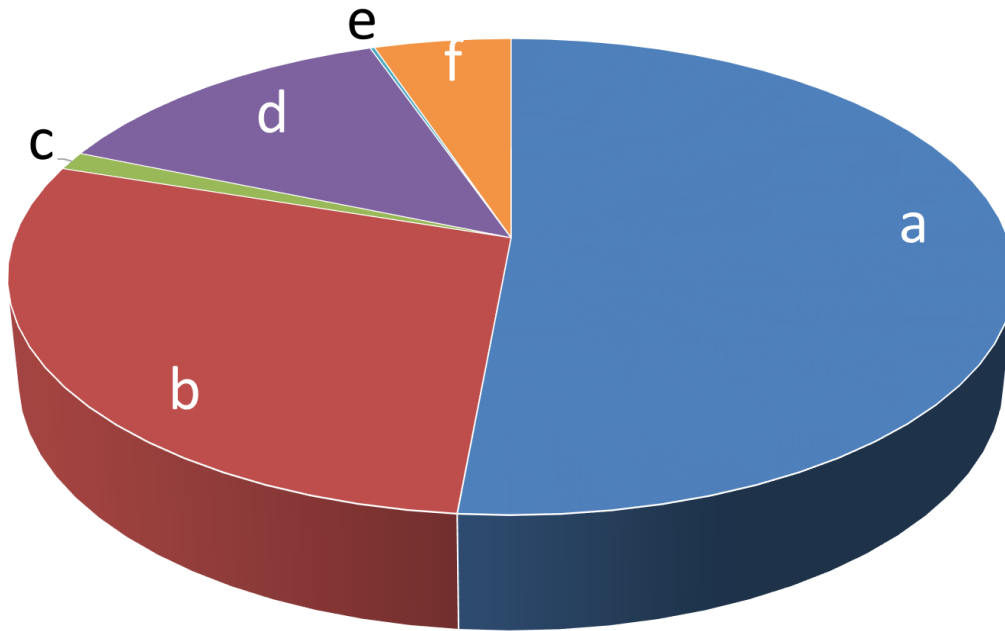
This discussion does not include capital activity of the City.



The Corporation of the City of Kenora
Current Fund Operations
Comparison of Actual to Budget
(in thousands of dollars)

Category	2015 Budget	2015 Actual	Variance Fav (Unfav)	% Variance Fav (Unfav)
Revenues	\$44,070	\$45,549	\$1,479	3.4%
<i>Revenue Main impacts include:</i>				
<ul style="list-style-type: none"> - The assumption of a federal wharf and higher than anticipated sewer and water and landfill fees are the main reasons for the budget variance. 				
Expenses	\$43,053	\$43,815	(\$ 762)	(1.8%)
<i>Expense Main impacts include:</i>				
<ul style="list-style-type: none"> - OPP. The City was charged with a billing adjustment of \$158 that was not in the original estimate. - Roads. Patching and resurfacing were over budget by \$157. The work done on specific roads was necessary to improve driveability. - Sewer and Water. Repairs were over budget by \$194. These are difficult to predict and often depend on the weather. 				

Revenues, Financing and Transfers

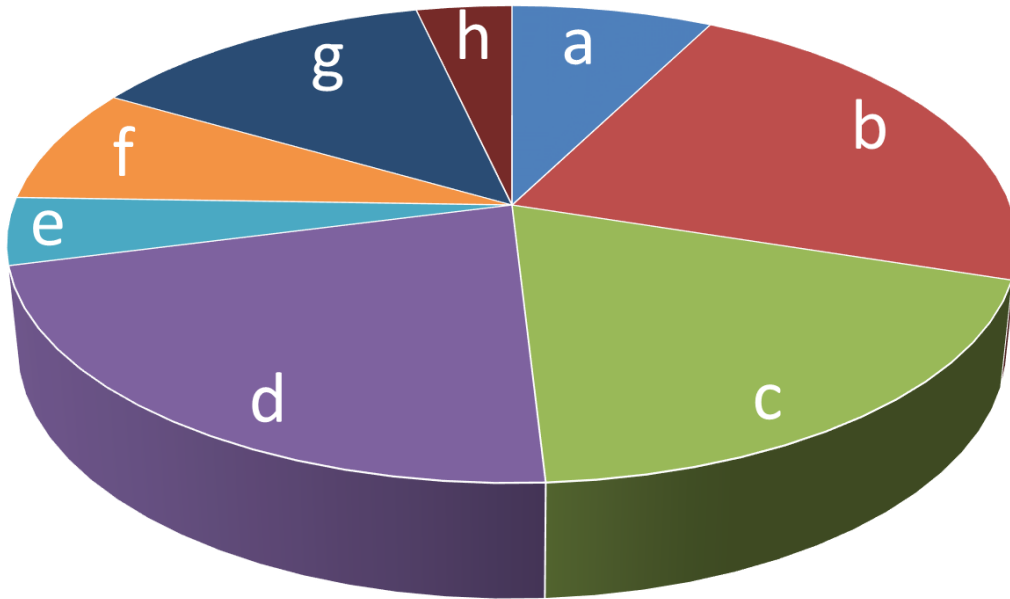


Revenues, Financing and Transfers

a Taxation	\$ 23,434	51.4%
b Fees and user charges	13,043	28.6%
c Canada grants	565	1.2%
d Ontario grants	6,088	13.4%
e Government business enterprise	76	0.2%
f Other	2,343	5.2%
	\$ 45,549	100.0%

