



**KIRKLAND LAKE**

**T H E   R I G H T   E N V I R O N M E N T**

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**MUNICIPAL CORPORATION OF THE  
TOWN OF KIRKLAND LAKE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2017 & 2016**

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# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## INDEX TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 & 2016

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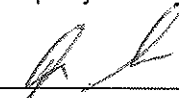
### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake (the "Municipality") for the year ended December 31, 2017 are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality'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 consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

  
\_\_\_\_\_  
**Mayor**  
\_\_\_\_\_  
**Chair of Finance Committee**

### **CORPORATE SERVICES TREASURY DIVISION**

#### **THE CORPORATION OF THE TOWN OF KIRKLAND LAKE**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Municipal Corporation of the Town of Kirkland Lake

We have audited the accompanying consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net debt and cash flow 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.

### *Auditor's 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 auditor's 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 Municipality as at December 31, 2017 and the results of its operations, change in net debt and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Independent Auditor's Report to the Members of Council, Inhabitants and Ratepayers of the Municipal Corporation of the Town of Kirkland Lake (continued)

Other Matter

The financial statements of the Municipal Corporation of the Town of Kirkland Lake for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2017.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Kirkland Lake, Canada  
July 24, 2018

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**


**MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 3,113,872	\$ 1,274,253
Taxes receivable	1,609,197	1,586,098
User charges receivable	188,853	77,115
Accounts receivable	2,779,914	2,399,447
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 7,691,836</b>	<b>\$ 5,336,913</b>
<b>FINANCIAL LIABILITIES</b>		
Temporary loans	\$ 10,172,744	\$ -
Accounts payable and accrued liabilities	5,541,265	3,255,164
Deferred revenue (Schedule 3)	765,942	499,840
Accrued interest on long-term debt	164,500	140,590
Landfill closure and post-closure liability (Note 14)	346,744	240,968
Post-employment benefits and compensated absences (Note 7)	4,158,183	3,395,542
Long-term debt (Note 8) (Schedule 4)	6,582,498	7,495,110
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>27,731,876</b>	<b>15,027,214</b>
<b>NET DEBT</b>	<b>(20,040,040)</b>	<b>(9,690,301)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 5)	120,221,049	110,649,192
Inventories	155,670	155,240
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>120,376,719</b>	<b>110,804,432</b>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<b>\$100,336,679</b>	<b>\$101,114,131</b>

COMMITMENTS (Note 11)

CONTINGENCIES (Notes 4 and Note 9)

Approved by:

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Chair of Finance Committee

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31

	-----2017-----		
	Actual	Budget (see Note 15)	2016 Actual
<b>REVENUES</b>			
Municipal taxation	\$ 9,456,864	\$ 9,437,842	\$ 11,178,203
Taxation from other governments	206,072	247,621	279,339
User charges (Schedule 2)	6,472,191	6,393,011	5,237,287
Government of Canada	1,041,195	1,637,854	883,465
Province of Ontario			
Non-specific	6,226,600	6,226,600	6,239,000
Specific	5,111,481	6,316,037	6,950,014
Other municipalities	134,842	199,336	202,331
Other (Schedule 2)	1,159,775	988,195	1,487,655
<b>TOTAL REVENUES</b>	<b>29,809,020</b>	<b>31,446,496</b>	<b>32,457,294</b>
<b>EXPENSES</b>			
<b>CURRENT OPERATIONS</b>			
General government	1,893,242	2,264,741	2,771,721
Protection to persons and property	4,667,170	4,260,084	5,070,558
Transportation services	4,024,066	3,318,796	4,134,154
Environmental services	6,504,930	4,341,777	6,295,422
Health services	1,076,886	1,155,832	1,159,218
Social and family services	7,631,384	6,409,176	7,455,578
Social housing	486,717	486,717	482,195
Recreation and cultural services	3,303,624	2,583,820	3,262,557
Planning and development	998,453	736,883	591,346
<b>TOTAL EXPENSES</b>	<b>30,586,472</b>	<b>25,557,826</b>	<b>31,222,749</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(777,452)</b>	<b>5,888,670</b>	<b>1,234,545</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>101,114,131</b>	<b>101,114,131</b>	<b>99,879,586</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$100,336,679</b>	<b>\$107,002,801</b>	<b>\$101,114,131</b>

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2017-----		
	Actual	Budget (see Note 15)	2016 Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (777,452)</b>	<b>\$ 5,888,670</b>	<b>\$ 1,234,545</b>
Acquisition of tangible capital assets	(14,203,831)	(17,195,348)	(7,213,208)
Amortization of tangible capital assets	4,631,974	-	4,251,579
Loss (gain) on disposal of tangible capital assets	-	-	4,195
Proceeds on sale of tangible capital assets	-	-	1,407
Decrease (increase) in inventories	(430)	-	(33,095)
<b>CHANGE IN NET DEBT</b>	<b>(10,349,739)</b>	<b>(11,306,678)</b>	<b>(1,754,577)</b>
NET DEBT, beginning of year	(9,690,301)	(9,690,301)	(7,935,724)
<b>NET DEBT, end of year</b>	<b>\$(20,040,040)</b>	<b>\$ (20,996,979)</b>	<b>\$ (9,690,301)</b>



