



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, 2014 & 2013

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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YEARS ENDED DECEMBER 31, 2014 & 2013

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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

We have audited the accompanying consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2014 and the results of its operations, change in net debt and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Ross Pope LLP

Kirkland Lake, Ontario
June 16, 2015

ROSS POPE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 3,187,240	\$ 7,424,485
Taxes receivable	1,657,875	1,169,357
User charges receivable	81,467	79,164
Accounts receivable	5,932,286	8,648,986
TOTAL FINANCIAL ASSETS	\$ 10,858,868	\$ 17,321,992
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,292,955	\$ 4,294,425
Deferred revenue (Note 2) (Schedule 3)	1,475,096	7,564,143
Accrued interest on long-term debt	100,403	105,624
Landfill closure and post-closure liability (Note 13)	210,237	134,062
Post-employment benefits and compensated absences (Notes 2 and 7)	3,900,732	3,681,386
Long-term debt (Note 8) (Schedule 4)	8,073,561	8,857,206
TOTAL FINANCIAL LIABILITIES	19,052,984	24,636,846
NET DEBT	(8,194,116)	(7,314,854)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 2) (Schedule 5)	106,944,444	96,183,540
Inventories (Note 2)	205,395	262,126
TOTAL NON-FINANCIAL ASSETS	107,149,839	96,445,666
ACCUMULATED SURPLUS (Schedule 1)	\$ 98,955,723	\$ 89,130,812

COMMITMENTS (Note 10)

Approved by:



 Mayor



 Chair of Finance Committee

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31

	-----2014-----		
	Actual	Budget (unaudited) (see Note 14)	2013 Actual
REVENUES			
Municipal taxation (Note 2) (Schedule 8)	\$ 9,362,178	\$ 9,286,470	\$ 8,772,664
Taxation from other governments	380,748	383,879	374,543
User charges (Schedule 2)	5,315,693	4,952,282	4,881,553
Government of Canada	6,469,605	4,935,875	9,404,127
Province of Ontario			
Non-specific	6,239,000	6,239,000	6,239,000
Specific	11,602,717	9,606,043	14,905,683
Other municipalities	151,208	178,542	177,382
Other (Schedule 2)	1,077,617	1,046,414	6,052,851
TOTAL REVENUES	40,598,766	36,628,505	50,807,803
EXPENSES			
CURRENT OPERATIONS			
General government	2,182,846	1,965,230	2,393,229
Protection to persons and property	5,484,868	5,297,266	5,020,974
Transportation services	4,262,696	3,050,414	4,113,917
Environmental services	6,324,654	3,742,662	5,263,030
Health services	1,084,001	1,079,837	1,010,966
Social and family services	7,268,642	6,621,130	7,325,163
Social housing	444,459	444,459	392,747
Recreation and cultural services	2,952,577	2,370,777	2,898,839
Planning and development	769,112	822,513	928,570
TOTAL EXPENSES	30,773,855	25,394,288	29,347,435
ANNUAL SURPLUS	9,824,911	11,234,217	21,460,368
ACCUMULATED SURPLUS, beginning of year	89,130,812	89,130,812	67,670,444
ACCUMULATED SURPLUS, end of year	\$ 98,955,723	\$ 100,365,029	\$ 89,130,812

See accompanying notes.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2014-----		
	Actual	Budget (unaudited) (see Note 14)	2013 Actual
ANNUAL SURPLUS	\$ 9,824,911	\$ 11,234,217	\$ 21,460,368
Acquisition of tangible capital assets	(14,888,751)	(14,142,839)	(21,749,521)
Amortization of tangible capital assets	4,033,323	-	2,967,992
Loss (gain) on disposal of tangible capital assets	68,066	-	4,269
Proceeds on sale of tangible capital assets	26,458	-	22,782
Decrease (increase) in inventories	56,731	-	(249,678)
CHANGE IN NET DEBT	(879,262)	(2,908,622)	2,456,212
NET DEBT, beginning of year	(7,314,854)	(7,314,854)	(9,771,066)
NET DEBT, end of year	\$ (8,194,116)	\$ (10,223,476)	\$ (7,314,854)