(in thousands of dollars)

Expenditures, Financing and Transfers



Expenditures, Financing and Transfers

a General government	\$ 3,299	7.5%
b Protection services	\$ 9,832	22.5%
c Transportation services	\$ 8,382	19.1%
d Environmental services	\$ 9,581	21.9%
e Health services	\$ 1,995	4.6%
f Social and family services	\$ 3,435	7.8%
g Recreational and cultural services	\$ 5,724	13.0%
h Planning and development	\$ 1,567	3.6%
	\$ 43,815	100.0%

(in thousands of dollars)

Capital Projects

The City's significant expenditures relating to major projects are described in the statement of financial position as tangible capital assets. These expenditures generally provide the City with a long-term benefit, either through the purchase of capital assets, improvements to existing capital assets, or the extension of the life of existing capital assets.

Overall tangible capital asset purchases in 2015 were \$7.31 million. Major capital projects for 2015 included:

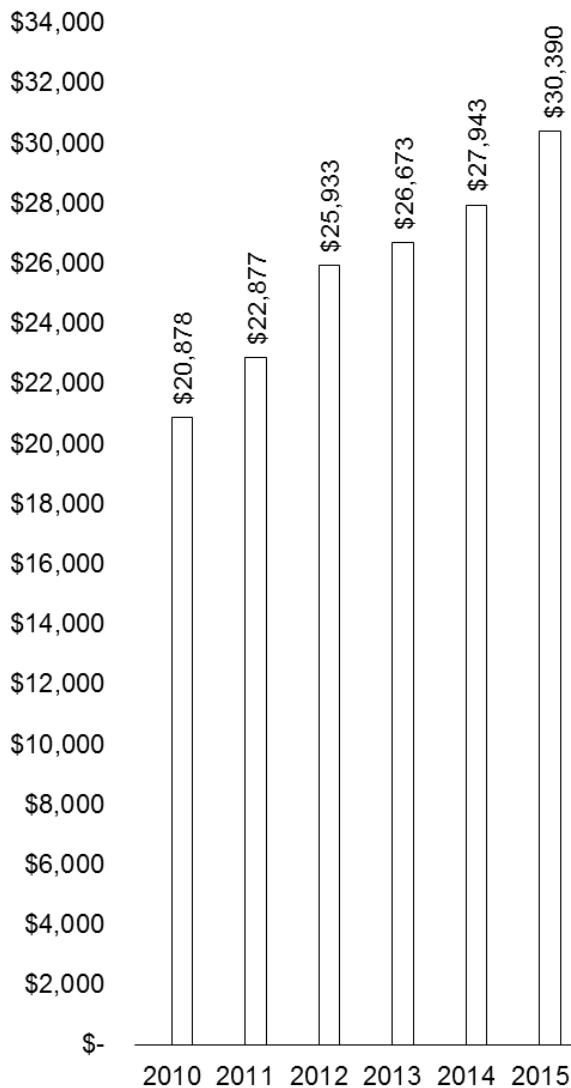


- ~ Municipal Paving Program: \$1.4 million – larger projects on Ninth Street North and Bunny Street.
- ~ Streetlighting project: \$0.8 million.
- ~ Cameron Bay services: \$1.1 million.
- ~ Keewatin Arena improvements: \$1.3 million.
- ~ Street Sweeper: \$0.2 million.
- ~ Public Works Loader: \$0.2 million

(in thousands of dollars)

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 the reserves are primarily intended for capital expenditures, the City also holds significant working capital (\$4.1 million) and consolidated contingency (\$9.5 million) reserves.



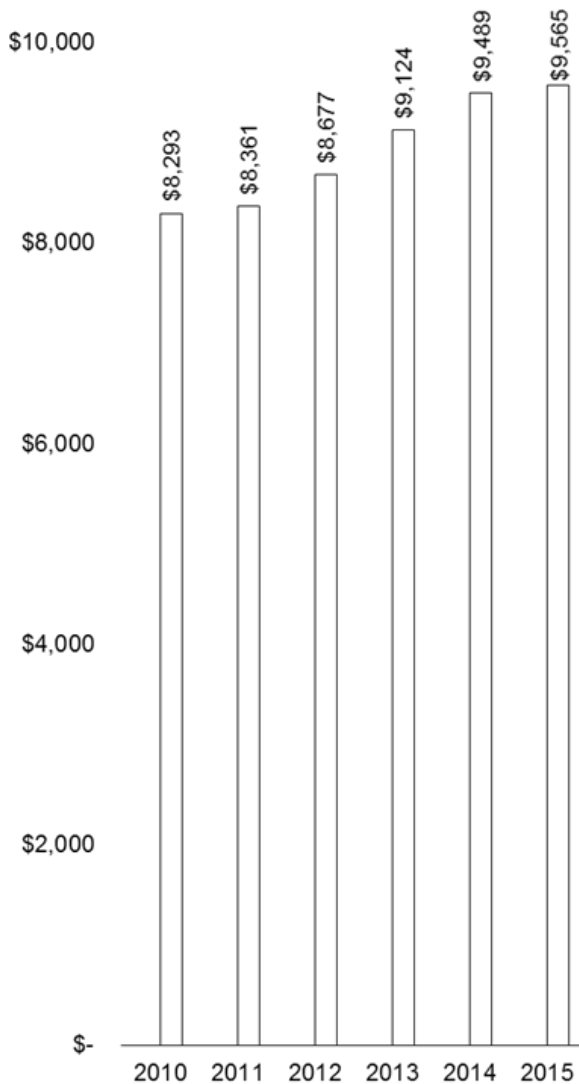
The reserve and reserve fund balance at the end of 2015 was \$30.4 million. This chart to the left outlines the consolidated reserve and reserve fund combined balances for the last five years. These balances exclude any equity related to the Kenora Hydro Electric Corporation Ltd. This equity is reflected separately as net equity in government business enterprises. These balances also exclude any amount related to the Kenora Citizens' Prosperity Trust Fund.

