



# **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, 2021 & 2020**

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# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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YEARS ENDED DECEMBER 31, 2021 & 2020

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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, 2021 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 Baker Tilly SNT LLP, independent external auditor 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.



**Director of Corporate Services**



**Treasurer**

**Baker Tilly SNT LLP / s.r.l.**

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## **Independent Auditor's Report**

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

#### **Opinion**

We have audited the 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, 2021, and the consolidated statements of operations, cash flows, and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipal Corporation of the Town of Kirkland Lake as at December 31, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTING • TAX • ADVISORY

*Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

*Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.*

## **Independent Auditor's Report (continued)**

### **Other Matter**

The consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion of those consolidated statements on August 10, 2021.

### **Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sudbury, Ontario  
August 16, 2022

*Baker Tilly SNT LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 18)	\$ 14,906,175	\$ 12,251,759
Taxes receivable	1,945,133	2,279,847
User charges receivable	273,931	384,681
Accounts receivable	3,046,770	998,975
Asset held for sale	-	799,000
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 20,172,009</b>	<b>\$ 16,714,262</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,407,186	\$ 3,012,165
Deferred revenue (Note 18) (Schedule 3)	3,817,298	3,199,333
Accrued interest on long-term debt	64,043	72,366
Landfill closure and post-closure liability (Note 14)	439,855	439,855
Post-employment benefits and compensated absences (Note 7)	4,307,295	4,329,317
Long-term debt (Note 8) (Schedule 4)	14,766,130	16,007,230
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>26,801,807</b>	<b>27,060,266</b>
<b>NET DEBT</b>	<b>(6,629,798)</b>	<b>(10,346,004)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 5)	112,768,727	112,756,444
Inventory of supplies	167,556	150,168
Prepaid expenses	39,675	29,824
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>112,975,958</b>	<b>112,936,436</b>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<b>\$106,346,160</b>	<b>\$102,590,432</b>

COMMITMENTS (Note 11)

CONTINGENCIES (Note 4 and Note 9)

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31

	-----2021-----		
	Actual	Budget (see Note 15)	2020 Actual
<b>REVENUES</b>			
Municipal taxation	\$ 10,877,194	\$ 10,763,901	\$ 12,963,132
Taxation from other governments	193,247	211,849	213,800
User charges (Schedule 2)	7,607,370	7,765,168	7,717,802
Government of Canada	1,326,928	4,214,575	436,816
Province of Ontario			
Non-specific	6,313,427	6,313,428	6,793,200
Specific	7,547,921	10,842,880	5,540,581
Other municipalities	108,982	55,631	39,642
Other (Schedule 2)	1,129,447	1,460,778	1,002,633
<b>TOTAL REVENUES</b>	<b>35,104,516</b>	<b>41,628,210</b>	<b>34,707,606</b>
<b>EXPENSES</b>			
General government	1,903,457	2,365,915	3,247,122
Protection to persons and property	4,864,701	4,952,822	4,908,511
Transportation services	3,910,120	4,672,163	3,784,085
Environmental services	6,692,072	7,509,443	6,630,785
Health services	1,298,825	1,266,019	1,221,691
Social and family services	8,111,180	7,686,185	7,555,590
Social housing	447,645	447,645	486,241
Recreation and cultural services	3,682,255	4,055,672	5,868,813
Planning and development	438,533	685,387	451,513
<b>TOTAL EXPENSES</b>	<b>31,348,788</b>	<b>33,641,251</b>	<b>34,154,351</b>
<b>ANNUAL SURPLUS</b>	<b>3,755,728</b>	<b>7,986,959</b>	<b>553,255</b>
ACCUMULATED SURPLUS, beginning of year	102,590,432	102,590,432	102,037,177
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$106,346,160</b>	<b>\$110,577,391</b>	<b>\$102,590,432</b>