See accompanying notes.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2014	2013
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 9,824,911	\$ 21,460,368
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,033,323	2,967,992
Contributed assets	(8,211)	(61,482)
Loss (gain) on disposal of tangible capital assets	68,066	4,269
USES:		
Increase in taxes receivable	(488,518)	(323,709)
Increase in accounts receivable	-	(5,361,557)
Increase in inventories	-	(249,678)
Decrease in deferred revenue	(6,089,047)	-
Decrease in other liabilities	-	(197,949)
	7,340,524	18,238,254
SOURCES:		
Decrease in inventories	56,731	-
Decrease in accounts receivable	2,714,397	-
Increase in accounts payable and accrued liabilities	998,530	1,621,094
Increase in deferred revenue	-	4,798,052
Increase in post-employment benefits and compensated absences	219,346	292,808
Increase in other liabilities	70,954	-
	4,059,958	6,711,954
CASH PROVIDED BY OPERATING ACTIVITIES	11,400,482	24,950,208
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,880,540)	(21,688,039)
Proceeds on sale of tangible capital assets	26,458	22,782
CASH APPLIED TO CAPITAL ACTIVITIES	(14,854,082)	(21,665,257)
FINANCING ACTIVITIES		
New debt issued	100,000	632,902
Debt principal repayments	(883,645)	(779,061)
CASH APPLIED TO FINANCING ACTIVITIES	(783,645)	(146,159)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,237,245)	3,138,792
CASH AND CASH EQUIVALENTS, beginning of year	7,424,485	4,285,693
CASH AND CASH EQUIVALENTS, end of year	\$ 3,187,240	\$ 7,424,485

See accompanying notes.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 & 2013

1. NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) REPORTING ENTITY

(i) Consolidated Entities

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

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

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

(ii) Non-consolidated Entities

The following joint local boards are not consolidated:

District of Timiskaming Social Services Administration Board
Timiskaming Health Unit

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

(iii) Investment in Joint Venture

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

(iv) School Boards

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

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Trust Funds

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

(b) BASIS OF ACCOUNTING

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

(i) Tax Revenues

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

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

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

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

Taxation revenues are recorded at the time tax billings are issued. 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). Specific adjustments for additional assessments, tax appeals, etc. are recorded in the fiscal year in which they are determined and can be quantified. Properties vesting to the Town are expensed in the year they vest and are not included in inventory.

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

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

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Accounts Receivable and User Charges Receivable

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

(iii) Inventories

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

(iv) Investments

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

(v) 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.

(vi) Tangible Capital Assets

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

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

General capital:

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

Infrastructure:

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

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

Leases are classified as operating or capital leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(vii) 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.

(viii) 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.

(ix) 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.

(x) Fees and User Charges

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

(xi) 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

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

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

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

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

3. OPERATIONS OF SCHOOL BOARDS

During 2014, the Municipality collected and remitted property taxes on the school boards' behalf as follows:

	2014	2013
Amounts billed and remitted on behalf of school boards	\$ 1,226,846	\$ 1,163,802

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:

	2014	2013
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 1,574,673	\$ 1,547,488
Timiskaming Health Unit ("THU")	322,883	322,883

The Municipality is contingently liable for its share, which is approximately 20% (2013 - 19%) for the DTSSAB and an estimated 25% (2013 - 25%) for the THU, of any deficits at the end of the year for these boards.

No long-term liabilities have been issued by other municipalities for these boards.

5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$1,507,947 (2013 - \$1,564,694) 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, 2014 & 2013

6. TEMPORARY BORROWING

The Municipality has available to it a \$2,000,000 revolving demand operating facility to finance working capital requirements which bears interest at the Prime Rate minus 0.85% per annum. The Municipality did not utilize this credit facility during the year 2014 (2013 - \$nil).

7. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

(a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITIES

	2014	2013
Accrued employee future benefits liability	\$ 3,548,099	\$ 3,310,599
Vacation credits	294,653	278,096
Sick leave benefits	57,980	92,691
Post-employment benefits and compensated absences liability	\$ 3,900,732	\$ 3,681,386

(b) RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFITS LIABILITY

	2014	2013
Accrued benefit obligation	\$ 3,605,099	\$ 3,053,499
Unamortized net actuarial gain (loss)	(57,000)	257,100
Accrued employee future benefits liability	\$ 3,548,099	\$ 3,310,599

(c) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS EXPENSES

	2014	2013
Current service cost	\$ 172,800	\$ 191,500
Interest on accrued employee future benefits obligation	148,400	125,100
Net amortization of net actuarial loss (gain)	(8,400)	3,900
Employee future benefits expenses¹	\$ 312,800	\$ 320,500

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

Gains and losses occurring during the year are amortized over the expected average remaining service life of the active group of employees in the following years, applied cumulatively.

(d) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2014	2013
BALANCE, beginning of year	\$3,310,599	\$3,058,899
Benefit expense for year	312,800	320,500
Actual benefit payments	(75,300)	(68,800)
BALANCE, end of year	\$3,548,099	\$3,310,599

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

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

(e) RETIREMENT BENEFITS

(i) Ontario Municipal Employees Retirement System

All permanent employees of the Municipality, and some part-time employees that qualify, are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Municipality's contributions equal the employee contributions to the plan. During the year ended December 31, 2014, the Municipality contributed \$841,568 (2013 - \$824,189) 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 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 financial statements.

(f) 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, 2014 are based on a valuation as of January 1, 2013 and an extrapolated valuation as at December 31, 2014. 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, 2014
Discount rate	4.00% per annum (4.65% in 2013)
Dental cost trend rates	4.0% per annum
Extended health care trend rates	8.0% per annum for 2014; decreasing by 0.5% each year until an ultimate rate of 5.0% per annum is reached

There are no assets associated with the Municipality's plan. The next required actuarial valuation will be prepared with an effective date of January 1, 2016, or on the date that any changes to the benefit provisions are announced, if earlier.

(g) 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 \$57,980 (2013 - \$92,691) at the end of the year.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

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:

	2014	2013
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	\$ 8,073,561	\$ 8,857,206

(b) Of the long-term debt reported in (a) above, \$8,073,561 in principal payments and \$2,331,382 in interest payments are payable from 2015 to 2028 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 \$376,744 (2013 - \$385,892).

(e) Included in the long-term debt is the amount of \$97,188 as at December 31, 2014 (2013 - \$nil) 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, \$312.50 of the fee charged is applied as a repayment of this interest free loan.

9. 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.

10. COMMITMENTS

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

In accordance with a service agreement entered into by the Municipality in 1971 with the Ontario Clean Water Agency, the existing Kirkland Lake Pollution Control Plant is operated by the Agency. The Municipality is obligated to meet all operating costs and repay the long-term liabilities related to this project.

Included in the Consolidated Statement of Operations are the 2014 charges from OCWA in the amount of \$562,412 (2013 - \$565,411).

The Town of Kirkland Lake 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). This agreement will commence on January 1, 2015 and will be in effect for five years, ending on December 31, 2019. It may then be renewed for successive two-year terms.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

10. COMMITMENTS (CONT'D)

The annual price for 2015 will be \$911,031. For subsequent years, the annual price will be \$911,031 plus the greater of the Consumer Price Index or a 2% adjustment, plus an adjustment for maintaining insurance which is renewed annually by OCWA, plus an adjustment for chemical costs.