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2017	2016
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS (DEFICIT)	\$ (777,452)	\$ 1,234,545
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,631,974	4,251,579
Loss (gain) on disposal of tangible capital assets	-	4,195
USES:		
Increase in taxes receivable	(23,099)	263,204
Increase in accounts receivable	(492,205)	-
Increase in inventories	(430)	(33,095)
Decrease in deferred revenue	-	(357,852)
Decrease in post-employment benefits and compensated absences	-	(6,838)
	<b>3,338,788</b>	<b>5,355,738</b>
<b>SOURCES:</b>		
Decrease in accounts receivable	-	358,234
Increase in accounts payable and accrued liabilities	2,286,100	1,350,196
Increase in deferred revenue	266,102	-
Increase in post-employment benefits and compensated absences	762,641	-
Increase in other liabilities	129,686	38,685
	<b>3,444,529</b>	<b>1,747,115</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,783,317</b>	<b>7,102,853</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in temporary investments	-	77,881
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>77,881</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(14,203,830)	(7,213,208)
Proceeds on sale of tangible capital assets	-	1,407
<b>CASH APPLIED TO CAPITAL ACTIVITIES</b>	<b>(14,203,830)</b>	<b>(7,211,801)</b>
<b>FINANCING ACTIVITIES</b>		
Temporary loans	10,172,744	-
New debt issued	-	250,000
Debt principal repayments	(912,612)	(833,031)
<b>CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES</b>	<b>9,260,132</b>	<b>(583,031)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,839,619</b>	<b>(614,098)</b>
CASH AND CASH EQUIVALENTS, beginning of year	1,274,253	1,888,351
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 3,113,872</b>	<b>\$ 1,274,253</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 1. NATURE OF OPERATIONS

The Municipal Corporation of the Town of Kirkland Lake ("the Municipality") is a single tier municipality with merged areas situated in Northeastern Ontario. It is subject to provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representations of management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). The more significant of the accounting policies are summarized below.

#### (a) REPORTING ENTITY

##### (i) Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity and include the activities of all committees of Council, boards, etc. which are under the control of Council as listed below:

Kirkland Lake Festivals Committee  
Public Library Board  
Museum of Northern History Advisory Committee  
Teck Pioneer Residence Committee of Management

All interfund assets and liabilities, revenues and expenses have been eliminated in these consolidated financial statements.

##### (ii) Non-consolidated Entities

The following joint local boards are not consolidated:

District of Timiskaming Social Services Administration Board  
Timiskaming Health Unit

Separate audited financial statements have been prepared for the above boards.

##### (iii) Investment in Joint Venture

The Municipality accounts for its interest in a joint venture using the proportionate consolidation method. These consolidated financial statements include the Municipality's proportionate share of any assets, liabilities, revenues or expenses of the joint venture.

##### (iv) School Boards

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

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (v) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the Trust Funds Statement of Continuity and the Trust Funds Balance Sheet.

#### (b) BASIS OF ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they are earned and measurable and expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (i) Tax Revenues

The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating and capital budgets. Municipal tax rates are set annually by Council for each property tax class, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet budget requirements. Education tax rates are established each year by the Province of Ontario in order to fund the costs of education on a Province-wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation ("MPAC"), a not-for-profit corporation funded by all municipalities in Ontario. The current value assessment ("CVA") of a property represents the estimated market value of a property as of a fixed date. Assessed values for all properties within the Municipality are provided to the Municipality by way of returned assessment rolls in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property and the rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. Additional property tax revenue can be added throughout the year, related to new properties that become occupied or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rates for the property class. Taxation revenues in any year may also be reduced as a result of reductions in assessment values resulting from assessment and/or tax appeals. Each year, an amount is identified within the annual operating budget to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (eg. uncollectible amounts, write-offs). Properties vesting to the Town are expensed in the year they vest and are not included in inventory.

In Ontario, annual property tax increases for the properties within the commercial, industrial, and multi-residential tax classes have been subject to limitations since 1998. Legislation and regulations have been in place to restrict the maximum allowable year-over-year increase in order to mitigate dramatic tax increases due to changes in assessed values.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (ii) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturity of 90 days or less as at the end of the year.

#### (iii) Accounts Receivable and User Charges Receivable

Accounts receivable and user charges receivable are reported net of any allowance for doubtful accounts.

#### (iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### (v) Investments

Investments are recorded at cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act.

#### (vi) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives beyond the current year and are not intended for sale in the ordinary course of operations.

#### (vii) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of an asset. Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue in the year of contribution. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize interest charges as part of the cost of its tangible capital assets.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

#### General capital:

Land	no amortization
Land improvements	20 years
Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years

#### Infrastructure:

Roads, streets & bridges	10 - 50 years
Water and sewer	50 years

Assets under construction are not amortized until the asset is put into service.

