

# **KIRKLAND LAKE**

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

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2015 & 2014**

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# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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YEARS ENDED DECEMBER 31, 2015 & 2014

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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, 2015 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 Ross Pope 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.



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Nancy Allick -Chief Administrative Officer



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Jennifer Elder - Treasurer

### CORPORATE SERVICES

THE CORPORATION OF THE TOWN OF KIRKLAND LAKE

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake, which comprise the consolidated statement of financial position as at December 31, 2015, 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, 2015 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 21, 2016


**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**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,888,351	\$ 3,187,240
Temporary investments (Notes 2 and 6)	77,881	-
Taxes receivable	1,849,302	1,657,875
User charges receivable	72,082	81,467
Accounts receivable	2,762,714	5,932,286
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 6,650,330</b>	<b>\$ 10,858,868</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,904,978	\$ 5,292,954
Deferred revenue (Note 2) (Schedule 3)	857,692	1,475,096
Accrued interest on long-term debt	118,151	100,403
Landfill closure and post-closure liability (Note 13)	224,716	210,237
Post-employment benefits and compensated absences (Notes 2 and 7)	3,402,377	3,900,732
Long-term debt (Note 8) (Schedule 4)	8,078,141	8,073,561
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>14,586,055</b>	<b>19,052,983</b>
<b>NET DEBT</b>	<b>(7,935,725)</b>	<b>(8,194,115)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 2) (Schedule 5)	107,693,164	106,944,444
Inventories (Note 2)	122,146	205,395
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>107,815,310</b>	<b>107,149,839</b>
<b>ACCUMULATED SURPLUS</b> (Schedule 1)	<b>\$ 99,879,585</b>	<b>\$ 98,955,724</b>

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

	-----2015-----		
	Actual	Budget (unaudited) (see Note 14)	2014 Actual
<b>REVENUES</b>			
Municipal taxation (Note 2) (Schedule 8)	\$ 10,146,141	\$ 10,081,523	\$ 9,362,179
Taxation from other governments	376,850	390,982	380,748
User charges (Schedule 2)	5,592,447	5,031,295	5,315,610
Government of Canada	966,518	1,542,301	6,469,605
Province of Ontario			
Non-specific	6,239,000	6,239,000	6,239,000
Specific	6,603,660	7,180,776	11,602,717
Other municipalities	173,547	158,800	151,208
Other (Schedule 2)	1,114,468	1,134,658	1,077,700
<b>TOTAL REVENUES</b>	<b>31,212,631</b>	<b>31,759,335</b>	<b>40,598,767</b>
<b>EXPENSES</b>			
<b>CURRENT OPERATIONS</b>			
General government	2,084,177	2,019,600	2,182,846
Protection to persons and property	5,263,815	5,141,618	5,484,868
Transportation services	4,239,923	3,297,976	4,262,696
Environmental services	6,234,370	3,673,321	6,324,654
Health services	1,130,467	1,110,267	1,084,001
Social and family services	7,123,019	6,744,424	7,268,642
Social housing	453,864	453,864	444,459
Recreation and cultural services	3,060,072	2,514,225	2,952,577
Planning and development	699,063	792,732	769,112
<b>TOTAL EXPENSES</b>	<b>30,288,770</b>	<b>25,748,027</b>	<b>30,773,855</b>
<b>ANNUAL SURPLUS</b>	<b>923,861</b>	<b>6,011,308</b>	<b>9,824,912</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>98,955,724</b>	<b>98,955,724</b>	<b>89,130,812</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 99,879,585</b>	<b>\$ 104,967,032</b>	<b>\$ 98,955,724</b>