(b) O.P.P. POLICING CONTRACT

Effective January 1, 2013, the Corporation of the Town of Kirkland Lake renewed its long-term contract with the Province of Ontario which will see the Province provide police services to the Municipality for a five-year period. For the year ended December 31, 2014, the Municipality paid \$3,026,395 (2013 - \$2,636,455) to the Province for policing costs.

Please refer to Note 18(c) to these consolidated financial statements for a change to this contract subsequent to year-end.

(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) HOCKEY HERITAGE NORTH ("HHN")

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

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

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

The Municipality has received \$1,200,000 in grant money. It also has a \$600,000 liability to NOHFC and a receivable from a private enterprise for the same amount. The Municipality entered into a five-year lease agreement with the private enterprise. Payments commenced in March 2009 with a deferral of payments during the period June 2011 to January 2013. While payments once again commenced in February 2013, another deferral of payments will commence effective January 2015.

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

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

(h) WASTE COLLECTION, LANDFILL OPERATIONS AND RECYCLING CONTRACTS

The Municipality has entered into contracts for the waste collection, landfill operations and recycling services provided to the Town of Kirkland Lake. The contracts for these services will expire in March 2016.

In 2014, costs were \$263,877 (2013 - \$261,014) for waste collection, \$234,004 (2013 - \$231,464) for landfill operations and \$154,366 (2013 - \$147,685) for recycling.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

11. 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.

12. FINANCIAL INSTRUMENTS

(a) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(b) CREDIT RISK

The Municipality does not have significant exposure to any individual or party due to the fact that municipalities can obtain liens on properties for any unpaid realty taxes. An allowance for doubtful accounts is established based upon factors surrounding the risk related to specific ratepayers, historical trends and other information. The Municipality has an allowance for doubtful taxes receivable account in the amount of \$1,024,299 (2013 - \$905,544), for accounts receivable in the amount of \$92,058 (2013 - \$101,185) and for user charges receivable in the amount of \$9,877 (2013 - \$8,600).

(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).

13. 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 sixty-six year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

13. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY (CONT'D)

In 2014, 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, 2014, the remaining capacity of the landfill site is approximately 820,000 cubic metres (2013 - 850,000 cubic metres) which is expected to be used by the year 2050 (2013 - 2052). The period for post-closure care is estimated to be 30 years (2013 - 30 years) after 2050 (2013 - 2052).

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 4.00% (2013 - 4.65%). As at December 31, 2014, an amount of \$210,237 (2013 - \$134,062) is reported as a liability on the Consolidated Statement of Financial Position.

14. BUDGET AMOUNTS

The unaudited budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets approved by Council. Capitalization of assets, amortization and gains and losses on disposal were not contemplated on development of the budget and, as such, have not been included. The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

	-----2014-----		
	Council Approved Budget (unaudited)	Change	Restated Budget (unaudited)
TOTAL REVENUES	\$ 37,228,505	\$ (600,000)	\$ 36,628,505
EXPENSES			
Operating expenses	25,394,288	-	25,394,288
Capital asset expenditures	14,142,839	(14,142,839)	-
Net transfers to other funds	(3,215,085)	3,215,085	-
Debt principal payments	906,463	(906,463)	-
TOTAL EXPENSES	37,228,505	(11,834,217)	25,394,288
ANNUAL SURPLUS	\$ -	\$ 11,234,217	\$ 11,234,217

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

15. EXPENSES BY OBJECT

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

	2014	2013
Salaries, wages and employee benefits	\$ 13,709,746	\$ 13,648,240
Materials and supplies	4,411,560	4,439,489
Rent and financial expenses	662,555	531,175
Contracted services	5,613,062	5,498,207
External transfers	1,898,799	1,872,171
Interest charges	376,744	385,892
Amortization	4,033,323	2,967,992
Loss (gain) on disposal	68,066	4,269
TOTAL EXPENSES	\$ 30,773,855	\$ 29,347,435

16. COMPARATIVE FIGURES

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

17. SEGMENTED INFORMATION

The Town of Kirkland Lake is a municipal government institution that provides a range of services to its ratepayers.