Leases are classified as operating or capital leases. Leases which transfer substantially all of the

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the Municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

#### (viii) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year during which the related expenses are incurred or provided eligibility criteria and stipulations have been met.

#### (ix) Reserves and Reserve Funds

Reserves and reserve funds comprise funds set aside for specific purposes by Council. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

#### (x) Government Transfers

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction. Government transfers are recognized in the fiscal year during which events giving rise to the transfer occur, provided the transfers are authorized, eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made.

#### (xi) Fees and User Charges

Fees and user charges relate mainly to water charges, long-term care accommodation fees, fees for use of various programming and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

#### (xii) Use of Estimates and Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions on such areas as post-employment benefits and compensated absences, tax revenue collections, landfill post-closure costs, etc. These estimates and assumptions are based on the Municipality's best information and judgment and may differ significantly based on actual results.

### (c) POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

The Municipality provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, and long-term disability benefits. The Municipality has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For self insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self insured benefit obligations that arise from specific events that occur from time to time, such as obligations for long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The Municipality's contributions to multi-employer, defined benefit pension plans such as the Ontario Municipal Employees Retirement System pension, are expensed when contributions are due.

(iii) The costs of insured benefits are the Municipality's portion of insurance premiums owed for coverage of employees during the period.

### 3. OPERATIONS OF SCHOOL BOARDS

During 2017, the Municipality collected and remitted property taxes on the school boards' behalf as follows:

	2017	2016
Amounts billed and remitted on behalf of school boards	\$ 1,342,382	\$ 1,401,522

### 4. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT LOCAL BOARDS

Further to Note 2(a)(ii), contributions were made by the Municipality to the non-consolidated joint local boards as follows:

	2017	2016
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 1,578,074	\$ 1,579,542
Timiskaming Health Unit ("THU")	236,304	335,430

The Municipality is contingently liable for its share, which is approximately 20% (2016 - 20%) for the DTSSAB and an estimated 26% (2016 - 25%) for the THU, of any accumulated deficits at the end of the year for these boards. The Municipality's share of the accumulated deficits of these boards has not been determined at this time.

No long-term liabilities have been issued by other municipalities for these boards. The Municipality is also contingently liable for its share of the long-term liabilities issued by other municipalities for these boards.

### 5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$1,549,801 (2016 - \$1,573,958) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. The trust funds are reported separately on the Town of Kirkland Lake's Trust Funds Statement of Continuity and Trust Funds Balance Sheet.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

### 6. TEMPORARY BORROWING

The Municipality has available to it a \$4,000,000 revolving demand operating facility to finance working capital requirements which bears interest at the Prime Rate minus 0.85% per annum. The Municipality was not utilizing this credit facility on December 31, 2017 (2016 - \$nil).

The Municipality also has available to it a \$13,000,000 demand operating facility to finance the construction of the new aquatic centre which bears interest at the Prime Rate minus 0.88% per annum. The Municipality was utilizing \$10,172,744 of this credit facility on December 31, 2017 (2016 - \$nil).

### 7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

#### (a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITIES

	2017	2016
Accrued employee future benefits liability	\$ 3,869,797	\$ 3,086,699
Vacation credits	260,520	258,786
Sick leave benefits	27,866	50,057
Post-employment benefits and compensated absences liability	\$ 4,158,183	\$ 3,395,542

#### (b) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS EXPENSES

	2017	2016
Current service cost	\$ 200,900	\$ 216,500
Interest on accrued employee future benefits obligation	102,500	104,200
Plan amendments during the year	759,500	-
Curtailments / Plan Amendments incurred in year	(82,000)	(87,600)
Employee future benefits expenses <sup>1</sup>	\$ 980,900	\$ 233,100

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan, described below.



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

(c) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2017	2016
BALANCE, beginning of year	\$3,086,699	\$3,030,499
Benefit expense for year	980,900	233,100
Actual benefit payments	(197,812)	(176,900)
BALANCE, end of year	\$3,869,787	\$3,086,699

(d) RETIREMENT BENEFITS

(i) Ontario Municipal Employees Retirement System

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million with respect to benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the Plan surplus or deficit. The Municipality's contributions equal the employee contributions to the plan. During the year ended December 31, 2017, the Municipality contributed \$792,701 (2016 - \$856,149) to the plan. As this is a multi-employer pension plan, these contributions are the Municipality's pension benefit expenses. No pension liability for this type of plan is included in the Municipality's consolidated financial statements.

(ii) Retirement Life Insurance and Health Care Benefits

The Municipality continues to provide health care benefits to certain employee groups after retirement until the members reach 65 years of age and life insurance until death at a reduced amount. The Municipality provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Municipality's consolidated financial statements.