See accompanying notes.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2015-----		
	Actual	Budget (unaudited) (see Note 14)	2014 Actual
<b>ANNUAL SURPLUS</b>	\$ 923,861	\$ 6,011,308	\$ 9,824,912
Acquisition of tangible capital assets	(4,887,687)	(7,278,368)	(14,888,751)
Amortization of tangible capital assets	4,123,211	-	4,033,323
Loss (gain) on disposal of tangible capital assets	14,357	-	68,066
Proceeds on sale of tangible capital assets	1,400	-	26,458
Decrease (increase) in inventories	83,248	-	56,731
<b>CHANGE IN NET DEBT</b>	<b>258,390</b>	<b>(1,267,060)</b>	<b>(879,261)</b>
NET DEBT, beginning of year	(8,194,115)	(8,194,115)	(7,314,854)
<b>NET DEBT, end of year</b>	<b>\$ (7,935,725)</b>	<b>\$ (9,461,175)</b>	<b>\$ (8,194,115)</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2015	2014
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 923,861	\$ 9,824,912
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,123,211	4,033,323
Contributed assets	-	(8,211)
Loss (gain) on disposal of tangible capital assets	14,357	68,066
USES:		
Increase in taxes receivable	(191,427)	(488,518)
Decrease in accounts payable and accrued liabilities	(3,387,976)	-
Decrease in deferred revenue	(617,404)	(6,089,047)
Decrease in post-employment benefits and compensated absences	(498,355)	-
	<b>366,267</b>	<b>7,340,525</b>
<b>SOURCES:</b>		
Decrease in inventories	83,249	56,731
Decrease in accounts receivable	3,178,957	2,714,397
Increase in accounts payable and accrued liabilities	-	998,530
Increase in post-employment benefits and compensated absences	-	219,346
Increase in other liabilities	32,227	70,954
	<b>3,294,433</b>	<b>4,059,958</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,660,700</b>	<b>11,400,483</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in temporary investments	(77,881)	-
<b>NET INCREASE IN CASH FROM INVESTING TRANSACTIONS</b>	<b>(77,881)</b>	<b>-</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,887,687)	(14,880,540)
Proceeds on sale of tangible capital assets	1,400	26,458
<b>CASH APPLIED TO CAPITAL ACTIVITIES</b>	<b>(4,886,287)</b>	<b>(14,854,082)</b>
<b>FINANCING ACTIVITIES</b>		
New debt issued	774,705	100,000
Debt principal repayments	(770,126)	(883,645)
<b>CASH APPLIED TO FINANCING ACTIVITIES</b>	<b>4,579</b>	<b>(783,645)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,298,889)</b>	<b>(4,237,244)</b>
CASH AND CASH EQUIVALENTS, beginning of year	3,187,240	7,424,484
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,888,351</b>	<b>\$ 3,187,240</b>

See accompanying notes.



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 & 2014

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### 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, 2015 & 2014

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

#### (v) Trust Funds

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

#### (b) BASIS OF ACCOUNTING

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

#### (i) Tax Revenues

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

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

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

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

Taxation 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, 2015 & 2014

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### 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, 2015 & 2014

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### 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, 2015 & 2014

### 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 2015, the Municipality collected and remitted property taxes on the school boards' behalf as follows:

	2015	2014
Amounts billed and remitted on behalf of school boards	\$ 1,288,563	\$ 1,226,846

### 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:

	2015	2014
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 1,569,904	\$ 1,574,673
Timiskaming Health Unit ("THU")	335,430	322,883

The Municipality is contingently liable for its share, which is approximately 20% (2014 - 20%) for the DTSSAB and an estimated 26% (2014 - 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 \$1,574,354 (2014 - \$1,507,947) 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, 2015 & 2014

### 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 was not utilizing this credit facility On December 31, 2015 (2014 - \$nil). The Municipality has borrowed \$77,880 from the reserve funds on a short term basis. This amount is included in accounts payable and accrued liabilities.

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

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

	2015	2014
Accrued employee future benefits liability	\$ 3,030,499	\$ 3,548,099
Vacation credits	321,392	294,653
Sick leave benefits	50,486	57,980
<b>Post-employment benefits and compensated absences liability</b>	<b>\$ 3,402,377</b>	<b>\$ 3,900,732</b>

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

	2015	2014
Accrued benefit obligation	\$ 3,030,499	\$ 3,605,099
Unamortized net actuarial gain (loss)	-	(57,000)
<b>Accrued employee future benefits liability</b>	<b>\$ 3,030,499</b>	<b>\$ 3,548,099</b>

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

	2015	2014
Current service cost	\$ 208,200	\$ 172,800
Interest on accrued employee future benefits obligation	99,000	148,400
Net amortization of net actuarial loss (gain)	(18,400)	(8,400)
Plan Amendments incurred in year	(670,700)	-
<b>Employee future benefits expenses <sup>1</sup></b>	<b>\$(381,900)</b>	<b>\$ 312,800</b>

<sup>1</sup> 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2015 & 2014

(d) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2015	2014
BALANCE, beginning of year	\$3,548,099	\$3,310,599
Benefit expense for year	(381,900)	312,800
Actual benefit payments	(135,700)	(75,300)
BALANCE, end of year	\$3,030,499	\$3,548,099

(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, 2015, the Municipality contributed \$847,605 (2014 - \$841,568) 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2015 & 2014

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

#### (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, 2015 are based on a valuation as of January 1, 2013 and an extrapolated valuation as at December 31, 2015. 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:

	<b>December 31, 2015</b>
Discount rate	3.30% per annum (4.00% in 2014)
Dental cost trend rates	4.0% per annum
Extended health care trend rates	8.0% per annum for 2015 decreasing to 4.0% over 20 years

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

#### (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 \$50,486 (2014 - \$57,980) 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, 2015 & 2014

### 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:

	2015	2014
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	\$ 8,078,141	\$ 8,073,561

(b) Of the long-term debt reported in (a) above, \$8,078,141 in principal payments and \$2,030,012 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 \$353,978 (2014 - \$385,892).