(in thousands of dollars)

Government Business Enterprise

The government business enterprise (GBE) is a separate municipal operation or legal entity that reports independently to a separate Board or Commission and does not rely on the City for funding.

This page includes a chart outlining the City’s comparative net equity in government business enterprises for the past five years.



The Kenora Hydro Electric Corporation Ltd. (Kenora Hydro), the City’s only Government Business Enterprise, 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.

(in thousands of dollars)



Kenora Citizens' Prosperity Trust Fund

On January 31, 2008, the City of Kenora sold the KMTS Entities to Bell Aliant. Up to this point, the KMTS entities had been a GBE like Kenora Hydro and had contributed to the City's bottom line.

In an effort to ensure there was no impact to property taxes as a result of this sale, the decision was made to transfer the proceeds of disposition from the sale, together with the cash and investments that were excluded from the sale, to a trust fund that would safeguard the funds. Thus, the Kenora Citizens' Prosperity Trust Fund (Trust Fund) was established in 2008, with a balance of \$41.8 million at the end of 2015. In order to offset lost net revenues as a result of the sale of the KMTS Entities, the City requires an annual return of \$1.1 million in income from the trust. Any erosion of the balance of the trust will result in an additional burden on City taxpayer.

Since the inception of this Trust Fund, the City of Kenora has issued internal debt totaling \$8.8 million owing to the Trust Fund to finance the Fire Hall, the Discovery Centre, the Highway 17 Rehabilitation project, the Whitecap Pavilion and the marine waterline. This debt is being paid back to the Trust Fund on the established schedule with 3% interest.

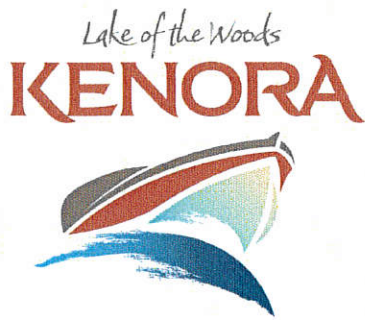
The Trust Fund is reported on the City's financial statements at \$32.8 million because the Canadian generally accepted accounting principles, as established by the Public Sector Accounting Board, dictate that inter-organizational transactions be eliminated on consolidation. As a result the balance of \$32.8 million reflected on the consolidated statement of financial position does not reflect the balance of the debentures and interfund balances at 31 December 2015 of \$9.0 million.



Financial Statements

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the City of Kenora are the responsibility of the City's management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

City Council meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by MNP LLP, independent external auditors appointed by City Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.

A handwritten signature in blue ink, appearing to be "KB", written over a light blue horizontal line.

Karen Brown, CPA, CA, CAO
Kenora, Ontario

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Kenora:

We have audited the accompanying consolidated financial statements of The Corporation of the City of Kenora, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Kenora as at December 31, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

October 18, 2016



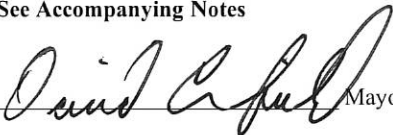
Chartered Professional Accountants

Licensed Public Accountants

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015
(in thousands of dollars)

	2015	2014
		Restated (Note 5)
Financial Assets		
Cash (Note 1)	\$ 19,251	\$ 16,364
Temporary investments (Note 2)	15,886	14,613
Taxes receivable	426	636
Trade and other receivables	5,422	7,971
Inventory held for resale	48	44
Long term notes receivable (Note 3)	70	85
Citizens' Prosperity Trust Fund investments (Note 4)	32,825	32,518
Investment in government business enterprise (Note 5)	9,565	9,489
	83,493	81,720
Liabilities		
Accounts payable and accrued liabilities	5,340	5,468
Deferred revenue (Note 6)	3,046	2,115
Employee future benefits payable (Note 16)	2,683	2,546
	11,069	10,129
NET FINANCIAL ASSETS	72,424	71,591
Non Financial Assets		
Tangible capital assets (Note 8)	150,049	149,084
Inventories of consumables and prepaids	1,008	1,072
	151,057	150,156
ACCUMULATED SURPLUS (Note 7)	\$ 223,481	\$ 221,747

See Accompanying Notes

 Mayor

 Treasurer

**THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended 31 December 2015

(in thousands of dollars)