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2021-----		2020
	Actual	Budget (see Note 15)	Actual
<b>ANNUAL SURPLUS</b>	<b>\$ 3,755,728</b>	<b>\$ 7,986,959</b>	<b>\$ 553,255</b>
Acquisition of tangible capital assets	(4,368,854)	(12,681,942)	(2,064,239)
Amortization of tangible capital assets	4,356,571	4,356,571	4,315,920
Gain on disposal of tangible capital assets	-	-	(46,579)
Proceeds on sale of tangible capital assets	-	-	60,633
Writedown of tangible capital assets	-	-	2,065,253
Increase in asset held for sale	-	-	799,000
Decrease (increase) in inventory of supplies	(17,388)	-	7,551
Increase in prepaid expenses	(9,851)	-	(29,824)
<b>CHANGE IN NET DEBT</b>	<b>3,716,206</b>	<b>(338,412)</b>	<b>5,660,970</b>
NET DEBT, beginning of year	(10,346,004)	(10,346,004)	(16,006,974)
<b>NET DEBT, end of year</b>	<b>\$ (6,629,798)</b>	<b>\$ (10,684,416)</b>	<b>\$ (10,346,004)</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2021	2020
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 3,755,728	\$ 553,255
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,356,571	4,315,920
Tangible capital asset reclassified to asset held for sale	-	799,000
Writedown of tangible capital assets	-	2,065,253
Gain on disposal of tangible capital assets	-	(46,579)
USES:		
Increase in taxes receivable	-	(458,511)
Increase in accounts receivable	(1,937,045)	(195,121)
Increase in inventory of supplies	(17,388)	-
Increase in prepaid expenses	(9,851)	(29,824)
Increase in asset held for sale	-	(799,000)
Decrease in accounts payable and accrued liabilities	-	(321,531)
Decrease in other liabilities	(8,323)	(4,608)
Decrease in post-employment benefits and compensated absences	(22,022)	(26,799)
	<b>6,117,670</b>	<b>5,851,455</b>
<b>SOURCES:</b>		
Decrease in taxes receivable	334,714	-
Decrease in asset held for sale	799,000	-
Decrease in inventory of supplies	-	7,551
Increase in accounts payable and accrued liabilities	395,021	-
Increase in deferred revenue	617,965	725,093
	<b>2,146,700</b>	<b>732,644</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>8,264,370</b>	<b>6,584,099</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,368,854)	(2,064,239)
Proceeds on sale of tangible capital assets	-	60,633
<b>CASH APPLIED TO CAPITAL ACTIVITIES</b>	<b>(4,368,854)</b>	<b>(2,003,606)</b>
<b>FINANCING ACTIVITIES</b>		
New debt issued	-	287,266
Debt principal repayments	(1,241,100)	(1,269,244)
<b>CASH APPLIED TO FINANCING ACTIVITIES</b>	<b>(1,241,100)</b>	<b>(981,978)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,654,416</b>	<b>3,598,515</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>12,251,759</b>	<b>8,653,244</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 14,906,175</b>	<b>\$ 12,251,759</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 & 2020

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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:

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) Government Business Enterprises ("GBE")

Government Business Enterprises are accounted for by the modified equity method. Under the modified equity method, the Municipality recognizes the original cost of the investment (equal to the purchase cost of the investment) on the Consolidated Statement of Financial Position. The investment is adjusted for the Municipality's proportionate share of the earnings (losses) and any impairments in the value of the investment. The Municipality's share of the GBE's net income (loss) is recognized on the Consolidated Statement of Operations. The following GBE is included in these consolidated financial statements: The Town of Kirkland Lake Solar Inc.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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

#### (v) 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.

#### (vi) 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.

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, 2021 & 2020

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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) Inventory of Supplies

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) Asset Held for Sale

Asset held for sale is recorded at the lower of cost and net realizable value.

#### (vii) 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.

#### (viii) 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 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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

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

#### (ix) 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.

#### (x) 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.

#### (xi) 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.

#### (xii) Fees and User Charges

Fees and user charges relate mainly to waterworks and wastewater 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.

#### (xiii) 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

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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

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.

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 accrued 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 to the expected retirement age of the active employees.

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. TRANSACTIONS ON BEHALF OF SCHOOL BOARDS

During the year, \$1,317,393 of taxation was levied on behalf of school boards (2020 - \$1,381,137).

### 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:

	2021	2020
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$1,599,850	\$1,596,390
Timiskaming Health Unit ("THU")	367,698	350,188

The Municipality is contingently liable for its share, which is approximately 19% (2020 - 19%) for the DTSSAB and an estimated 26% (2020 - 26%) for the THU, of any accumulated deficits at the end of the year for these boards.