(e) Included in the long-term debt is the amount of \$87,278 as at December 31, 2015 (2014 - \$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, \$291.90 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 2015 charges from OCWA in the amount of \$911,031 (2014 - \$562,412).

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, 2015 & 2014

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### 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, 2015, the Municipality paid \$2,872,754 (2014 - \$3,026,395) to the Province for policing costs.

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

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

#### (d) BENEFIT PREMIUM

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

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

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

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

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

The Municipality has received \$1,200,000 in grant money. It also has a \$600,000 liability to NOHFC and a receivable from a private enterprise for the same amount. The Municipality entered into a five-year lease agreement with the private enterprise. Payments commenced in March 2009 with a deferral of payments during the period June 2011 to January 2013. While payments once again commenced in February 2013, another deferral of payments commenced effective March 2015, for the period of March 1, 2015 to February 1, 2016.

#### (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 was to have expired in March 2016 but has been extended to June 30, 2016.

In 2015, costs were \$263,877 (2014 - \$261,014) for waste collection, \$234,004 (2014 - \$231,464) for landfill operations and \$154,366 (2014 - \$147,685) for recycling.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2015 & 2014

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### 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 \$1,128,942 (2014 - \$1,024,299), for accounts receivable in the amount of \$92,058 (2014 - \$101,185) and for user charges receivable in the amount of \$9,877 (2014 - \$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, 2015 & 2014

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

In 2015, 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, 2015, the remaining capacity of the landfill site is approximately 770,000 cubic metres (2014 - 820,000 cubic metres) which is expected to be used by the year 2050. The period for post-closure care is estimated to be 30 years after 2050.

The estimated liability for the care of the landfill site is the present value of future cash flows associated with closure and post-closure costs discounted using the Municipality's average long-term borrowing rate of 4.00% (2014 - 4.65%). As at December 31, 2015, an amount of \$224,716 (2014 - \$210,237) 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 2015 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.

	-----2015-----		
	Council Approved Budget (unaudited)	Change	Restated Budget (unaudited)
<b>TOTAL REVENUES</b>	\$ 32,147,622	\$ (388,287)	\$ 31,759,335
<b>EXPENSES</b>			
Operating expenses	25,748,027	-	25,748,027
Capital asset expenditures	7,278,368	(7,278,368)	-
Net transfers to other funds	(1,642,182)	1,642,182	-
Debt principal payments	763,409	(763,409)	-
<b>TOTAL EXPENSES</b>	32,147,622	(6,399,595)	25,748,027
<b>ANNUAL SURPLUS</b>	\$ -	\$ 6,011,308	\$ 6,011,308

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2015 & 2014

### 15. EXPENSES BY OBJECT

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

	2015	2014
Salaries, wages and employee benefits	\$ 12,971,368	\$ 13,709,746
Materials and supplies	4,671,570	4,411,560
Rent and financial expenses	609,035	662,555
Contracted services	5,630,502	5,613,062
External transfers	1,914,749	1,898,799
Interest charges	353,978	376,744
Amortization	4,123,211	4,033,323
Loss (gain) on disposal	14,357	68,066
<b>TOTAL EXPENSES</b>	<b>\$ 30,288,770</b>	<b>\$ 30,773,855</b>

### 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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2015 & 2014

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### 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 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

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.

Council has committed the entire second ice surface reserve fund, in the amount of \$619,000, to be used on the Civic Service redevelopment project.

