



KIRKLAND LAKE

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

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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YEARS ENDED DECEMBER 31, 2020 & 2019

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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, 2020 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.



Deputy Treasurer



Clerk

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 ("the Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net debt and cash flows 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 financial position of the Municipal Corporation of the Town of Kirkland Lake as at December 31, 2020, and its results of operations, its changes in its net debt, and its 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 Town 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.

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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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.
- 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 Town'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 Town'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 Town 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 Town and the organizations it controls 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.

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

Kirkland Lake, Canada
August 10, 2021

Chartered Professional Accountants
Licensed Public Accountants

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 18)	\$ 12,251,759	\$ 8,653,244
Taxes receivable	2,279,847	1,821,336
User charges receivable	384,681	315,440
Accounts receivable	998,975	873,095
Asset held for sale (Note 19)	799,000	-
TOTAL FINANCIAL ASSETS	\$ 16,714,262	\$ 11,663,115
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,012,165	\$ 3,333,696
Deferred revenue (Note 18) (Schedule 3)	3,199,333	2,474,240
Accrued interest on long-term debt	72,366	76,974
Landfill closure and post-closure liability (Note 14)	439,855	439,855
Post-employment benefits and compensated absences (Note 7)	4,329,317	4,356,116
Long-term debt (Note 8) (Schedule 4)	16,007,230	16,989,208
TOTAL LIABILITIES	27,060,266	27,670,089
NET DEBT	(10,346,004)	(16,006,974)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 19) (Schedule 5)	112,756,444	117,886,432
Inventory of supplies	150,168	157,719
Prepaid expenses	29,824	-
TOTAL NON-FINANCIAL ASSETS	112,936,436	118,044,151
ACCUMULATED SURPLUS (Schedule 1)	\$102,590,432	\$102,037,177

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

	-----2020-----		
	Actual	Budget (see Note 15)	2019 Actual
REVENUES			
Municipal taxation	\$ 12,963,132	\$ 11,801,445	\$ 11,090,239
Taxation from other governments	213,800	187,488	208,442
User charges (Schedule 2)	7,717,802	7,982,955	8,145,913
Government of Canada	436,816	2,408,111	316,607
Province of Ontario			
Non-specific	6,793,200	6,601,600	6,942,510
Specific	5,540,581	6,084,713	4,344,398
Other municipalities	39,642	55,630	107,342
Other (Schedule 2)	1,002,633	883,877	1,593,121
TOTAL REVENUES	34,707,606	36,005,819	32,748,572
EXPENSES			
CURRENT OPERATIONS			
General government	3,247,122	2,562,164	2,401,113
Protection to persons and property	4,908,511	4,904,630	5,235,060
Transportation services	3,784,085	4,770,856	4,385,088
Environmental services	6,630,785	7,190,087	6,742,112
Health services	1,221,691	1,246,083	1,149,518
Social and family services	7,555,590	7,315,046	6,898,107
Social housing	486,241	486,201	496,271
Recreation and cultural services	5,868,813	4,141,743	4,284,223
Planning and development	451,513	692,727	812,515
TOTAL EXPENSES	34,154,351	33,309,537	32,404,007
ANNUAL SURPLUS	553,255	2,696,282	344,565
ACCUMULATED SURPLUS, beginning of year	102,037,177	102,037,177	101,692,612
ACCUMULATED SURPLUS, end of year	\$102,590,432	\$104,733,459	\$102,037,177

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2020-----		2019
	Actual	Budget (see Note 15)	Actual
ANNUAL SURPLUS	\$ 553,255	\$ 2,696,282	\$ 344,565
Acquisition of tangible capital assets	(2,064,239)	(6,135,572)	(1,561,515)
Amortization of tangible capital assets	4,315,920	4,315,920	4,499,380
Loss (gain) on disposal of tangible capital assets	(46,579)	-	71,042
Proceeds on sale of tangible capital assets	60,633	-	91,387
Writedown of tangible capital assets (Note 19)	2,065,253	-	-
Increase in asset held for sale (Note 19)	799,000	-	-
Decrease (increase) in inventory of supplies	7,551	-	15,514
Decrease (increase) in prepaid expenses	(29,824)	-	-
CHANGE IN NET DEBT	5,660,970	876,630	3,460,373
NET DEBT, beginning of year	(16,006,974)	(16,006,974)	(19,467,347)
NET DEBT, end of year	\$ (10,346,004)	\$ (15,130,344)	\$ (16,006,974)