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

### 7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (CONT'D)

#### (e) ASSUMPTIONS

Due to the complexities in valuing post-employment benefits and compensated absences, actuarial valuations are conducted on a periodic basis. The accrued benefit obligations for employee future benefits plans as at December 31, 2017 are based on a valuation as of January 1, 2016 and an extrapolated valuation as at December 31, 2017. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	December 31, 2017
Discount rate	3.30% per annum (3.30% in 2016)
Dental cost trend rates	4.0% per annum
Extended health care trend rates	7.0% per annum for 2017 decreasing to 4.0% over 20 years

There are no assets associated with the Municipality's plan. The next required actuarial valuation will be prepared with an effective date of January 1, 2019, or on the date that any changes to the benefit provisions are announced, if earlier.

#### (f) LIABILITY FOR VESTED SICK LEAVE BENEFITS

All full-time, non-union employees and certain union employees have frozen their accumulated sick leave credits. These employees are now entitled to a cash payment on termination of service, subject to conditions concerning the length of service and the maximum amount frozen. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$27,866 (2016 - \$50,057) at the end of the year.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

### 8. LONG-TERM DEBT

(a) The balance of the long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2017	2016
Total long-term liabilities incurred by the Municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year	\$ 6,582,498	\$ 7,495,110

(b) Of the long-term debt reported in (a) above, \$6,582,498 in principal payments and \$1,456,687 in interest payments are payable from 2017 to 2022 from general municipal revenues. Further details of long-term debt are shown on Schedule 4.

(c) The long-term debt in (a) is issued in the name of the Municipality. The annual principal and interest payments required to service this debt is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Interest expense on long-term debt amounted to \$315,485 (2016 - \$333,784).

(e) Included in the long-term debt is the amount of \$79,689 as at December 31, 2017 (2016 - \$84,067) which is owed to the Municipality's Cemetery Perpetual Care Trust Fund. This loan, approved by the Cemeteries Regulation Unit of the Ministry of Consumer Services, was used to build a columbarium at the Kirkland Lake Cemetery. As each niche is sold in the columbarium, \$291.90 of the fee charged is applied as a repayment of this interest free loan.

### 9. CONTINGENT LIABILITIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Town believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation in. Therefore, no provision has been made in the accompanying financial statements.

### 10. ANNEXATION

In 1982, the Municipality's annexation of two townships, Bernhardt and Morrisette, was approved by the Ontario Municipal Board, effective January 1, 1982. The method and amount of the tax levy with respect to these Townships received final approval in 1984 from the Ontario Municipal Board. Under the terms of this approval, the Townships are subject to a levy amounting to 100% of the education portion and 35% of the municipal portion of the tax rate as established by Council.

### 11. COMMITMENTS

(a) ONTARIO CLEAN WATER AGENCY ("OCWA")

In accordance with a service agreement entered into by the Municipality in 1971 with the Ontario Clean Water Agency, the existing Kirkland Lake Pollution Control Plant is operated by the Agency. The Municipality is obligated to meet all operating costs and repay the long-term liabilities related to this project. Included in the Consolidated Statement of Operations are the 2017 charges from OCWA in the amount of \$949,744 (2016 - \$929,251).

The Municipality has entered into an agreement to have OCWA provide management, operation and maintenance services for the Kirkland Lake Water, Wastewater and Distribution and Collection Systems (Kirkland Lake Water Treatment Plant, Chaput Hughes Standpipe, Swastika Booster Station, Chaput

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 11. COMMITMENTS (CONT'D)

Hughes Booster Station, five lift stations, Swastika Sewage Treatment Plant, Kirkland Lake Sewage Treatment Plant and Kirkland Lake Distribution System). This agreement commenced on January 1, 2015 and will be in effect for five years, ending on December 31, 2019. It may then be renewed for successive two-year terms.

#### (b) O.P.P. POLICING CONTRACT

Effective January 1, 2013, the Municipality renewed its long-term contract with the Province of Ontario which will see the Province provide police services to the Municipality for a five-year period. For the year ended December 31, 2017, the Municipality paid \$2,352,444 (2016 - \$2,558,631) to the Province for policing costs.

#### (c) TECK PIONEER RESIDENCE AND KIRKLAND AND DISTRICT HOSPITAL

The Municipality is committed to reimbursing Kirkland and District Hospital for shared services related to dietary and laundry services and certain utilities at the Teck Pioneer Residence facility.

#### (d) BENEFIT PREMIUM

The Municipality is a member of a healthcare insurance reciprocal in order to obtain reduced benefit premiums. Consequently, the Municipality is contingently liable for the obligations of the reciprocal. It is not possible at this time to determine the liability, if any, that may occur. Any liability resulting will be recorded when it becomes reasonably determinable.

#### (e) HERITAGE NORTH ("HN")

On January 1, 2008, the Municipality assumed the responsibility for operating the HN facility. In doing so, they released the previous not-for-profit organization from its responsibilities under the lease. The Municipality also assumed the rights of ownership relating to the name and the exhibit.

#### (f) NORTHERN ONTARIO HERITAGE FUND CORPORATION ("NOHFC")

The Municipality has entered into an agreement with NOHFC for the construction of an incubator facility located in the industrial mall.