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 \$1,521,841 (2020 - \$1,631,689) 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, 2021 & 2020

### 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, 2021 (2020 - \$nil).

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

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

	2021	2020
Accrued employee future benefits liability	\$ 3,946,200	\$ 3,994,900
Vacation credits	357,420	329,092
Sick leave benefits	3,675	5,325
Post-employment benefits and compensated absences liability	\$ 4,307,295	\$ 4,329,317

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

	2021	2020
Current year benefit cost	\$ 168,500	\$ 163,900
Interest cost	97,000	96,300
Plan amendments incurred in year	205,000	-
Amortization of actuarial gains	(260,900)	(55,900)
Employee future benefits expenses <sup>1</sup>	\$ 209,600	\$ 204,300

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

#### (c) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2021	2020
BALANCE, beginning of year	\$3,994,900	\$4,013,600
Benefit expense for year	209,600	204,300
Actual benefit payments	(258,300)	(223,000)
BALANCE, end of year	\$3,946,200	\$3,994,900



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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

#### (d) RETIREMENT BENEFITS

##### (i) Ontario Municipal Employees Retirement System

The Municipality makes contributions to the Ontario Municipal Employees 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, 2021. The results of this valuation disclosed total going concern actuarial liabilities of \$120,796 million in respect of benefits accrued for service to December 31, 2021 with actuarial net assets at that date of \$117,665 million indicating a going concern actuarial deficit of \$3,131 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, 2021, the Municipality contributed \$852,727 (2020 - \$942,491) 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.

#### (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, 2021 are based on a valuation as of December 31, 2019. 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, 2021
Discount rate	2.80% per annum
Dental cost trend rates	5.80% per annum, decreasing to 4.0% by 2030
Extended health care trend rates	6.41% per annum, decreasing to 4.0% by 2040

There are no assets associated with the Municipality's plan. Provided there are no significant changes in the interim years, the next actuarial valuation should be performed as at December 31, 2022.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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

#### (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 \$3,675 (2020 - \$5,325) at the end of the year.

### 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:

	2021	2020
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	\$ 14,766,130	\$ 16,007,230

(b) Of the long-term debt reported in (a) above, \$14,766,130 in principal payments and \$4,316,270 in interest payments are payable from 2022 to 2038 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 \$607,088 (2020 - \$646,854).

(e) Included in the long-term debt is the amount of \$66,845 as at December 31, 2021 (2020 - \$71,808) 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. 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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### 11. COMMITMENTS

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

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

Effective January 1, 2020, the Municipality renewed its contract for a two-year period.

Included in the Consolidated Statement of Operations are the 2021 charges from OCWA in the amount of \$1,027,980 (2020 - \$1,007,823).

Effective January 1, 2022, the Municipality renewed the agreement for an additional two-year period. Commitments are estimated at \$776,272 in 2022 and \$791,797 in 2023. The reduction in the contract price for 2022 and 2023 is due to the removal of process chemicals from the contract.

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

Effective January 1, 2019, 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 three-year period. For the year ended December 31, 2021, the Municipality paid \$2,543,858 (2020 - \$2,488,407) to the Province for policing costs.

Effective January 1, 2022, the Municipality executed an amending agreement for the provision of police services to the Town of Kirkland Lake for a term of one year. The commitment for 2022 is estimated at \$2,716,227.

#### (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")

During the year, Council approved the sale of Heritage North for a sale price of \$799,000.

#### (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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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### 11. COMMITMENTS (CONT'D)

#### (f) NORTHERN ONTARIO HERITAGE FUND CORPORATION ("NOHFC") (CONT'D)

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. As per an amendment made on December 4, 2018, payments resumed on January 1, 2019.

In 2020, NOHFC offered repayment relief to the Municipality as a result of COVID-19. The loan will now mature in July 2023.

#### (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

Effective October 1, 2018, the Municipality entered into a five-year contract for waste collection, waste disposal/landfill operations and curbside recycling at a cost not to exceed \$4,964,446 + HST.