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2020	2019
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 553,255	\$ 344,565
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,315,920	4,499,380
Tangible capital asset reclassified to asset held for sale	799,000	-
Writedown of tangible capital assets	2,065,253	-
Loss (gain) on disposal of tangible capital assets	(46,579)	71,042
USES:		
Increase in taxes receivable	(458,511)	(488,338)
Increase in accounts receivable	(195,121)	-
Increase in prepaid expenses	(29,824)	-
Increase in asset held for sale	(799,000)	-
Decrease in accounts payable and accrued liabilities	(321,531)	(212,980)
Decrease in other liabilities	(4,608)	-
Decrease in post-employment benefits and compensated absences	(26,799)	-
	5,851,455	4,213,669
SOURCES:		
Decrease in accounts receivable	-	196,337
Decrease in inventory of supplies	7,551	15,514
Increase in deferred revenue	725,093	1,377,860
Increase in post-employment benefits and compensated absences	-	77,092
Increase in other liabilities	-	24,639
	732,644	1,691,442
CASH PROVIDED BY OPERATING ACTIVITIES	6,584,099	5,905,111
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,064,239)	(1,561,515)
Proceeds on sale of tangible capital assets	60,633	91,387
CASH APPLIED TO CAPITAL ACTIVITIES	(2,003,606)	(1,470,128)
FINANCING ACTIVITIES		
Temporary loans	-	(1,170)
New debt issued	287,266	301,875
Debt principal repayments	(1,269,244)	(1,519,869)
CASH APPLIED TO FINANCING ACTIVITIES	(981,978)	(1,219,164)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,598,515	3,215,819
CASH AND CASH EQUIVALENTS, beginning of year	8,653,244	5,437,425
CASH AND CASH EQUIVALENTS, end of year	\$ 12,251,759	\$ 8,653,244

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

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, 2020 & 2019

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, 2020 & 2019

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.

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

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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, 2020 & 2019

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 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, \$1,381,137 of taxation was levied on behalf of school boards (2019 - \$1,342,974).

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:

	2020	2019
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$1,596,390	\$1,536,698
Timiskaming Health Unit ("THU")	350,188	322,523

The Municipality is contingently liable for its share, which is approximately 19% (2019 - 19%) for the DTSSAB and an estimated 26% (2019 - 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 \$1,631,689 (2019 - \$1,516,139) 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, 2020 & 2019

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, 2020 (2019 - \$nil).

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

(a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITIES

	2020	2019
Accrued employee future benefits liability	\$ 3,994,900	\$ 4,013,600
Vacation credits	329,092	329,433
Sick leave benefits	5,325	13,083
Post-employment benefits and compensated absences liability	\$ 4,329,317	\$ 4,356,116

(b) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS EXPENSES

	2020	2019
Current year benefit cost	\$ 163,900	\$ 143,800
Interest cost	96,300	104,500
Plan amendments incurred in year	-	30,700
Amortization of actuarial gains	(55,900)	(101,200)
Employee future benefits expenses ¹	\$ 204,300	\$ 177,800

¹ 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

	2020	2019
BALANCE, beginning of year	\$4,013,600	\$4,043,200
Benefit expense for year	204,300	177,800
Actual benefit payments	(223,000)	(207,400)
BALANCE, end of year	\$3,994,900	\$4,013,600

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service to December 31, 2020 with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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, 2020, the Municipality contributed \$942,491 (2019 - \$812,753) 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, 2020 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, 2020
Discount rate	2.80% per annum
Dental cost trend rates	6.15% per annum, decreasing to 4.0% by 2030
Extended health care trend rates	6.66% 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, 2020 & 2019

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 \$5,325 (2019 - \$13,083) 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:

	2020	2019
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	\$ 16,007,230	\$ 16,989,208

(b) Of the long-term debt reported in (a) above, \$16,007,230 in principal payments and \$4,939,082 in interest payments are payable from 2021 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 \$646,854 (2019 - \$698,019).

(e) Included in the long-term debt is the amount of \$71,808 as at December 31, 2020 (2019 - \$74,727) 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, 2020 & 2019

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 2020 charges from OCWA in the amount of \$1,007,823 (2019 - \$988,068).

(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, 2020, the Municipality paid \$2,488,407 (2019 - \$2,481,502) 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.