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

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

Health Services

The health services function consists of the activities of the cemetery and external transfers for public health and ambulance services.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

17. SEGMENTED INFORMATION (CONT'D)

Social and Family Services

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

Social Housing

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

Recreation and Cultural Services

Recreation and cultural services include indoor and outdoor recreational facilities and programs, parks, library services, museum services and Hockey 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. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and commercial tax revenues. 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 7.

18. SUBSEQUENT EVENTS

(a) LED LIGHTING FINANCING

The Town of Kirkland Lake entered into an agreement with Realterm Energy for the supply and installation of LED Lighting in the Town of Kirkland Lake at a cost of \$774,706.

Subsequent to year-end, the Town of Kirkland Lake entered into an agreement with TD Canada Trust to borrow \$774,706 at 1.91% per annum for a term of seven years.

(b) NEW AQUATIC FITNESS CENTRE FINANCING

Council has committed to the development of a new aquatic fitness centre in the amount of \$9.6 million and approved the movement of \$2.1 million from the sewage treatment plant reserve to the new aquatic fitness centre reserve.

Subsequent to year-end, the Town of Kirkland Lake entered into an agreement with Royal Bank of Canada whereby funds will be available on an operating line of credit at \$1 million increments not to exceed \$7.5 million. The interest rate will be the Bank's Prime Rate minus 0.88% per annum.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2014 & 2013

18. SUBSEQUENT EVENTS (CONT'D)

(c) O.P.P. POLICING CONTRACT

Subsequent to year-end, the Town of Kirkland Lake entered into an agreement which revised its contract with the Province of Ontario related to the provision of police services to the Municipality. This revised agreement was determined based on the new O.P.P. billing model effective January 1, 2015. The term of this agreement is for the period January 1, 2015 to June 30, 2015 and will be based on an annual billing of \$2,862,399.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2014	2013
RESERVES		
Aquatic Fitness Centre	\$ 1,977,080	\$ -
Other	99,318	110,018
Sewage treatment plant	-	4,081,801
Teck Pioneer Residence renovations	29,535	75,630
Working capital	1,037,277	381,425
TOTAL RESERVES	3,143,210	4,648,874
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Aquatic fitness centre	46,505	3,705
Archer Drive	137,625	135,889
Employees' accumulated sick leave	117,069	150,998
Residential development	5,979	5,904
Second ice surface	612,183	603,761
Sewage treatment plant	26,721	26,384
Teck Pioneer Residence	961	949
Waterworks capital projects	178,439	139,086
TOTAL RESERVE FUNDS	1,125,482	1,066,676
TOTAL RESERVES AND RESERVE FUNDS	4,268,692	5,715,550
SURPLUSES		
Invested in tangible capital assets	98,870,884	87,326,334
Unexpended capital financing	17,519	-
General Revenue Fund	10,000	10,000
UNFUNDED		
Post-employment benefits and compensated absences	(3,900,732)	(3,681,386)
Landfill closure and post-closure liability	(210,237)	(134,062)
Accrued interest on long-term debt	(100,403)	(105,624)
TOTAL SURPLUSES	94,687,031	83,415,262
ACCUMULATED SURPLUS	\$ 98,955,723	\$ 89,130,812