In 2021, costs under this agreement were \$404,647 (2020 - \$394,102) for waste collection, \$404,647 (2020 - \$397,045) for landfill operations and \$202,324 (2020 - \$197,024) for recycling.

Commitments are estimated at \$1,025,293 for 2022 and \$788,078 for 2023 (ie. end of contract in September 2023).

#### (i) CONSTRUCTION IN PROGRESS

The Municipality has entered into various construction contracts in the year including the Swastika Water Pollution Control Plant Decommissioning/Sewer System Connection to the Kirkland Lake Wastewater Treatment Plant and the KL Gold Water and Sewer Servicing/Chaput Hughes Distribution Upgrades for a total of approximately \$9,623,557. As at December 31, 2021, there was approximately \$7,039,962 of work remaining to be completed on these contracts.

### 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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### 13. FINANCIAL INSTRUMENTS

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

The carrying amounts of cash and cash equivalents, 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 \$500,000 (2020 - \$900,000), for accounts receivable in the amount of \$84,053 (2020 - \$102,301) and for user charges receivable in the amount of \$31,393 (2020 - \$18,594).

#### (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.

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 seventy-one 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, 2021, the remaining capacity of the landfill site is approximately 680,000 cubic metres (2020 - 700,000 cubic metres) which is expected to be used by the year 2062. The period for post-closure care is estimated to be 30 years after 2062.

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 2.80% (2020 - 2.80%). As at December 31, 2021, an amount of \$439,855 (2020 - \$439,855) is reported as a liability on the Consolidated Statement of Financial Position.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

### 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	\$ 7,986,959
Adjustments:	
Net transfers from (to) reserves and reserve funds	1,551,203
Tangible capital asset expenditures	(12,681,942)
Amortization of tangible capital assets	4,356,571
Debt principal repayments	(1,212,791)
Total adjustments	(7,986,959)
<b>ANNUAL SURPLUS</b>	<b>\$ -</b>

### 16. EXPENSES BY OBJECT

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

	2021	2020
Salaries, wages and employee benefits	\$ 14,078,723	\$ 14,073,247
Materials and supplies	4,118,447	4,960,476
Rent and financial expenses	87,147	188,267
Contracted services	6,127,764	6,004,335
External transfers	1,973,048	1,946,578
Interest charges	607,088	646,854
Amortization of tangible capital assets	4,356,571	4,315,920
Loss (gain) on disposal of tangible capital assets	-	(46,579)
Writedown of tangible capital assets	-	2,065,253
<b>TOTAL EXPENSES</b>	<b>\$ 31,348,788</b>	<b>\$ 34,154,351</b>

### 17. INVESTMENT IN THE TOWN OF KIRKLAND LAKE SOLAR INC.

The Town of Kirkland Lake Solar Inc. ("TKLSI") is a municipally owned government business enterprise. The corporation owns, administers and manages solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity. The Town of Kirkland Lake owns 50.1% of the outstanding capital stock of the corporation.

The corporations's financial statements are prepared in accordance with International Financial Reporting Standards.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

### 17. INVESTMENT IN THE TOWN OF KIRKLAND LAKE SOLAR INC. (CONT'D)

#### STATEMENT OF FINANCIAL POSITION

	2021	2020
<b>ASSETS</b>		
Cash	\$ 450,302	\$ 632,827
Accounts receivable	5,690	34,817
Future payment in lieu of taxes	138,032	-
Prepaid expenses	3,863	10,242
Due from related parties	-	-
Property and equipment	7,440,163	7,871,715
<b>TOTAL ASSETS</b>	<b>\$ 8,038,050</b>	<b>\$ 8,549,601</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 41,833	\$ 124,237
Due to related parties	3,512,046	3,512,046
Current portion of long-term debt	5,461,051	5,698,761
	9,014,930	9,335,044
Long-term debt	-	-
	9,014,930	9,335,044
<b>CAPITAL DEFICIENCY</b>		
CAPITAL STOCK	100	100
ACCUMULATED DEFICIT	(976,980)	(785,543)
	(976,880)	(785,443)
<b>TOTAL LIABILITIES AND DEFICIENCY</b>	<b>\$ 8,038,050</b>	<b>\$ 8,549,601</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