Subsequent to year-end, 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.

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. The loan will mature in December 2022.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

11. COMMITMENTS (CONT'D)

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

In 2020, NOHFC offered the following repayment relief to the Municipality as a result of COVID-19:

- deferral of any repayments of principal on the loan coming due during the six-month period commencing on April 1, 2020 and ending on September 30, 2020;
- waiver of all interest that accrued on the loan during the period commencing on March 20, 2020 and ending on September 30, 2020; and
- extension of the maturity date of the loan by six (6) months.

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 2020, costs under this agreement were \$394,102 (2019 - \$387,579) for waste collection, \$397,045 (2019 - \$391,949) for landfill operations and \$197,024 (2019 - \$193,760) for recycling.

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.

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.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

13. FINANCIAL INSTRUMENTS (CONT'D)

(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 \$900,000 (2019 - \$649,503), for accounts receivable in the amount of \$102,301 (2019 - \$101,259) and for user charges receivable in the amount of \$18,594 (2019 - \$12,098).

(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-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, 2020, the remaining capacity of the landfill site is approximately 700,000 cubic metres (2019 - 720,000 cubic metres) which is expected to be used by the year 2066. The period for post-closure care is estimated to be 30 years after 2066.

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% (2019 - 2.80%). As at December 31, 2020, an amount of \$439,855 (2019 - \$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, 2020 & 2019

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	\$ 2,696,282
Adjustments:	
Net transfers from (to) reserves and reserve funds	443,460
Capital asset expenditures	(6,135,572)
Amortization of tangible capital assets	4,315,920
Debt principal repayments	(1,320,090)
Total adjustments	(2,696,282)
ANNUAL SURPLUS	\$ -

16. EXPENSES BY OBJECT

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

	2020	2019
Salaries, wages and employee benefits	\$ 14,073,247	\$ 13,764,072
Materials and supplies	4,960,476	5,280,748
Rent and financial expenses	188,267	391,359
Contracted services	6,004,335	5,830,167
External transfers	1,946,578	1,869,221
Interest charges	646,854	698,019
Amortization	4,315,920	4,499,380
Loss (gain) on disposal of tangible capital assets	(46,579)	71,041
Writedown of tangible capital assets	2,065,253	-
TOTAL EXPENSES	\$ 34,154,351	\$ 32,404,007

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, 2020 & 2019

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

STATEMENT OF FINANCIAL POSITION

	2020	2019
ASSETS		
Cash	\$ 632,827	\$ 1,420,701
Accounts receivable	34,817	727,351
Future payment in lieu of taxes	-	59,340
Prepaid expenses	10,242	34,270
Due from related parties	-	50
Property and equipment	7,871,715	8,303,502
TOTAL ASSETS	\$ 8,549,601	\$ 10,545,214
LIABILITIES		
Accounts payable and accrued liabilities	\$ 124,237	\$ 169,330
Due to related parties	3,512,046	4,864,839
Current portion of long-term debt	5,698,761	227,564
	9,335,044	5,261,733
Long-term debt	-	5,698,761
	9,335,044	10,960,494
CAPITAL DEFICIENCY		
CAPITAL STOCK	100	100
ACCUMULATED DEFICIT	(785,543)	(415,380)
	(785,443)	(415,280)
TOTAL LIABILITIES AND DEFICIENCY	\$ 8,549,601	\$ 10,545,214

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

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

STATEMENT OF LOSS AND ACCUMULATED DEFICIT

	2020	2019
REVENUE		
Sale of energy	\$ 696,578	\$ 448,781
EXPENSES		
Amortization	430,697	323,503
Insurance	24,032	22,567
Interest and bank charges	107,800	269,146
Interest on long-term debt	254,458	86,999
Internet	2,496	5,242
Municipal taxes	15,493	-
Office	109	1,637
Professional fees	32,294	102,914
Repairs and maintenance	120,909	18,861
Utilities	9,328	5,324
TOTAL EXPENSES	997,616	836,193
LOSS FROM OPERATING	(301,038)	(387,412)
LOSS ON DISPOSAL OF ASSETS	(9,785)	-
LOSS BEFORE FUTURE INCOME TAXES	(310,823)	(387,412)
FUTURE INCOME TAXES (RECOVERY)	59,340	(48,426)
NET LOSS	(370,163)	(338,986)
ACCUMULATED DEFICIT, beginning of year	(415,380)	(76,394)
ACCUMULATED DEFICIT, end of year	\$ (785,543)	\$ (415,380)

18. DEFERRED REVENUE

Cash and cash equivalents include restricted amounts of \$3,199,333 (2019 - \$2,474,240).