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2014-----		
	Actual	Budget (unaudited) (see Note 14)	2013 Actual
USER CHARGES			
Airport	\$ 114,986	\$ 116,000	\$ 101,050
Cemetery	91,689	126,600	104,117
Day care	161,882	147,000	145,530
Garbage disposal	277,266	220,000	220,488
General government	23,488	21,250	28,529
Hockey Heritage North	1,869	9,100	14,586
Library	6,318	6,035	5,486
Licenses and permits	143,691	141,890	147,534
Museum	21,464	19,150	16,230
Other	83,553	115,774	104,693
Recreation	324,812	344,900	348,527
Recycling	133,466	75,000	119,672
Roadways	176,315	17,000	52,977
Sanitary sewers	20,455	5,000	8,199
Teck Pioneer Residence	1,778,930	1,757,583	1,587,437
Water rates	1,849,002	1,750,000	1,771,738
Waterworks	106,507	80,000	104,760
	\$ 5,315,693	\$ 4,952,282	\$ 4,881,553
OTHER			
Capital recoveries	\$ -	\$ -	\$ 196,719
Donations	134,010	173,400	112,558
Fines	59,977	28,200	18,689
Investment income	59,720	15,000	35,325
Penalties and interest	323,325	230,000	251,232
Recoveries related to sewage treatment plant	-	-	4,702,153
Rents and concessions	457,852	498,514	531,751
Sale of land	39,179	100,000	203,260
Sale of publications	664	1,000	972
Sales - other	2,890	300	192
	\$ 1,077,617	\$ 1,046,414	\$ 6,052,851

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE
CONSOLIDATED SCHEDULE OF DEFERRED REVENUE
YEAR ENDED DECEMBER 31, 2014

	Gas Tax	Teck Pioneer Residence Donations Account	Civic Ball Field	Sewage Treatment Plant	DTSSAB	Other Deferred Revenue	Kirkland District Health Centre	Total
BALANCE, Dec. 31, 2013	\$ 2,736	\$ 120,746	\$ 150,000	\$ 6,914,182	\$ 105,372	\$ 115,203	\$ 155,904	\$ 7,564,143
INCREASE IN DEFERRED REVENUE								
Interest	2,304	2,980	1,947	50,510	-	11,921	-	69,662
Government transfers	505,356	-	150,000	-	120,740	36,016	-	812,112
Donations	-	5,572	-	-	-	31,905	-	37,477
Other	-	-	-	-	-	15,567	-	15,567
	507,660	8,552	151,947	50,510	120,740	95,409	-	934,818
DEFERRED REVENUE EARNED								
To operations	-	(15,757)	-	-	(105,372)	(80,623)	(14,500)	(216,252)
To capital acquisitions	(349,912)	-	-	(6,388,369)	(14,301)	(55,031)	-	(6,807,613)
	(349,912)	(15,757)	-	(6,388,369)	(119,673)	(135,654)	(14,500)	(7,023,865)
BALANCE, Dec. 31, 2014	\$ 160,484	\$ 113,541	\$ 301,947	\$ 576,323	\$ 106,439	\$ 74,958	\$ 141,404	\$ 1,475,096

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2014

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	Long-Term Debt	-----2014-----		Total
							Principal	Interest	
GENERAL MUNICIPAL ACTIVITIES									
Transportation Services:									
Equipment	various	various	5-8 years	\$ 540,993	avg 6.82%	\$ -	\$ 38,338	\$ 263	\$ 38,601
Equipment	09-014	02/17/09	5 years	259,934	prime+1%	-	21,393	137	21,530
Equipment	10-059	08/17/10	4 years	90,767	5.40%	-	49,775	637	50,412
Equipment	10-059	08/17/10	5 years	112,337	5.40%	-	37,459	2,557	40,016
Equipment	13-111	12/10/13	10 years	480,020	3.37%	438,953	41,067	16,002	57,069
Vehicles	13-112	12/10/13	5 years	152,881	2.44%	123,776	29,105	3,500	32,605
Health Services:									
Cemetery	14-120	11/24/14	n/a	\$ 100,000	0.00%	97,188	2,813	-	2,813
Social and Family Services:									
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	5,412,311	276,448	272,599	549,047
Recreation and Cultural Services:									
Hockey Heritage North	12-050	05/23/12	7 years	2,383,674	3.04%	1,562,577	325,594	52,702	378,296
Planning and Development:									
Archer Drive	08-004	02/01/09	9 years	600,000	6.00%	438,756	61,653	28,347	90,000
TOTAL GENERAL MUNICIPAL ACTIVITIES						\$ 8,073,561	\$ 883,645	\$ 376,744	\$ 1,260,389