### 17. INVESTMENT IN THE TOWN OF KIRKLAND LAKE SOLAR INC. (CONT'D)

#### STATEMENT OF LOSS AND ACCUMULATED DEFICIT

	2021	2020
<b>REVENUE</b>		
Sale of energy	\$ 514,848	\$ 696,578
<b>EXPENSES</b>		
Amortization	431,247	430,697
Insurance	23,946	24,032
Interest and bank charges	-	107,800
Interest on long-term debt	244,312	254,458
Internet	2,280	2,496
Municipal taxes	5,416	15,493
Office	346	109
Professional fees	13,900	32,294
Repairs and maintenance	113,663	120,909
Utilities	8,902	9,328
<b>TOTAL EXPENSES</b>	<b>844,012</b>	<b>997,616</b>
<b>LOSS FROM OPERATING</b>	<b>(329,164)</b>	<b>(301,038)</b>
<b>LOSS ON DISPOSAL OF ASSETS</b>	<b>(305)</b>	<b>(9,785)</b>
<b>LOSS BEFORE FUTURE INCOME TAXES</b>	<b>(329,469)</b>	<b>(310,823)</b>
<b>FUTURE INCOME TAXES (RECOVERY)</b>	<b>138,032</b>	<b>(59,340)</b>
<b>NET LOSS</b>	<b>(191,437)</b>	<b>(370,163)</b>
<b>ACCUMULATED DEFICIT, beginning of year</b>	<b>(785,543)</b>	<b>(415,380)</b>
<b>ACCUMULATED DEFICIT, end of year</b>	<b>\$ (976,980)</b>	<b>\$ (785,543)</b>

### 18. DEFERRED REVENUE

Cash and cash equivalents include restricted amounts of \$3,817,298 (2020 - \$3,199,333).

### 19. COMPARATIVE FIGURES

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



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2021 & 2020

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### 20. 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 to Persons and Property**

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

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

This function provides assistance to aged persons 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 and museum services.

#### **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

	2021	2020
<b>RESERVES</b>		
Community improvement program	\$ 224,193	\$ 105,687
Infrastructure - capital	769,407	476,792
Kirkland District Health Centre	45,442	56,691
Organization restructuring and efficiency	229,718	284,541
Other	145,722	172,218
Tax stabilization	1,161,000	-
Winter control stabilization	453,741	12,680
Working capital	4,910,947	2,179,324
<b>TOTAL RESERVES</b>	<b>7,940,170</b>	<b>3,287,933</b>
<b>RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL</b>		
Archer Drive	249,912	203,256
Employees' accumulated sick leave	68,478	69,731
Health Unit	233,117	231,724
Kinross Park maintenance	7,792	7,745
Library - capital	8,721	-
Life cycle replacement	953,900	153,093
Parkland	99,989	99,392
Residential development	20,447	20,325
Wastewater capital projects	1,470,462	1,135,910
Waterworks capital projects	2,091,754	1,216,675
<b>TOTAL RESERVE FUNDS</b>	<b>5,204,572</b>	<b>3,137,851</b>
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>13,144,742</b>	<b>6,425,784</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	112,768,727	112,756,444
Waterworks	-	262,827
Wastewater	-	141,912
General Revenue Fund	10,014	3,872,023
<b>UNFUNDED</b>		
Post-employment benefits and compensated absences	(4,307,295)	(4,329,317)
Landfill closure and post-closure liability	(439,855)	(439,855)
Accrued interest on long-term debt	(64,043)	(72,366)
Long-term debt	(14,766,130)	(16,007,230)
Unfunded capital projects	-	(19,790)
<b>TOTAL SURPLUSES</b>	<b>93,201,418</b>	<b>96,164,648</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$106,346,160</b>	<b>\$102,590,432</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2021-----		2020
	Actual	Budget	Actual
<b>USER CHARGES</b>			
Airport	\$ 85,205	\$ 108,500	\$ 102,515
Cemetery	166,928	117,683	116,243
Garbage disposal	439,282	350,000	357,964
General government	34,634	16,000	43,784
Library	5,328	4,719	3,669
Licenses and permits	142,340	101,913	91,675
Museum	18,180	5,300	13,934
Other	53,670	32,740	193,724
Recreation	157,068	186,238	160,983
Recycling	122,813	97,500	144,592
Roadways	27,901	20,758	40,199
Sanitary sewers	1,784,754	1,952,355	1,815,585
Teck Pioneer Residence	2,024,187	2,008,311	1,998,411
Waterworks	2,545,080	2,763,151	2,634,524
	<b>\$ 7,607,370</b>	<b>\$ 7,765,168</b>	<b>\$ 7,717,802</b>
<b>OTHER</b>			
Capital recoveries	\$ 6,386	\$ 500,000	\$ 30,884
Donations	54,819	64,255	76,535
Fines	7,799	15,250	13,717
Investment income	96,714	66,569	84,354
Penalties and interest	402,476	332,918	309,438
Rents and concessions	497,701	471,786	468,205
Sale of land	63,552	10,000	19,500
	<b>\$ 1,129,447</b>	<b>\$ 1,460,778</b>	<b>\$ 1,002,633</b>