The Municipality has received \$1,200,000 in grant money. It also has a \$600,000 liability to NOHFC and a receivable from a private enterprise for the same amount. The Municipality entered into a five-year lease agreement with the private enterprise. Payments commenced in March 2009 with a deferral of payments during the period June 2011 to January 2013. The agreement was amended in January of 2017 to continue deferring payments until June 30, 2017. No terms of payment have been agreed upon subsequent to the last amendment.

#### (g) KIRKLAND DISTRICT FAMILY HEALTH TEAM ("KDFHT")

The Municipality has agreed to absorb one half of the annual operating deficit of the Kirkland District Family Health Team.

#### (h) WASTE COLLECTION, LANDFILL OPERATIONS AND RECYCLING CONTRACTS

The Municipality has entered into ten year contracts in 2016 for the waste collection and landfill operations. Recycling services have been extended until June 30, 2018 with an option to cancel each June 30th.

In 2017, costs were \$308,755 (2016 - \$277,924) for waste collection, \$275,876 (2016 - \$251,988) for landfill operations and \$170,426 (2016 - \$167,837) for recycling.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 12. RELATED ENTITIES

#### (a) KIRKLAND DISTRICT FAMILY HEALTH TEAM ("KDFHT")

The Municipality has an economic interest in the KDFHT. It has agreed by contractual agreement to fund one half of the KDFHT's annual operating deficit. The current year's operating deficit is yet to be determined.

#### (b) KIRKLAND DISTRICT HEALTH CENTRE ("KDHC")

The Municipality has entered into a joint venture with the Kirkland and District Hospital. The Municipality owns 50% of the Kirkland District Health Centre. As such, the Municipality proportionately consolidates 50% of the assets, liabilities, revenues and expenses of this joint venture.

#### (c) TOWN OF KIRKLAND LAKE SOLAR INC.

The Municipality has an economic interest in The Town of Kirkland Lake Solar Inc. The Municipality owns 501 voting Class B Shares which represents 50.1% of the outstanding capital stock of the corporation. The Corporation has not begun operations as of yet and as such there has not been anything recorded in the accounts by the year end.

### 13. FINANCIAL INSTRUMENTS

#### (a) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, taxes receivable, user charges receivable, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments. The carrying amount of the long-term debt approximates fair value as the Municipality's current rate of borrowing for similar debt instruments of comparable maturity is not materially different.

#### (b) CREDIT RISK

The Municipality does not have significant exposure to any individual or party due to the fact that municipalities can obtain liens on properties for any unpaid realty taxes. An allowance for doubtful accounts is established based upon factors surrounding the risk related to specific ratepayers, historical trends and other information. The Municipality has an allowance for doubtful taxes receivable account in the amount of \$800,000 (2016 - \$1,197,432), for accounts receivable in the amount of \$69,853 (2016 - \$41,757) and for user charges receivable in the amount of \$814 (2016 - \$1,846).

#### (c) INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its long-term debt (Note 8).

### 14. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ontario Environmental Protection Act sets out the regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the Municipality is required to provide for closure and post-closure care of its solid waste landfill site. The costs related to these obligations are provided for over the estimated remaining life of the landfill site based on usage.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### YEARS ENDED DECEMBER 31, 2017 & 2016

Closure will involve capping of the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care will involve routine inspections, cap maintenance, groundwater and weir sampling and analysis.

The reported liability is based on estimates and assumptions with respect to events extending over a sixty-six year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

In 2016, the estimates for projected closure, cumulative capacity used, total capacity, post-closure costs per year and the discount rate were reviewed and updated, as applicable, to reflect more up-to-date information. As mentioned above, the resulting changes have been recognized prospectively.

As at December 31, 2017, the remaining capacity of the landfill site is approximately 729,000 cubic metres (2016 - 749,000 cubic metres) which is expected to be used by the year 2050. The period for post-closure care is estimated to be 30 years after 2050.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post-closure costs discounted using the Municipality's average long-term borrowing rate of 3.30% (2016 - 4.00%). As at December 31, 2017, an amount of \$346,744 (2016 - \$240,968) is reported as a liability on the Consolidated Statement of Financial Position.

### 15. BUDGET AMOUNTS

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
Modified accrual basis	\$ 5,888,670
Adjustments:	
Net transfers from (to) reserves	14,445
Capital asset expenditures	(17,418,493)
Net transfers to other funds	(75,346)
Change in long-term debt	11,590,724
Total adjustments	(5,888,670)
<b>ANNUAL SURPLUS</b>	<b>\$ -</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

### 16. EXPENSES BY OBJECT

The Consolidated Statement of Operations represents the expenses by function. The following classifies those same expenses by object:

	2017	2016
Salaries, wages and employee benefits	\$ 13,819,977	\$ 13,611,636
Materials and supplies	4,715,528	5,175,934
Rent and financial expenses	383,953	513,578
Contracted services	5,714,568	5,412,639
External transfers	966,966	1,919,386
Interest charges	353,506	333,802
Amortization	4,631,974	4,251,579
Loss (gain) on disposal	-	4,195
<b>TOTAL EXPENSES</b>	<b>\$ 30,586,472</b>	<b>\$ 31,222,749</b>

### 17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

### 18. SEGMENTED INFORMATION

The Municipality is a municipal government institution that provides a range of services to its ratepayers.