19. ASSET HELD FOR SALE

On August 11, 2020, the property known as Heritage North, located at 400 Government Road West, was declared surplus to the needs of the Town.

As Heritage North was no longer considered a tangible capital asset after August 11, 2020, it became an asset held for sale.

Subsequent to year-end, Council approved the sale of Heritage North for a sale price of \$799,000.

As the sale price of \$799,000 is less than the net book value of Heritage North related tangible capital assets on August 11, 2020, a writedown of \$2,065,253 for the year ended December 31, 2020 was recorded and is included in the Consolidated Statement of Operations.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2020 & 2019

20. COMPARATIVE FIGURES

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

21. SUBSEQUENT EVENTS

(a) SALE OF HERITAGE NORTH

Subsequent to year-end, Council approved that staff be directed to present an executing by-law for the purchase and sale of 400 Government Road West (Heritage North) for a sale price of \$799,000 plus legal costs. The closing date was July 15, 2021.

(b) COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Municipality.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Municipality in future periods. The Municipality continues to closely monitor and assess the impact on its operations. It is management's assessment that the Municipality will have sufficient resources to mitigate any potential losses in 2021 as a result of COVID-19.

22. 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 wastewater 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, 2020 & 2019

22. SEGMENTED INFORMATION (CONT'D)

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, 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

	2020	2019
RESERVES		
Capital contingency	\$ 10,820	\$ -
Centennial Committee	64,923	64,393
Community improvement program	105,687	-
Infrastructure - capital	476,792	596,636
Kirkland District Health Centre	56,691	56,691
Organization restructuring and efficiency	284,541	543,376
Other	109,155	99,155
Working capital	2,179,324	2,376,082
TOTAL RESERVES	3,287,933	3,736,333
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Archer Drive	203,256	201,166
Employees' accumulated sick leave	69,731	76,862
Health Unit	231,724	229,342
Kinross Park maintenance	7,745	4,651
Life cycle replacement	153,093	151,519
Parkland	99,392	98,370
Residential development	20,325	20,116
Wastewater capital projects	1,135,910	936,638
Waterworks capital projects	1,216,675	835,153
TOTAL RESERVE FUNDS	3,137,851	2,553,817
TOTAL RESERVES AND RESERVE FUNDS	6,425,784	6,290,150
SURPLUSES		
Invested in tangible capital assets	112,756,444	117,886,432
Waterworks	262,827	-
Wastewater	141,912	-
General Revenue Fund	3,872,023	10,014
UNFUNDED		
Post-employment benefits and compensated absences	(4,329,317)	(4,356,116)
Landfill closure and post-closure liability	(439,855)	(439,855)
Accrued interest on long-term debt	(72,366)	(76,974)
Long-term debt	(16,007,230)	(16,989,208)
Unfunded capital projects	(19,790)	(287,266)
TOTAL SURPLUSES	96,164,648	95,747,027
ACCUMULATED SURPLUS	\$102,590,432	\$102,037,177

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2020-----		2019
	Actual	Budget	Actual
USER CHARGES			
Airport	\$ 102,515	\$ 126,500	\$ 134,293
Cemetery	116,243	110,500	128,676
Garbage disposal	357,964	300,000	342,738
General government	43,784	30,600	16,872
Heritage North	625	620	3,676
Library	3,669	6,935	5,967
Licenses and permits	91,675	97,400	153,108
Museum	13,934	8,250	29,594
Other	193,099	217,887	211,668
Recreation	160,983	227,117	329,926
Recycling	144,592	104,500	92,105
Roadways	40,199	45,000	91,262
Sanitary sewers	1,815,585	1,914,466	1,876,927
Teck Pioneer Residence	1,998,411	2,083,599	2,046,612
Water rates	2,595,372	2,668,123	2,615,807
Waterworks	39,152	41,458	66,682
	\$ 7,717,802	\$ 7,982,955	\$ 8,145,913
OTHER			
Capital recoveries	\$ 30,884	\$ 18,419	\$ 15,773
Contributions from Timiskaming Health Unit	-	-	229,175
Donations	76,535	38,825	183,658
Fines	13,717	15,500	8,872
Investment income	84,354	48,154	153,022
Penalties and interest	309,438	236,728	306,270
Rents and concessions	468,205	511,111	642,996
Sale of land	19,500	15,140	37,000
Sales - other	-	-	16,355
	\$ 1,002,633	\$ 883,877	\$ 1,593,121