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

Year	Principal	Interest	Total
2015	\$ 860,859	\$ 348,042	\$ 1,208,901
2016	794,719	316,995	1,111,714
2017	827,213	284,501	1,111,714
2018	861,088	250,623	1,111,711
2019	709,766	214,808	924,574
subsequent to 2019	4,019,916	916,413	4,936,329
	\$ 8,073,561	\$ 2,331,382	\$ 10,404,943

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 Land Improvements	Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Roads, Streets and Bridges	Water and Sewer		2014	2013
COST									
BALANCE, Dec. 31, 2013	\$ 12,012,690	\$ 50,600,735	\$ 1,987,218	\$ 6,778,004	\$ 27,681,083	\$ 26,646,206	\$ 22,765,893	\$ 148,471,829	\$ 127,005,784
Additions	476,196	11,986,990	39,427	550,189	1,604,206	-	231,743	14,888,751	21,749,521
Disposals and writedowns	(59,101)	-	-	(127,866)	-	-	-	(186,967)	(283,476)
Transfer from work in progress	186,033	22,446,524	-	56,412	-	-	(22,688,969)	-	-
BALANCE, Dec. 31, 2014	12,615,818	85,034,249	2,026,645	7,256,739	29,285,289	26,646,206	308,667	163,173,613	148,471,829
ACCUMULATED AMORTIZATION									
BALANCE, Dec. 31, 2013	2,626,047	20,134,087	1,073,502	3,975,279	12,398,031	12,081,343	-	52,288,289	49,576,722
Amortization	278,269	2,078,988	113,371	481,226	572,747	508,722	-	4,033,323	2,967,992
Disposals and writedowns	-	-	-	(92,443)	-	-	-	(92,443)	(256,425)
BALANCE, Dec. 31, 2014	2,904,316	22,213,075	1,186,873	4,364,062	12,970,778	12,590,065	-	56,229,169	52,288,289
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,711,502	\$ 62,821,174	\$ 839,772	\$ 2,892,677	\$ 16,314,511	\$ 14,056,141	\$ 308,667	\$ 106,944,444	\$ 96,183,540

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2014

	Archer Drive	Employees' Accumulated Sick Leave	Aquatic Fitness Centre	Residential Development	Second Ice Surface	Sewage Treatment Plant	Teck Pioneer Residence	Waterworks Capital Projects	Total
BALANCE, Dec. 31, 2013	\$ 135,889	\$ 150,998	\$ 3,705	\$ 5,904	\$ 603,761	\$ 26,384	\$ 949	\$ 139,086	\$ 1,066,676
ADDITIONS									
Current year's portion	-	-	-	-	-	-	-	142,926	142,926
Donations	-	-	42,754	-	-	-	-	-	42,754
Interest earned	1,736	1,613	46	75	8,422	337	12	2,069	14,310
DEDUCTIONS									
Current year's utilization - operating	-	(35,542)	-	-	-	-	-	-	(35,542)
Current year's utilization - capital	-	-	-	-	-	-	-	(105,642)	(105,642)
BALANCE, Dec. 31, 2014	\$ 137,625	\$ 117,069	\$ 46,505	\$ 5,979	\$ 612,183	\$ 26,721	\$ 961	\$ 178,439	\$ 1,125,482

Reserve fund assets are as follows:

Cash	\$ 1,084,491
Investments	40,991
Total	\$ 1,125,482

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED DECEMBER 31, 2014

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
REVENUES								
Taxation	\$ 1,653,934	\$ 1,270,203	\$ 781,258	\$ 941,793	\$ 646,552	\$ 1,057,951	\$ 3,391,235	\$ 9,742,926
Sales of services and user fees	1,940,812	118,310	291,302	2,386,696	354,463	224,110	-	5,315,693
Government transfers	4,829,674	992,091	515,628	617,999	565,094	912,179	16,029,865	24,462,530
Other	15,769	108,053	4,017	19,141	377,313	491,209	62,115	1,077,617
TOTAL REVENUES	8,440,189	2,488,657	1,592,205	3,965,629	1,943,422	2,685,449	19,483,215	40,598,766
EXPENSES								
Salaries and benefits	5,012,270	2,053,751	1,991,932	1,305,245	1,469,085	1,877,463	-	13,709,746
Materials	515,860	206,471	892,040	1,410,216	679,411	707,562	-	4,411,560
Contracted services	625,813	3,089,181	109,371	1,345,700	78,373	364,624	-	5,613,062
External transfers	545,814	-	-	-	1,800	1,351,185	-	1,898,799
Amortization	295,185	131,668	830,090	2,064,088	564,188	148,104	-	4,033,323
Other	273,700	3,797	439,263	199,405	159,720	31,480	-	1,107,365
TOTAL EXPENSES	7,268,642	5,484,868	4,262,696	6,324,654	2,952,577	4,480,418	-	30,773,855
ANNUAL SURPLUS (DEFICIT)	\$ 1,171,547	\$ (2,996,211)	\$ (2,670,491)	\$ (2,359,025)	\$ (1,009,155)	\$ (1,794,969)	\$ 19,483,215	\$ 9,824,911

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SUMMARY OF 2014 TAX LEVY

MUNICIPAL

	Current Value Assessment	Municipal Tax Rates	-----Taxes Levied-----		-----Total-----	
			Original	Supplementary	2014	2013
General						
Residential and farm	\$ 212,661,843	2.391149%	\$ 5,085,062	\$ 38,220	\$ 5,123,282	\$ 4,716,064
Multi-residential	10,086,015	3.987052%	402,135	-	402,135	362,310
Commercial - occupied	39,859,863	5.975086%	2,381,661	37,204	2,418,865	2,330,930
Commercial - vacant	1,097,636	4.182560%	45,909	281	46,190	42,705
Industrial - occupied	16,014,567	6.809255%	1,090,473	-	1,090,473	1,055,399
Industrial - vacant	429,300	4.426016%	19,001	-	19,001	16,906
Pipeline	2,984,430	3.872331%	115,567	-	115,567	107,330
Bernhardt and Morrisette Townships (Note 9)						
Residential and farm	17,524,781	0.836902%	146,665	-	146,665	141,020
			\$ 9,286,473	\$ 75,705	\$ 9,362,178	\$ 8,772,664

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SCHEDULE OF LIBRARY OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31

	-----2014-----		2013
	Actual	Budget (unaudited)	Actual
REVENUES			
GRANTS			
Ministry of Tourism, Culture and Sport	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	230,808	218,687	217,456
SPECIAL GRANTS			
Employment Grants	4,402	1,200	3,797
Capacity Building Grant	539	-	1,234
OTHER REVENUES	19,186	10,835	14,554
TOTAL REVENUES	282,857	258,644	264,963
EXPENSES			
CURRENT OPERATIONS			
Ball bequest	8,153	-	3,600
Books, cataloguing	12,274	11,746	14,667
Building repairs and maintenance	4,634	3,200	4,115
Coin operations supplies	999	1,500	1,091
Custodian	12,000	12,000	11,219
Furniture and equipment	115	1,772	1,722
Insurance	3,381	3,340	3,273
Miscellaneous	6,950	6,085	5,093
Office stationary and supplies	2,817	2,500	2,063
Professional fees	3,308	3,400	3,308
Records and periodicals	4,781	5,000	4,629
Salaries and wages	208,901	193,716	194,320
Utilities	14,544	14,385	15,863
TOTAL EXPENSES	282,857	258,644	264,963
ANNUAL SURPLUS	-	-	-
DEFICIT, beginning of year	(3,976)	(3,976)	(3,976)
DEFICIT, end of year	\$ (3,976)	\$ (3,976)	\$ (3,976)