The Municipality reports on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return.

#### General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

#### Protection Services

Protection Services includes fire, police services and other protection services.

#### Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads, bridges and sidewalks, winter control, street lighting and air transportation.

#### Environmental Services

This function is responsible for providing water and sewer services to certain areas within the Municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2017 & 2016

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### 18. SEGMENTED INFORMATION (CONT'D)

#### **Social and Family Services**

This function provides assistance to aged persons and child care services and includes external transfers for general social assistance and child care.

#### **Social Housing**

The social housing function consists of external transfers for social housing.

#### **Recreation and Cultural Services**

Recreation and cultural services include indoor and outdoor recreational facilities and programs, parks, library services, museum services and Heritage North Conference and Exhibition Centre.

#### **Planning and Development**

This function manages planning and zoning, commercial, industrial and residential development and contributions to the Kirkland District Health Centre.

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 and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on a percentage of budgeted expenditures. Certain government transfers and other revenues have also been apportioned based on a percentage of budgeted expenditures.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. This disclosure by segment is reported on Schedule 6.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2017	2016
<b>RESERVES</b>		
Centennial Committee	\$ 29,177	\$ 20,000
Aquatic Fitness Centre	-	227,657
Infrastructure - capital	265,469	93,467
Other	92,475	107,318
Kirkland District Health Centre	110,129	110,129
Working capital	554,543	513,180
<b>TOTAL RESERVES</b>	<b>1,051,793</b>	<b>1,071,751</b>
<b>RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL</b>		
Aquatic fitness centre	50	93,635
Archer Drive	141,624	139,972
Employees' accumulated sick leave	89,001	110,431
Residential development	6,179	6,107
Sewage treatment plant	27,612	27,290
Waterworks capital projects	214,026	277,962
<b>TOTAL RESERVE FUNDS</b>	<b>478,492</b>	<b>655,397</b>
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>1,530,285</b>	<b>1,727,148</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	120,221,049	110,649,192
General Revenue Fund	10,014	10,000
<b>UNFUNDED</b>		
Post-employment benefits and compensated absences	(4,158,183)	(3,395,541)
Landfill closure and post-closure liability	(346,744)	(240,968)
Accrued interest on long-term debt	(164,500)	(140,590)
Long-term debt	(6,582,498)	(7,495,110)
Temporary Loans	(10,172,744)	-
<b>TOTAL SURPLUSES</b>	<b>98,806,394</b>	<b>99,386,983</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$100,336,679</b>	<b>\$101,114,131</b>



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

-----2017-----

	Actual	Budget	2016 Actual
<b>USER CHARGES</b>			
Airport	\$ 152,740	\$ 113,000	\$ 112,619
Cemetery	124,395	115,300	119,194
Day care	(45)	-	226,183
Garbage disposal	251,041	236,900	252,792
General government	31,352	21,600	25,465
Heritage North	921	2,750	312
Library	6,359	5,400	6,248
Licenses and permits	134,528	115,775	114,840
Museum	12,401	15,100	12,058
Other	58,939	51,007	42,276
Recreation	268,418	269,191	261,866
Recycling	98,575	111,720	112,740
Roadways	29,181	22,500	62,603
Sanitary sewers	1,397,599	1,490,416	12,088
Teck Pioneer Residence	1,881,141	1,826,723	1,836,302
Water rates	1,978,353	1,958,749	1,931,316
Waterworks	46,293	36,880	108,385
	<b>\$ 6,472,191</b>	<b>\$ 6,393,011</b>	<b>\$ 5,237,287</b>
<b>OTHER</b>			
Capital recoveries	\$ 858	\$ -	\$ -
Donations	58,952	60,400	312,300
Fines	18,081	23,600	24,365
Investment income	46,041	21,154	37,688
Penalties and interest	362,124	284,195	371,909
Rents and concessions	505,441	597,346	454,505
Sale of land	167,294	-	284,418
Sale of publications	741	1,000	922
Sales - other	243	500	1,548
	<b>\$ 1,159,775</b>	<b>\$ 988,195</b>	<b>\$ 1,487,655</b>

**SCHEDULE 3**

**MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE**

**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**

**YEAR ENDED DECEMBER 31, 2017**

	Gas Tax	Teck Pioneer Residence Donations Account	Civic Ball Field	Sewage Treatment Plant	DTSSAB	Other Deferred Revenue	-----Totals-----	
							2017	2016
BALANCE, Dec. 31, 2016	\$ 144,821	\$ 106,000	\$ -	\$ 115,639	\$ 37,983	\$ 95,397	\$ 499,840	\$ 857,692
INCREASE IN DEFERRED REVENUE								
Interest	2,147	-	-	-	-	-	2,147	3,485
Government transfers	809,287	-	-	-	-	-	809,287	516,498
Donations	-	-	-	-	-	27,952	27,952	63,425
Other	-	-	-	-	-	-	-	-
	811,434	-	-	-	-	27,952	839,386	583,408
DEFERRED REVENUE EARNED								
To operations	-	10,296	-	-	37,983	14,576	62,855	118,965
To capital acquisitions	394,790	-	-	115,639	-	-	510,429	822,295
	394,790	10,296	-	115,639	37,983	14,576	573,284	941,260
BALANCE, Dec. 31, 2017	\$ 561,465	\$ 95,704	\$ -	\$ -	\$ -	\$ 108,773	\$ 765,942	\$ 499,840