	2015 Budget (Note 12)	2015 Actual	2014 Actual Restated (Note 5)
Revenues			
Taxation	\$ 23,389	\$ 23,434	\$ 23,030
Fees and user charges	12,237	13,043	12,029
Canada grants	450	565	4,025
Ontario grants	5,911	6,088	7,672
Net income from government business enterprise (Note 5)	76	76	368
Other (Note 9)	2,007	2,343	4,042
	<u>44,070</u>	<u>45,549</u>	<u>51,166</u>
Expenses			
General government	3,189	3,299	3,105
Protection services	9,741	9,832	10,066
Transportation services	8,144	8,382	8,127
Environmental services	9,183	9,581	9,733
Health services	2,008	1,995	2,099
Social and family services	3,455	3,435	3,349
Recreation and cultural services	5,561	5,724	5,575
Planning and development	1,772	1,567	1,595
	<u>43,053</u>	<u>43,815</u>	<u>43,649</u>
Annual surplus	<u>1,017</u>	1,734	7,517
Accumulated surplus, beginning of year		221,747	214,230
Accumulated surplus, end of year		\$ 223,481	\$ 221,747

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended 31 December 2015
(in thousands of dollars)

	2015 Budget (Note 12)	2015 Actual	2014 Actual Restated (Note 5)
Annual surplus	\$ 1,017	\$ 1,734	\$ 7,517
Acquisition of tangible capital assets	(11,709)	(7,555)	(11,765)
Amortization of tangible capital assets	6,379	6,379	6,177
(Gain) Loss on sale of tangible capital assets	-	108	(1,102)
Proceeds on sale of tangible capital assets	-	105	1,286
	(4,313)	771	2,113
Acquisition of prepaid expenses and inventory of supplies	(1,728)	(1,728)	(2,389)
Net use/consumption of inventories of consumables and prepaids	1,790	1,790	2,246
	62	62	(143)
Net change in net financial assets (debt)	(4,251)	833	1,970
Net financial assets, beginning of year	71,591	71,591	69,621
Net financial assets, end of year	\$ 67,340	\$ 72,424	\$ 71,591

See Accompanying Notes

**THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2015

(in thousands of dollars)

	2015	2014
		Restated (Note 5)
Operating transactions		
Annual surplus	\$ 1,734	\$ 7,517
Items not involving cash		
Amortization	6,379	6,177
(Gain) Loss on disposal of tangible capital assets	108	(1,102)
Income from government business enterprise	(76)	(368)
	8,145	12,224
Change in non-cash working capital balances		
Decrease (Increase) in taxes receivable	210	(122)
Decrease (Increase) in trade and other receivables	2,548	(2,499)
Decrease (Increase) in other assets	59	(150)
Increase (Decrease) in accounts payable and accrued liabilities	(128)	1,316
Increase (Decrease) in deferred revenue	931	(1,208)
Increase in employee benefits payable	137	187
	11,902	9,748
Capital transactions		
Acquisition of tangible capital assets	(7,555)	(11,765)
Proceeds on sale of tangible capital assets	105	1,286
	(7,450)	(10,479)
Investing transactions		
Decrease in long term investments	15	14
(Increase) in Citizens' Prosperity Trust Fund	(307)	(513)
	(292)	(499)
Net change in cash and equivalents	4,160	(1,230)
Cash and equivalents, beginning of year	30,977	32,207
Cash and equivalents, end of year	\$ 35,137	\$ 30,977
Represented by		
Cash	\$ 19,251	\$ 16,364
Temporary investments	15,886	14,613
	\$ 35,137	\$ 30,977

See Accompanying Notes

**THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES**

For the year ended 31 December 2015
(in thousands of dollars)

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other government services. Significant aspects of the accounting policies adopted by the Municipality are as follows:

a) Basis of Accounting

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

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

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 expenses are reflected in the financial statements using the proportionate consolidation method. The Municipality's proportionate interest of 67.87% of the Provincial Offences Fund is reflected in the consolidated financial statements.

The government business enterprise is a separate legal entity which does not rely on the municipality for funding. The investment in the government business enterprise is accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards for rate-regulated industries, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The Kenora Hydro Electric Corporation Ltd. is the only government business enterprise reflected in the consolidated statements.

c) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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.

**THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES**

For the year ended 31 December 2015
(in thousands of dollars)

d) Government Transfers

Government transfers are recognized in the year in which events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

e) Revenue Recognition

Revenues are recognized as follows:

- i Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.
- ii Fees and user charges are recognized on a monthly basis as services are provided.
- iii Other revenues are recorded when collected or when collection is reasonably assured.
- iv Grants for the acquisition of tangible capital assets are recognized in the period in which the eligible expenditures are made.

f) Investments

Temporary investments are recorded at the lower of cost or market. Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

g) Inventory

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

h) Collection of Taxes on Behalf of Other Taxation Authorities

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

i) Trust Funds

Trust funds administered by the City for the benefit of external parties are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

j) Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES**

For the year ended 31 December 2015
(in thousands of dollars)

k) Pension and Other Post-Employment Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by Chartered Professional Accountants Canada with respect to accounting for employee future benefits require the City to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

l) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets commencing once the asset is available for productive use as follows:

Site improvements	25 years
Buildings	10 to 125 years
Equipment	3 to 25 years
Fleet	7 to 25 years
Docks and wharfs	10 to 50 years
Roads and bridges	10 to 50 years
Water	15 to 75 years
Sewer	15 to 100 years
Other	5 to 75 years

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

1. CASH

	2015	2014
Unrestricted	\$ 14,534	\$ 12,638
Restricted	4,717	3,726
	\$ 19,251	\$ 16,364

The City has a revolving demand facility to a maximum of \$5,000 by way of prime rate based loans bearing interest at prime less .75% and letters of credit bearing interest at 0.5% per annum. As at 31 December 2015, \$ - (2014 - \$ -) was drawn under this facility. This facility is unsecured. Availability is subject to financial criteria and is at the discretion of the bank.