**SCHEDULE 3**

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

**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**

**YEAR ENDED DECEMBER 31, 2021**

	<b>Gas Tax</b>	<b>OCIF</b>	<b>Teck Pioneer Residence Donations Account</b>	<b>Other Deferred Revenue</b>	<b>-----Totals-----</b>	
					<b>2021</b>	<b>2020</b>
<b>BALANCE, Dec. 31, 2020</b>	<b>\$ 1,423,964</b>	<b>\$ 1,530,974</b>	<b>\$ 59,500</b>	<b>\$ 184,895</b>	<b>\$ 3,199,333</b>	<b>\$ 2,474,240</b>
<b>INCREASE IN DEFERRED REVENUE</b>						
Interest	11,423	10,628	306	9,154	<b>31,511</b>	27,155
Government transfers	992,897	608,544	-	118,805	<b>1,720,246</b>	1,185,398
Donations	-	-	6,449	11,266	<b>17,715</b>	4,410
Other	-	-	-	41,844	<b>41,844</b>	37,413
	<b>1,004,320</b>	<b>619,172</b>	<b>6,755</b>	<b>181,069</b>	<b>1,811,316</b>	<b>1,254,376</b>
<b>DEFERRED REVENUE EARNED</b>						
To operations	-	-	5,223	55,581	<b>60,804</b>	95,138
To capital acquisitions	164,712	933,031	-	34,804	<b>1,132,547</b>	434,145
	<b>164,712</b>	<b>933,031</b>	<b>5,223</b>	<b>90,385</b>	<b>1,193,351</b>	<b>529,283</b>
<b>BALANCE, Dec. 31, 2021</b>	<b>\$ 2,263,572</b>	<b>\$ 1,217,115</b>	<b>\$ 61,032</b>	<b>\$ 275,579</b>	<b>\$ 3,817,298</b>	<b>\$ 3,199,333</b>

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2021

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	2021	2020
GENERAL MUNICIPAL ACTIVITIES							
<b>Transportation Services:</b>							
Equipment	20-018	02/18/20	10 years	\$ 287,266	2.21%	\$ 248,096	\$ 274,353
LED Street Lights	15-067	06/29/15	7 years	774,706	2.19%	59,477	176,254
Equipment	13-111	12/10/13	10 years	480,020	3.37%	109,401	161,393
<b>Environmental Services:</b>							
Waste Carts	16-073	12/09/16	5 years	250,000	2.019%	-	52,045
<b>Health Services:</b>							
Cemetery	14-120	11/24/14	n/a	100,000	0.00%	66,845	71,808
<b>Social and Family Services:</b>							
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	3,048,829	3,437,846
<b>Recreation and Cultural Services:</b>							
Aquatic Centre	18-110	08/21/18	20 years	12,674,778	3.72%	11,033,355	11,512,692
<b>Planning and Development:</b>							
Archer Drive (Note 11)	08-004	02/01/09	9 years	600,000	6.00%	200,127	320,839
TOTAL GENERAL MUNICIPAL ACTIVITIES						\$ 14,766,130	\$ 16,007,230