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2017

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	2017	2016
GENERAL MUNICIPAL ACTIVITIES							
<b>Transportation Services:</b>							
LED Street Lights	15-067	06/29/15	7 years	774,706	2.19	\$ 511,616	\$ 618,611
Equipment	13-111	12/10/13	10 years	480,020	3.37%	307,165	352,594
Vehicles	13-112	12/10/13	5 years	152,881	2.44%	32,087	63,401
<b>Environmental Services:</b>							
Waste Carts	16-073	12/09/16	5 years	250,000	2.019%	201,994	250,000
<b>Health Services:</b>							
Cemetery	14-120	11/24/14	n/a	\$ 100,000	0.00%	79,689	84,067
<b>Social and Family Services:</b>							
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	4,497,215	4,817,248
<b>Recreation and Cultural Services:</b>							
Heritage North	12-050	05/23/12	7 years	2,383,674	3.04%	524,614	881,071
<b>Planning and Development:</b>							
Archer Drive	8-004	02/01/09	9 years	600,000	6.00%	428,118	428,118
<b>TOTAL GENERAL MUNICIPAL ACTIVITIES</b>						<b>\$ 6,582,498</b>	<b>\$ 7,495,110</b>

## SUMMARY OF YEARLY LONG-TERM DEBT REPAYMENTS FOR GENERAL MUNICIPAL ACTIVITIES (NOTE 8)

Year	Principal	Interest	Total
2018	\$ 980,352	\$ 260,822	\$ 1,241,174
2019	831,577	222,754	1,054,331
2020	544,861	194,617	739,478
2021	567,672	172,412	740,084
2022	3,658,036	606,082	4,264,118
	<b>\$ 6,582,498</b>	<b>\$ 1,456,687</b>	<b>\$ 8,039,185</b>

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEARS ENDED DECEMBER 31

	-----General Capital-----				--Infrastructure--			-----Totals-----	
	Land and Improvements	Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Roads, Streets and Bridges	Water and Sewer	Work in Progress	2017	2016
COST									
BALANCE, Dec. 31, 2016	\$ 13,615,427	\$ 87,683,573	\$ 2,235,383	\$ 8,163,738	\$ 32,445,319	\$ 28,909,108	\$ 1,991,153	\$ 175,043,701	\$ 167,946,237
Additions	-	150,646	39,547	376,367	1,201,826	134,666	12,292,529	14,195,581	7,712,567
Disposals and writedowns	(21,450)	(375,000)	-	-	-	-	-	(396,450)	(115,744)
Transfer from work in progress	-	-	-	-	-	-	-	-	(499,359)
BALANCE, Dec. 31, 2017	13,593,977	87,459,219	2,274,930	8,540,105	33,647,145	29,043,774	14,283,682	188,842,832	175,043,701
ACCUMULATED AMORTIZATION									
BALANCE, Dec. 31, 2016	3,385,726	26,456,688	1,248,473	5,413,275	14,216,951	13,673,391	-	64,394,504	60,253,078
Amortization	271,753	2,479,403	134,614	580,225	609,603	556,376	-	4,631,974	4,251,579
Disposals and writedowns	-	(404,695)	-	-	-	-	-	(404,695)	(110,148)
BALANCE, Dec. 31, 2017	3,657,479	28,531,396	1,383,087	5,993,500	14,826,554	14,229,767	-	68,621,783	64,394,509
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,936,498	\$ 58,927,823	\$ 891,843	\$ 2,546,605	\$ 18,820,591	\$ 14,814,007	\$ 14,283,682	\$ 120,221,049	\$ 110,649,192