2. TEMPORARY INVESTMENTS

	Market Value	2015	2014
Unrestricted	\$ 13,959	\$ 13,959	\$ 12,724
Restricted	1,927	1,927	1,889
	\$ 15,886	\$ 15,886	\$ 14,613

98% of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments are bond funds with rates of return between -1.69% and 1.94%.

3. LONG TERM NOTE RECEIVABLE

	2015	2014
Loan receivable, Ontario Power Generation, repayable \$2 monthly including interest at 5%, secured by leasehold improvements, matures 2020.	\$ 70	\$ 85

4. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS

	2015	2014
Cash	\$ 14	\$ 14
Temporary Investments	32,811	32,504
	\$ 32,825	\$ 32,518

The market value of the temporary investments is \$33,052 at the end of the year. The proceeds from the sale of the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net were transferred to the Citizens' Prosperity Trust Fund in 2008. The purpose of the Fund is to safeguard the principal while using the related investment income to eliminate the negative impacts resulting from the loss of the annual dividends from the telephone operations.

25% of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments are held in bond funds with interest rates of 0.00%, 1.04% and 3.08%. The remaining investments are managed by Manulife Asset Management and held with RBC Dexia. The investments are held in various government and bank bonds and debentures. Interest rates range from 1.5% to 6.25%. These investments mature between 2016 and 2020.

Debentures receivable in the amount of \$6,860 have been eliminated on consolidation. These debentures are due from the City of Kenora and were used to finance a number of capital projects. The interest rate on these debentures is 3%. They mature between 2020 and 2030.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015
(in thousands of dollars)

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE/PRIOR PERIOD RESTATEMENT

The Kenora Hydro Electric Corporation Ltd. is owned and controlled by the City of Kenora and as a business enterprise of the City, is accounted for on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the enterprise for the year ended 31 December 2015.

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

	2015	2014
		Restated
Current assets	\$ 5,149	\$ 4,931
Non-current assets	8,877	8,896
Regulatory deferral account debit balances and related deferred tax	32	87
Total assets and regulatory deferral account balances	14,058	13,914
Current liabilities	2,197	2,235
Non-current liabilities	2,296	2,190
Total Liabilities	4,493	4,425
Net Assets	9,565	9,489
Revenue	\$ 15,018	\$ 14,489
Expenses	14,642	14,094
Income from operating activities	376	395
Finance income	75	66
Finance cost	(144)	(139)
Income before provision for payment in lieu taxes	307	322
Provision for payments in lieu taxes	4	45
Profit for the year before net movements in regulatory deferral account balances	303	277
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	(227)	115
Profit for the year and net movements in regulatory deferral account balances	76	392
Remeasurement of defined benefit plan, net of tax	-	(24)
Total comprehensive income for the year	\$ 76	\$ 368

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

(in thousands of dollars)

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE - continued

	2015	2014
		Restated
ii) Balances with other organizations		
Due from City of Kenora	\$ 899	\$ 852

iii) Transactions with other organizations

Administration charges by City of Kenora	\$ 232	\$ 223
Interest charged to Kenora Hydro	92	92

Purchases from and sales to the City of Kenora and its business enterprise in the normal course of operations are recorded at amounts approximating those charged to unrelated parties and total approximately \$2.24 million in 2015 (2014 - \$2 million).

iv) Prior period restatement

The 2014 Kenora Hydro Electric Corporation Ltd.'s numbers have been restated to reflect the adoption of the International Financial Reporting Standards (IFRS) as issued by the International Standards Board. IFRS 1, *First Time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2014. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2015.

The effect of this change in accounting framework on these consolidated statements is as follows: decrease in Accumulated surplus at December 31, 2013 by \$2 and at December 31, 2014 by \$22, decrease in Investment in government business enterprise at December 31, 2014 by \$22 and decrease in Net income from government business enterprise and Annual surplus for the year ending December 31, 2014 by \$19.

v) Contingent liability

Kenora Hydro Electric Corporation Ltd. did not meet certain targeted energy savings for the period 2011 to 2014 and as a result was not in compliance with Part VII of the Ontario Energy Board Act, 1998.

As at the date of these financial statements, no decision has been made by the Ontario Energy Board as to the impact of the breach of compliance. The result, if any, of any loss to the company will be recorded in the year determinable.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

6. DEFERRED REVENUE

	2015				
	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 742	\$ 889	\$ 9	\$ 35	\$ 1,605
Dedicated gas tax	402	143	5	40	510
Miscellaneous transit funding	245	-	-	-	245
Roads deposits	48	-	-	-	48
Other deferred revenue	678	98	1	139	638
	\$ 2,115	\$ 1,130	\$ 15	\$ 214	\$ 3,046

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of funding is established by a funding agreement between the City and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated public transit, water, wastewater, solid waste, community energy systems, roads and capacity building projects as specified in the funding agreements.

Dedicated gas tax

The Provincial Ministry of Transportation provided municipalities with \$.02 per litre of provincial gas tax to improve and expand transit. The funds can only be used to support municipal public transportation expenditures above a municipality's baseline spending.

7. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus, reserves and reserve funds and internally restricted entities as follows:

	2015	2014
		Restated (Note 5)
Current funds	\$ 298	\$ 525
Investment in tangible capital assets	150,049	149,084
Less: Capital assets to be financed by long term debt	(1,785)	-
Government business enterprise	9,565	9,489
	158,127	159,098
Reserves and Reserve Funds		
Working capital	4,111	3,911
Contingencies	9,504	9,817
Capital expenditure purposes	13,483	11,457
Replacement of equipment	1,496	1,296
Museum	422	411
Cemetery Columbarium	138	118
Current expenditures purposes	1,236	933
Total Reserves and Reserve Funds	30,390	27,943
Internally Restricted Entity		
Citizens' Prosperity Trust Fund	34,964	34,706
ACCUMULATED SURPLUS	\$ 223,481	\$ 221,747

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Sewer	Work in Progress and Other	2015
Cost, beginning of year	\$ 11,044	\$ 6,131	\$ 31,950	\$ 4,954	\$ 14,471	\$ 1,768	\$ 102,355	\$ 37,968	\$ 49,257	\$ 6,622	\$ 266,520
Additions		172	1,791	370	789	232	1,694	504	852	1,219	7,623
Disposals/transfers		-	-	-	(369)	-	(262)	-	(29)	(68)	(728)
Cost, end of year	\$ 11,044	\$ 6,303	\$ 33,741	\$ 5,324	\$ 14,891	\$ 2,000	\$ 103,787	\$ 38,472	\$ 50,080	\$ 7,773	\$ 273,415
Accumulated amortization, beginning of year	\$ -	\$ 1,173	\$ 5,365	\$ 3,300	\$ 7,514	\$ 322	\$ 62,256	\$ 13,290	\$ 20,252	\$ 3,962	\$ 117,434
Amortization	-	243	767	374	829	67	2,476	561	804	258	6,379
Disposals	-	-	-	-	(311)	-	(118)	-	(18)	-	(447)
Accumulated amortization, end of year	\$ -	\$ 1,416	\$ 6,132	\$ 3,674	\$ 8,032	\$ 389	\$ 64,614	\$ 13,851	\$ 21,038	\$ 4,220	\$ 123,366
Net carrying amounts, end of year	\$ 11,044	\$ 4,887	\$ 27,609	\$ 1,650	\$ 6,859	\$ 1,611	\$ 39,173	\$ 24,621	\$ 29,042	\$ 3,553	\$ 150,049

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS

	Land	Site Improve- ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Sewer	Work in Progress and Other	2014
Cost, beginning of year	\$ 11,043	\$ 5,758	\$ 31,319	\$ 4,649	\$ 13,954	\$ 1,577	\$ 96,181	\$ 37,125	\$ 47,685	\$ 6,025	\$ 255,316
Additions	44	373	630	318	695	191	6,213	919	1,724	1,213	12,320
Disposals/transfers	(44)	-	-	(13)	(178)	-	(39)	(76)	(152)	(616)	(1,118)
Cost, end of year	\$ 11,043	\$ 6,131	\$ 31,949	\$ 4,954	\$ 14,471	\$ 1,768	\$ 102,355	\$ 37,968	\$ 49,257	\$ 6,622	\$ 266,518
Accumulated amortization, beginning of year	\$ -	\$ 941	\$ 4,657	\$ 2,926	\$ 6,802	\$ 264	\$ 59,877	\$ 12,796	\$ 19,581	\$ 3,792	\$ 111,636
Amortization	-	233	708	387	825	58	2,395	550	790	231	6,177
Disposals	-	-	-	(13)	(113)	-	(17)	(58)	(117)	(61)	(379)
Accumulated amortization, end of year	\$ -	\$ 1,174	\$ 5,365	\$ 3,300	\$ 7,514	\$ 322	\$ 62,255	\$ 13,288	\$ 20,254	\$ 3,962	\$ 117,434
Net carrying amounts, end of year	\$ 11,043	\$ 4,957	\$ 26,584	\$ 1,654	\$ 6,957	\$ 1,446	\$ 40,100	\$ 24,680	\$ 29,003	\$ 2,660	\$ 149,084

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from services) is \$495 (2014 - \$252). The Municipality holds various works of art and historical treasures pertaining to the Lake of the Woods Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015
(in thousands of dollars)

9. OTHER INCOME

	2015	2014
Penalties and interest on taxation	\$ 286	\$ 281
Investment income	1,176	1,590
Donations	192	601
Miscellaneous	689	1,570
	\$ 2,343	\$ 4,042

10. PENSION AGREEMENTS

The municipality and its employees contribute to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 278,000 active members and approximately 183,000 retired and other members.

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2015, the estimated accrued pension obligation for all members (including survivors) of the Plan was \$81,924 million (2014 - \$76,924 million). The Plan had net assets available for benefits of \$77,245 million at the end of 2015 (2014 - \$72,096 million). The resulting funding deficit was \$5,259 million as at December 31, 2015 (2014 - \$5,307 million). The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the City of Kenora paid \$942 for employer contributions to the plan in 2015 (2014 - \$983).