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

Year	Principal	Interest	Total
2022	\$ 1,241,196	\$ 564,949	\$ 1,806,145
2023	1,100,019	515,409	1,615,428
2024	1,013,160	472,472	1,485,632
2025	1,057,583	428,049	1,485,632
2026	1,102,910	382,722	1,485,632
subsequent to 2026	9,251,262	1,952,669	11,203,931
	\$ 14,766,130	\$ 4,316,270	\$ 19,082,400

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEARS ENDED DECEMBER 31

	-----General Capital-----				--Infrastructure--		Work in Progress	-----Totals-----	
	Land and Improvements	Buildings and Improvements	Vehicles	Machinery and Equipment	Roads, Streets & Bridges	Water and Sewer		2021	2020
COST									
BALANCE, Dec. 31, 2020	\$ 12,861,116	\$ 100,725,016	\$ 2,413,165	\$ 9,772,318	\$ 35,265,257	\$ 30,127,428	\$ 1,346,416	\$ 192,510,716	\$ 194,709,370
Additions	139,857	75,785	63,705	625,958	177,218	65,054	3,221,277	4,368,854	2,064,239
Disposals and writedowns	-	-	-	-	-	-	-	-	(4,262,893)
Transfer from work in progress	-	-	-	21,724	15,384	3,053	(40,161)	-	-
BALANCE, Dec. 31, 2021	13,000,973	100,800,801	2,476,870	10,420,000	35,457,859	30,195,535	4,527,532	196,879,570	192,510,716
ACCUMULATED AMORTIZATION									
BALANCE, Dec. 31, 2020	4,006,752	34,677,219	1,576,836	6,744,188	16,806,863	15,942,414	-	79,754,272	76,822,938
Amortization of tangible capital assets	214,738	2,284,541	135,434	455,561	650,959	615,338	-	4,356,571	4,315,920
Disposals and writedowns	-	-	-	-	-	-	-	-	(1,384,586)
BALANCE, Dec. 31, 2021	4,221,490	36,961,760	1,712,270	7,199,749	17,457,822	16,557,752	-	84,110,843	79,754,272
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,779,483	\$ 63,839,041	\$ 764,600	\$ 3,220,251	\$ 18,000,037	\$ 13,637,783	\$ 4,527,532	\$ 112,768,727	\$ 112,756,444

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEAR ENDED DECEMBER 31, 2021

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
<b>REVENUES</b>								
Taxation	\$ 2,529,319	\$ 1,629,842	\$ 1,537,485	\$ 2,471,158	\$ 1,334,614	\$ 1,568,023	\$ -	\$ 11,070,441
Sales of services and user fees	2,042,188	222,690	127,939	4,891,929	331,217	496,457	6,386	8,118,806
Government transfers	6,616,249	990,201	885,802	1,409,291	864,287	915,094	3,507,352	15,188,276
Other	6,670	103,352	1,807	58,936	46,676	490,365	19,187	726,993
<b>TOTAL REVENUES</b>	<b>11,194,426</b>	<b>2,946,085</b>	<b>2,553,033</b>	<b>8,831,314</b>	<b>2,576,794</b>	<b>3,469,939</b>	<b>3,532,925</b>	<b>35,104,516</b>
<b>EXPENSES</b>								
Salaries and benefits	5,920,166	1,800,355	1,730,369	1,038,322	1,602,111	1,987,400	-	14,078,723
Materials	595,591	187,367	1,082,953	1,236,501	902,605	113,430	-	4,118,447
Contracted services	749,547	2,752,840	177,548	2,157,949	60,571	229,309	-	6,127,764
External transfers	381,292	-	-	-	-	1,591,756	-	1,973,048
Amortization of tangible capital assets	297,718	123,594	868,402	2,249,360	674,805	142,692	-	4,356,571
Other	166,868	544	50,849	9,941	442,160	23,873	-	694,235
<b>TOTAL EXPENSES</b>	<b>8,111,182</b>	<b>4,864,700</b>	<b>3,910,121</b>	<b>6,692,073</b>	<b>3,682,252</b>	<b>4,088,460</b>	<b>-</b>	<b>31,348,788</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 3,083,244</b>	<b>\$ (1,918,615)</b>	<b>\$ (1,357,088)</b>	<b>\$ 2,139,241</b>	<b>\$ (1,105,458)</b>	<b>\$ (618,521)</b>	<b>\$ 3,532,925</b>	<b>\$ 3,755,728</b>