SCHEDULE 3

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

YEAR ENDED DECEMBER 31, 2020

	Gas Tax	OCIF	Main Street Revitalization	Teck Pioneer Residence Donations Account	Other Deferred Revenue	-----Totals----- 2020	2019
BALANCE, Dec. 31, 2019	\$ 1,047,518	\$ 1,146,036	\$ 45,909	\$ 67,258	\$ 167,519	\$ 2,474,240	\$ 1,096,380
INCREASE IN DEFERRED REVENUE							
Interest	12,730	13,318	368	739	-	27,155	33,570
Government transfers	484,227	608,544	-	-	92,627	1,185,398	1,677,622
Donations	-	-	-	4,410	-	4,410	31,680
Other	-	-	-	-	37,413	37,413	42,805
	496,957	621,862	368	5,149	130,040	1,254,376	1,785,677
DEFERRED REVENUE EARNED							
To operations	-	-	-	12,907	82,231	95,138	190,369
To capital acquisitions	120,511	236,924	46,277	-	30,433	434,145	217,448
	120,511	236,924	46,277	12,907	112,664	529,283	407,817
BALANCE, Dec. 31, 2020	\$ 1,423,964	\$ 1,530,974	\$ -	\$ 59,500	\$ 184,895	\$ 3,199,333	\$ 2,474,240

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2020

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	2020	2019
GENERAL MUNICIPAL ACTIVITIES							
Transportation Services:							
Equipment	20-018	02/18/20	10 years	\$ 287,266	2.21%	\$ 274,353	\$ -
LED Street Lights	15-067	06/29/15	7 years	774,706	2.19%	176,254	290,503
Equipment	13-111	12/10/13	10 years	480,020	3.37%	161,393	211,597
King George Court	18-112	01/22/19	2 years	301,875	0.00%	-	150,938
Environmental Services:							
Waste Carts	16-073	12/09/16	5 years	250,000	2.019%	52,045	103,032
Health Services:							
Cemetery	14-120	11/24/14	n/a	100,000	0.00%	71,808	74,727
Social and Family Services:							
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	3,437,846	3,808,335
Recreation and Cultural Services:							
Aquatic Centre	18-110	08/21/18	20 years	12,674,778	3.72%	11,512,692	11,970,947
Planning and Development:							
Archer Drive (Note 11)	08-004	02/01/09	9 years	600,000	6.00%	320,839	379,129
TOTAL GENERAL MUNICIPAL ACTIVITIES						\$ 16,007,230	\$ 16,989,208

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

Year	Principal	Interest	Total
2021	\$ 1,307,902	\$ 615,451	\$ 1,923,353
2022	1,174,348	564,852	1,739,200
2023	1,100,038	515,406	1,615,444
2024	1,013,160	472,472	1,485,632
2025	1,057,583	428,049	1,485,632
subsequent to 2025	10,354,199	2,342,852	12,697,051
	\$ 16,007,230	\$ 4,939,082	\$ 20,946,312

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	2020	2019
COST									
BALANCE, Dec. 31, 2019	\$ 13,809,277	\$ 103,451,741	\$ 2,386,876	\$ 9,292,856	\$ 35,048,007	\$ 30,127,428	\$ 593,185	\$ 194,709,370	\$ 193,561,002
Additions	-	60,150	110,320	911,827	204,359	-	777,583	2,064,239	1,561,515
Disposals and writedowns	(948,161)	(2,786,875)	(84,031)	(443,826)	-	-	-	(4,262,893)	(413,147)
Transfer from work in progress	-	-	-	11,461	12,891	-	(24,352)	-	-
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
ACCUMULATED AMORTIZATION									
BALANCE, Dec. 31, 2019	4,175,913	32,992,244	1,519,230	6,627,286	16,143,900	15,364,365	-	76,822,938	72,574,276
Amortization	233,041	2,310,980	132,249	398,638	662,963	578,049	-	4,315,920	4,499,380
Disposals and writedowns	(402,202)	(626,005)	(74,643)	(281,736)	-	-	-	(1,384,586)	(250,718)
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
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,854,364	\$ 66,047,797	\$ 836,329	\$ 3,028,130	\$ 18,458,394	\$ 14,185,014	\$ 1,346,416	\$ 112,756,444	\$ 117,886,432