11. PUBLIC SECTOR SALARY DISCLOSURE

For 2015, the following employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100 or more:

Name	Position	Salary Paid	Taxable Benefits
Karen Brown	Chief Administrative Officer	\$ 162	\$ 2
Sharen McDowall	Human Resources Manager	\$ 120	\$ 1
Richard Perchuk	Operations Manager	\$ 132	\$ 1
Warren Brinkman	Fire & Emergency Services Manager	\$ 125	\$ 1
Charlotte Edie	Treasurer	\$ 110	\$ 1
Colleen Neil	Recreation Manager	\$ 116	\$ 1
Marco Vogrig	Municipal Engineer	\$ 108	\$ 1
Fred Ralko	Captain, Firefighter	\$ 109	\$ 1
Larry Cottom	Captain, Firefighter	\$ 105	\$ 1
John Martin	Captain, Firefighter	\$ 101	\$ 1
Lauren D'Argis	Corporate Services Manager	\$ 125	\$ 1
Michael Mostow	Fleet Supervisor	\$ 102	\$ 1

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

12. BUDGET

The Financial Plan (Budget) By-Law adopted by Council on 17 February 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues is \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the Financial Plan adopted by Council on 17 February 2015 with adjustments as follows:

	2015
Financial plan (budget) by-law (deficit) for the year	\$ (115)
Add:	
Capital expenditures	11,709
Debt principal repayments	633
Less:	
Debenture financing of capital expenditures	(1,407)
Budgeted transfers from accumulated surplus	(3,424)
Amortization	(6,379)
Budget surplus per statement of operations	\$ 1,017

13. COLLECTION OF TAXES ON BEHALF OF OTHER TAXATION AUTHORITIES

During the year, taxation revenue of \$5,097 (2014 - \$5,012) was raised and remitted to the school boards.

14. TRUST FUNDS

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

	2015	2014
Lake of the Woods Cemetery		
Land Fund	\$ 4	\$ 3
Perpetual Care Fund	574	554
Langford Estate	55	55
	\$ 633	\$ 612

15. EMPLOYEE FUTURE BENEFITS

The City of Kenora pays certain health and dental benefits on behalf of its retired employees. Active employees are also eligible to receive non-vesting sick leave benefits. The City recognizes post-employment and non-vesting sick leave costs in the period in which the employees rendered the services. The expense for the twelve months ended 31 December 2015 was \$131 (2014 - \$182), and the resulting future employee benefit liability was \$2,450 at 31 December 2015 (2014 - \$2,319).

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

- 1. Interest (Discount) Rate**
The interest (discount) rate used for fiscal 31 December 2015 expense and accrued obligation is 3.5%.
- 2. Medical Costs**
Medical costs were assumed to increase 7% in 2015 grading down by .25% per annum to 5% thereafter.
- 3. Dental Costs**
Dental costs were assumed to increase 4% per year.
- 4. Non-Vesting Sick Leave Costs**
Salary rates were assumed to increase 1.7% per year to 2016 and 2.25% per year thereafter.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

16. EMPLOYEE FUTURE BENEFITS PAYABLE

	2015	2014
Employee future benefits (Note 15)	\$ 2,450	\$ 2,319
Vested sick leave	108	110
Lieu time accrual	125	117
	\$ 2,683	\$ 2,546

17. CONTINGENT LIABILITIES AND COMMITMENTS

At 31 December 2015, the Corporation of the City of Kenora has guaranteed bank indebtedness of the following: Kenora Golf and Country Club in the amount of \$347 (the maximum amount of the guarantee is \$650) and the Kenora Health Care Centre in the amount of \$6,445.

The Corporation of the City of Kenora's pro-rata share of the cumulative operating deficit of the District of Kenora Home for the Aged is \$1,961 for 2015 (2014 - \$2,250). 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 has several claims and possible claims pending against it. The outcome of these claims is not yet determined and no amounts have been recorded in the accounts relating to these claims and possible claims. There is an assessment review board appeal by a shopping mall owner that goes back to 2013. The outcome of this review process has not yet been determined and the effect, if any, will be recorded in the year the amounts are determined.

18. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Ontario Environmental Protection Act sets 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 City maintains one active landfill site which has an estimated remaining useful life of approximately 40 years. Based on an environmental assessment performed by consultants \$37 has been accrued relating to the closure and post-closure care for this landfill site at December 31, 2015.

19. SUBSEQUENT EVENTS

On August 22, 2016 the City settled negotiations with the firefighters' union related to their collective agreement commencing January 1, 2014. The cumulative affect of the settlement to December 31, 2015 of \$78 will be recorded as an expense in 2016.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015
(in thousands of dollars)

20. SEGMENTED INFORMATION

The City of Kenora is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, public transit, solid waste, sewer and water and recreation. For management reporting purposes the City's operations and activities are organized and reported by Segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these functions. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General government encompasses all the City's administration including Council, the Administrator's office, finance and administration and human resources.

Protection to Persons and Property

This segment encompasses police services, fire services and by-law enforcement. The fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law department is responsible for animal control and for enforcing by-laws passed by council. The building inspectors ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws.

Transportation Services

Transportation services are the responsibility of the public works department. This department delivers municipal public works services related to the planning, development and maintenance of roadway systems, transit, docks, wharfs and street lighting.

Environmental Services

The environmental services segment consists of three areas - water, wastewater and solid waste. The department provides drinking water and treats wastewater to a portion of the City. It also provides collection, disposal and waste minimization programs and facilities for solid waste.