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEAR ENDED DECEMBER 31, 2020

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
<b>REVENUES</b>								
Taxation	\$ 2,893,762	\$ 1,940,224	\$ 1,887,305	\$ 2,844,329	\$ 1,638,433	\$ 1,972,879	\$ -	\$ 13,176,932
Sales of services and user fees	2,021,411	212,863	151,258	4,952,666	335,013	526,513	30,884	8,230,608
Government transfers	6,228,553	1,084,668	980,816	1,466,358	961,090	1,125,584	923,528	12,770,597
Other	36,224	34,012	1,574	55,231	50,100	352,328	-	529,469
<b>TOTAL REVENUES</b>	<b>11,179,950</b>	<b>3,271,767</b>	<b>3,020,953</b>	<b>9,318,584</b>	<b>2,984,636</b>	<b>3,977,304</b>	<b>954,412</b>	<b>34,707,606</b>
<b>EXPENSES</b>								
Salaries and benefits	5,333,504	1,904,477	1,708,130	992,959	1,644,417	2,489,760	-	14,073,247
Materials	605,917	155,248	983,164	1,347,951	889,978	978,218	-	4,960,476
Contracted services	752,493	2,720,726	83,407	2,159,406	60,562	227,741	-	6,004,335
External transfers	380,850	-	-	-	-	1,565,728	-	1,946,578
Amortization of tangible capital assets	301,414	127,615	864,839	2,147,901	747,908	126,243	-	4,315,920
Other	181,412	445	144,545	(17,432)	2,525,948	18,877	-	2,853,795
<b>TOTAL EXPENSES</b>	<b>7,555,590</b>	<b>4,908,511</b>	<b>3,784,085</b>	<b>6,630,785</b>	<b>5,868,813</b>	<b>5,406,567</b>	<b>-</b>	<b>34,154,351</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 3,624,360</b>	<b>\$ (1,636,744)</b>	<b>\$ (763,132)</b>	<b>\$ 2,687,799</b>	<b>\$ (2,884,177)</b>	<b>\$ (1,429,263)</b>	<b>\$ 954,412</b>	<b>\$ 553,255</b>



## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SCHEDULE OF LIBRARY OPERATIONS AND SURPLUS

YEARS ENDED DECEMBER 31

	-----2021-----		2020
	Actual	Budget	Actual
<b>REVENUES</b>			
GRANTS			
Ministry of Heritage, Sport, Tourism and Culture Industries	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	313,834	313,834	319,862
SPECIAL GRANTS			
Employment Grants	7,481	6,500	9,980
New Horizons for Seniors Grant	-	-	7,448
OTHER REVENUES	45,001	20,493	26,634
<b>TOTAL REVENUES</b>	<b>394,238</b>	<b>368,749</b>	<b>391,846</b>
<b>EXPENSES</b>			
CURRENT OPERATIONS			
Ball bequest	9,024	9,154	8,687
Books, cataloguing	13,024	11,700	11,092
Building repairs and maintenance	2,221	3,300	3,224
Contracted services	18,596	18,400	18,547
Insurance	4,357	3,800	3,791
Materials and supplies	4,277	5,950	5,627
Miscellaneous	895	2,490	457
Photocopier lease	3,302	3,100	2,984
Professional fees	4,605	2,500	2,500
Programming supplies	2,932	4,470	7,527
Records and periodicals	2,466	5,000	3,480
Salaries and wages	272,891	284,585	267,472
Utilities	12,595	14,300	13,072
<b>TOTAL EXPENSES</b>	<b>351,185</b>	<b>368,749</b>	<b>348,460</b>
<b>ANNUAL SURPLUS</b>	<b>43,053</b>	<b>-</b>	<b>43,386</b>
<b>SURPLUS (DEFICIT), beginning of year</b>	<b>13,767</b>	<b>13,767</b>	<b>(29,619)</b>
<b>SURPLUS, end of year</b>	<b>\$ 56,820</b>	<b>\$ 13,767</b>	<b>\$ 13,767</b>