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED DECEMBER 31, 2017

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
<b>REVENUES</b>								
Taxation	\$ 2,825,989	\$ 1,728,308	\$ 1,490,159	\$ 225,675	\$ 1,223,371	\$ 1,649,849	\$ 519,585	\$ 9,662,936
Sales of services and user fees	1,881,141	18,041	181,921	3,771,861	268,418	350,809	-	6,472,191
Government transfers	5,181,469	1,127,451	843,211	1,324,232	771,246	962,860	2,168,807	12,379,276
Other	19,500	125,507	-	9,335	485,941	653,476	858	1,294,617
<b>TOTAL REVENUES</b>	<b>9,908,099</b>	<b>2,999,307</b>	<b>2,515,291</b>	<b>5,331,103</b>	<b>2,748,976</b>	<b>3,616,994</b>	<b>2,689,250</b>	<b>29,809,020</b>
<b>EXPENSES</b>								
Salaries and benefits	5,516,888	1,881,999	2,020,196	897,880	1,652,513	1,850,500	-	13,819,976
Materials	972,305	176,082	844,405	1,346,926	743,916	311,271	-	4,394,905
Contracted services	582,950	2,438,115	53,243	1,853,723	60,930	1,737,181	-	6,726,142
External transfers	-	-	-	-	-	-	-	-
Amortization	305,681	145,187	795,619	2,204,326	678,807	502,354	-	4,631,974
Other	253,560	25,787	310,603	202,075	167,458	53,992	-	1,013,475
<b>TOTAL EXPENSES</b>	<b>7,631,384</b>	<b>4,667,170</b>	<b>4,024,066</b>	<b>6,504,930</b>	<b>3,303,624</b>	<b>4,455,298</b>	<b>-</b>	<b>30,586,472</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 2,276,715</b>	<b>\$ (1,667,863)</b>	<b>\$ (1,508,775)</b>	<b>\$ (1,173,827)</b>	<b>\$ (554,648)</b>	<b>\$ (838,304)</b>	<b>\$ 2,689,250</b>	<b>\$ (777,452)</b>

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE (CONT'D)

YEAR ENDED DECEMBER 31, 2016

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
<b>REVENUES</b>								
Taxation	\$ 3,080,135	\$ 1,813,374	\$ 1,477,979	\$ 2,246,921	\$ 1,166,495	\$ 1,378,480	\$ 294,157	\$ 11,457,542
Sales of services and user fees	2,181,679	22,974	153,189	2,399,253	537,411	44,767	-	5,339,273
Government transfers	5,642,262	1,142,945	827,267	1,255,761	748,495	795,821	3,557,941	13,970,492
Other	28,192	271,504	4,731	27,418	637,880	720,262	-	1,689,987
<b>TOTAL REVENUES</b>	<b>10,932,268</b>	<b>3,250,797</b>	<b>2,463,166</b>	<b>5,929,353</b>	<b>3,090,281</b>	<b>2,939,330</b>	<b>3,852,098</b>	<b>32,457,293</b>
<b>EXPENSES</b>								
Salaries and benefits	5,358,437	2,053,776	2,045,616	875,437	1,631,447	1,646,923	-	13,611,636
Materials	622,712	191,220	733,044	1,455,781	837,009	1,340,363	-	5,180,129
Contracted services	640,985	2,680,164	115,289	1,697,115	69,632	209,454	-	5,412,639
External transfers	1,435,359	-	-	-	1,832	482,195	-	1,919,386
Amortization	312,322	141,362	801,917	2,178,249	672,859	144,870	-	4,251,579
Other	244,982	5,284	437,878	77,807	49,777	31,652	-	847,380
<b>TOTAL EXPENSES</b>	<b>8,614,797</b>	<b>5,071,806</b>	<b>4,133,744</b>	<b>6,284,389</b>	<b>3,262,556</b>	<b>3,855,457</b>	<b>-</b>	<b>31,222,749</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 2,317,471</b>	<b>\$ (1,821,009)</b>	<b>\$ (1,670,578)</b>	<b>\$ (355,036)</b>	<b>\$ (172,275)</b>	<b>\$ (916,127)</b>	<b>\$ 3,852,098</b>	<b>\$ 1,234,544</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SCHEDULE OF LIBRARY OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31

	-----2017-----		2016
	Actual	Budget	Actual
<b>REVENUES</b>			
GRANTS			
Ministry of Tourism, Culture and Sport	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	239,325	249,215	239,325
SPECIAL GRANTS			
Employment Grants	12,986	14,345	13,807
Capacity Building Grant	7,673	6,590	4,719
OTHER REVENUES	27,907	646	4,692
<b>TOTAL REVENUES</b>	<b>315,813</b>	<b>298,718</b>	<b>290,465</b>
<b>EXPENSES</b>			
CURRENT OPERATIONS			
Ball bequest	8,475	9,654	8,443
Books, cataloguing	19,254	15,041	12,856
Building repairs and maintenance	4,607	3,100	5,822
Coin operations supplies	1,034	500	359
Custodian	14,400	14,400	14,400
Furniture and equipment	17,106	6,704	3,347
Insurance	3,457	3,492	3,456
Miscellaneous	13,723	7,040	5,780
Office stationary and supplies	2,319	2,500	1,943
Professional fees	1,955	3,000	2,597
Records and periodicals	6,223	5,000	5,870
Salaries and wages	235,210	228,646	224,536
Utilities	15,407	17,458	16,729
<b>TOTAL EXPENSES</b>	<b>343,170</b>	<b>316,535</b>	<b>306,138</b>
<b>ANNUAL DEFICIT</b>	<b>(27,357)</b>	<b>(17,817)</b>	<b>(15,673)</b>
DEFICIT, beginning of year	(19,652)	(19,652)	(3,979)
<b>DEFICIT, end of year</b>	<b>\$ (47,009)</b>	<b>\$ (37,469)</b>	<b>\$ (19,652)</b>