Health Services

Health services includes contributions to the Northwestern Health Unit, the Kenora District Services Board for ambulance services and to the Lake of the Woods Cemetery.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015
(in thousands of dollars)

20. SEGMENTED INFORMATION (continued)

Social and Family Services

The social and family services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

Recreation and Cultural Services

Recreation and cultural services is responsible for the maintenance of parks and open space. Also included in this segment are the Kenora Recreation Centre (ice surface, swimming pools and workout facilities) and the Keewatin Memorial Arena (ice surface). The operations of the Kenora Library and the Lake of the Woods Museum are also in this segment.

Planning and Development

The planning and development segment includes planning, economic development and tourism. It provides services for the approval of all land development plans and the application and enforcement of zoning by-laws.

In addition, as noted in significant accounting policies, these financial statements consolidate the revenue and expenses of various entities. These entities have been separately disclosed in the segmented information which follows.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE BY FUNCTION
For the year ended 31 December 2015
(in thousands of dollars)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2015 Total
Revenues										
Taxation	\$ 2,833	\$ 7,056	\$ 5,030	\$ 332	\$ 1,439	\$ 2,682	\$ 3,179	\$ 883	\$ -	\$ 23,434
Fees and user charges	206	652	899	9,543	155	-	1,325	263	-	13,043
Government grants	593	1,810	1,275	780	456	539	1,672	653	(1,125)	6,653
Net government business enterprise earnings	76	-	-	-	-	-	-	-	-	76
Other	814	318	227	349	69	121	242	203	-	2,343
	4,522	9,836	7,431	11,004	2,119	3,342	6,418	2,002	(1,125)	45,549
Expenses										
Salaries and benefits	2,069	2,245	2,748	3,164	208	-	3,017	826	-	14,277
Materials and supplies	1,081	7,205	2,190	4,681	85	-	1,995	647	-	17,884
External transfer	-	-	78	-	1,854	3,435	1,033	-	(1,125)	5,275
Amortization	149	382	3,366	1,736	15	-	561	170	-	6,379
	3,299	9,832	8,382	9,581	2,162	3,435	6,606	1,643	(1,125)	43,815
Net surplus (deficit)	\$ 1,223	\$ 4	\$ (951)	\$ 1,423	\$ (43)	\$ (93)	\$ (188)	\$ 359	\$ -	\$ 1,734

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2014 Total
Revenues										
Taxation	\$ 2,556	\$ 7,124	\$ 4,889	\$ 377	\$ 1,545	\$ 2,564	\$ 3,039	\$ 936	\$ -	\$ 23,030
Fees and user charges	225	548	858	8,595	139	-	1,404	260	-	12,029
Government grants	615	1,952	5,612	1,339	509	568	1,656	465	(1,019)	11,697
Net government business enterprise earnings	368	-	-	-	-	-	-	-	-	368
Other	1,132	654	1,007	383	143	235	352	136	-	4,042
	4,896	10,278	12,366	10,694	2,336	3,367	6,451	1,797	(1,019)	51,166
Expenses										
Salaries and benefits	2,356	2,208	2,748	3,204	181	-	3,042	767	-	14,506
Materials and supplies	593	7,468	2,076	4,828	60	-	1,863	660	-	17,548
External transfer	-	-	78	-	2,008	3,348	1,003	-	(1,019)	5,418
Amortization	156	391	3,233	1,702	17	-	518	160	-	6,177
	3,105	10,067	8,135	9,734	2,266	3,348	6,426	1,587	(1,019)	43,649
Net surplus (deficit)	\$ 1,791	\$ 211	\$ 4,231	\$ 960	\$ 70	\$ 19	\$ 25	\$ 210	\$ -	\$ 7,517

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE BY ENTITY

For the year ended 31 December 2015

(in thousands of dollars)

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2015 Total
Revenues						
Taxation	\$ 23,434	\$ -	\$ -	\$ -	\$ -	23,434
Fees and user charges	12,304	91	39	455	154	13,043
Government grants	6,518	29	82	-	24	6,653
Net government business enterprise earnings	76	-	-	-	-	76
Other	2,268	22	30	-	23	2,343
	44,600	142	151	455	201	45,549
Expenses						
Salaries and benefits	13,359	281	501	136	-	14,277
Materials and supplies	17,191	147	170	99	277	17,884
External transfer	6,233	(267)	(615)	-	(76)	5,275
Amortization	6,312	-	67	-	-	6,379
	43,095	161	123	235	201	43,815
Net surplus (deficit)	\$ 1,505	\$ (19)	\$ 28	\$ 220	\$ -	\$ 1,734

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	LOW Development Corporation	2014 Total
Revenues						
Taxation	\$ 23,030	-	-	-	-	23,030
Fees and user charges	11,359	\$ 105	\$ 38	\$ 392	\$ 135	12,029
Government grants	11,542	29	45	-	81	11,697
Net government business enterprise earnings	368	-	-	-	-	368
Other	3,970	32	23	-	17	4,042
	50,269	166	106	392	233	51,166
Expenses						
Salaries and benefits	13,618	266	478	121	23	14,506
Materials and supplies	16,824	170	147	109	298	17,548
External transfer	6,326	(247)	(605)	-	(56)	5,418
Amortization	6,109	-	68	-	-	6,177
	42,877	189	88	230	265	43,649
Net surplus (deficit)	\$ 7,392	\$ (23)	\$ 18	\$ 162	\$ (32)	\$ 7,517

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.