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEAR ENDED DECEMBER 31, 2020

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
REVENUES								
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
TOTAL REVENUES	11,179,950	3,271,767	3,020,953	9,318,584	2,984,636	3,977,304	954,412	34,707,606
EXPENSES								
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	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
TOTAL EXPENSES	7,555,590	4,908,511	3,784,085	6,630,785	5,868,813	5,406,567	-	34,154,351
ANNUAL SURPLUS (DEFICIT)	\$ 3,624,360	\$ (1,636,744)	\$ (763,132)	\$ 2,687,799	\$ (2,884,177)	\$ (1,429,263)	\$ 954,412	\$ 553,255

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE (CONT'D)

YEAR ENDED DECEMBER 31, 2019

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
REVENUES								
Taxation	\$ 2,725,614	\$ 1,758,608	\$ 1,578,046	\$ 1,874,284	\$ 1,432,178	\$ 1,929,951	\$ -	\$ 11,298,681
Sales of services and user fees	2,064,612	238,188	245,064	4,994,260	762,560	509,452	15,773	8,829,909
Government transfers	5,582,417	1,162,952	969,636	1,151,660	988,217	1,275,909	472,724	11,603,515
Other	13,202	101,733	1,519	46,683	43,012	771,622	38,696	1,016,467
TOTAL REVENUES	10,385,845	3,261,481	2,794,265	8,066,887	3,225,967	4,486,934	527,193	32,748,572
EXPENSES								
Salaries and benefits	4,855,860	2,327,214	1,897,546	1,039,312	1,838,676	1,805,464	-	13,764,072
Materials	472,589	172,234	1,159,403	1,314,806	1,063,631	1,098,085	-	5,280,748
Contracted services	701,373	2,603,046	141,626	2,078,130	64,159	241,833	-	5,830,167
External transfers	371,299	-	-	-	10,000	1,487,922	-	1,869,221
Amortization	299,289	121,795	881,029	2,228,576	816,451	152,240	-	4,499,380
Other	197,697	10,771	305,484	81,288	491,306	73,873	-	1,160,419
TOTAL EXPENSES	6,898,107	5,235,060	4,385,088	6,742,112	4,284,223	4,859,417	-	32,404,007
ANNUAL SURPLUS (DEFICIT)	\$ 3,487,738	\$ (1,973,579)	\$ (1,590,823)	\$ 1,324,775	\$ (1,058,256)	\$ (372,483)	\$ 527,193	\$ 344,565

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SCHEDULE OF LIBRARY OPERATIONS AND SURPLUS

YEARS ENDED DECEMBER 31

	-----2020-----		2019
	Actual	Budget	Actual
REVENUES			
GRANTS			
Ministry of Heritage, Sport, Tourism and Culture Industries	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	319,862	319,862	293,595
SPECIAL GRANTS			
Employment Grants	9,980	2,000	8,100
New Horizons for Seniors Grant	7,448	13,953	-
OTHER REVENUES	26,634	21,089	30,236
TOTAL REVENUES	391,846	384,826	359,853
EXPENSES			
CURRENT OPERATIONS			
Ball bequest	8,687	9,154	9,782
Books, cataloguing	11,092	11,750	15,339
Building repairs and maintenance	3,224	3,300	2,529
Contracted services	18,547	15,700	17,446
Insurance	3,791	2,800	3,510
Materials and supplies	5,627	8,750	3,173
Miscellaneous	457	1,875	3,039
Photocopier lease	2,984	3,750	3,617
Professional fees	2,500	6,300	1,630
Programming supplies	7,527	14,453	7,926
Records and periodicals	3,480	5,000	3,030
Salaries and wages	267,472	285,504	265,751
Utilities	13,072	16,490	13,919
TOTAL EXPENSES	348,460	384,826	350,691
ANNUAL SURPLUS	43,386	-	9,162
DEFICIT, beginning of year	(29,619)	(29,619)	(38,781)
SURPLUS (DEFICIT), end of year	\$ 13,767	\$ (29,619)	\$ (29,619)