The Municipality registered a large commercial property for tax sale. The tax sale tender opening date was May 11, 2016 and no bids were received. Consequently, the property has vested with the Town and it is unknown whether or not the cancellation price, in the amount of \$835,433, will be recovered.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2015	2014
<b>RESERVES</b>		
Aquatic Fitness Centre	\$ 1,928,573	\$ 1,977,080
Infrastructure - capital	\$ 99,350	\$ -
Landfill	35,521	-
Other	103,318	99,318
Teck Pioneer Residence renovations	3,721	29,535
Kirkland District Health Centre	110,129	-
Working capital	610,733	1,037,277
<b>TOTAL RESERVES</b>	<b>2,891,345</b>	<b>3,143,210</b>
<b>RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL</b>		
Aquatic fitness centre	84,281	46,506
Archer Drive	138,809	137,625
Employees' accumulated sick leave	110,255	117,069
Residential development	6,043	5,979
Second ice surface	619,145	612,183
Sewage treatment plant	27,006	26,721
Teck Pioneer Residence	971	961
Waterworks capital projects	121,951	178,439
<b>TOTAL RESERVE FUNDS</b>	<b>1,108,461</b>	<b>1,125,483</b>
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>3,999,806</b>	<b>4,268,693</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	99,615,023	98,870,884
Unexpended capital financing	-	17,519
General Revenue Fund	10,000	10,000
<b>UNFUNDED</b>		
Post-employment benefits and compensated absences	(3,402,377)	(3,900,732)
Landfill closure and post-closure liability	(224,716)	(210,237)
Accrued interest on long-term debt	(118,151)	(100,403)
<b>TOTAL SURPLUSES</b>	<b>95,879,779</b>	<b>94,687,031</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 99,879,585</b>	<b>\$ 98,955,724</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2015-----		
	Actual	Budget (unaudited) (see Note 14)	2014 Actual
<b>USER CHARGES</b>			
Airport	\$ 113,113	\$ 116,000	\$ 114,986
Cemetery	110,924	126,500	91,606
Day care	181,528	163,435	161,882
Garbage disposal	315,345	230,000	277,266
General government	30,486	17,650	23,488
Heritage North	2,906	(1,050)	1,869
Library	5,606	6,580	6,318
Licenses and permits	90,941	130,300	143,691
Museum	17,352	18,786	21,464
Other	199,885	126,100	83,553
Recreation	313,216	326,670	324,812
Recycling	59,084	85,000	133,466
Roadways	285,575	22,000	176,315
Sanitary sewers	16,983	5,000	20,455
Teck Pioneer Residence	1,813,963	1,768,324	1,778,930
Water rates	1,891,569	1,805,000	1,849,002
Waterworks	143,971	85,000	106,507
	<b>\$ 5,592,447</b>	<b>\$ 5,031,295</b>	<b>\$ 5,315,610</b>
<b>OTHER</b>			
Donations	\$ 105,292	\$ 161,900	\$ 134,010
Fines	32,099	53,200	59,977
Investment income	38,462	39,000	59,720
Penalties and interest	410,274	270,100	323,408
Recoveries related to sewage treatment plant	-	-	2,035
Rents and concessions	452,970	609,208	457,852
Sale of land	72,862	-	39,179
Sale of publications	981	750	664
Sales - other	1,528	500	855
	<b>\$ 1,114,468</b>	<b>\$ 1,134,658</b>	<b>\$ 1,077,700</b>



**MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE**  
**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**  
**YEAR ENDED DECEMBER 31, 2015**

	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, 2014	\$ 160,484	\$ 113,541	\$ 301,947	\$ 576,323	\$ 106,439	\$ 74,958	\$ 141,404	\$ 1,475,096
INCREASE IN DEFERRED REVENUE								
Interest	3,456	1,892	1,620	4,753	-	2,664	-	14,385
Government transfers	491,836	-	-	-	105,372	-	-	597,208
Donations	-	44,242	-	-	-	-	-	44,242
Other	-	-	-	-	-	62,431	-	62,431
	495,292	46,134	1,620	4,753	105,372	65,095	-	718,266
DEFERRED REVENUE EARNED								
To operations	-	(34,076)	-	(445,661)	(106,082)	(24,422)	(141,404)	(751,645)
To capital acquisitions	(571,193)	(7,076)	-	-	-	(5,756)	-	(584,025)
	(571,193)	(41,152)	-	(445,661)	(106,082)	(30,178)	(141,404)	(1,335,670)
<b>BALANCE, Dec. 31, 2015</b>	<b>\$ 84,583</b>	<b>\$ 118,523</b>	<b>\$ 303,567</b>	<b>\$ 135,415</b>	<b>\$ 105,729</b>	<b>\$ 109,875</b>	<b>\$ -</b>	<b>\$ 857,692</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2015

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	Long-Term Debt	-----2015-----		Total
							Principal	Interest	
GENERAL MUNICIPAL ACTIVITIES									
Transportation Services:									
Equipment	13-111	12/10/13	10 years	480,020	3.37%	396,556	42,397	14,180	<b>56,577</b>
Vehicles	13-112	12/10/13	5 years	152,881	2.44%	93,967	29,809	2,680	<b>32,489</b>
Health Services:									
Cemetery	14-120	11/24/14	n/a	\$ 100,000	0.00%	87,278	9,909	-	<b>9,909</b>
Social and Family Services:									
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	5,122,038	290,274	259,786	<b>550,060</b>
Recreation and Cultural Services:									
LED Street Lights	15-067	06/29/15	7 years	774,706	2.19	723,244	51,462	8,313	<b>59,775</b>
Heritage North	12-050	05/23/12	7 years	2,383,674	3.04%	1,226,941	335,636	42,640	<b>378,276</b>
Planning and Development:									
Archer Drive	08-004	02/01/09	9 years	600,000	6.00%	428,117	10,639	26,379	<b>37,018</b>
<b>TOTAL GENERAL MUNICIPAL ACTIVITIES</b>						<b>\$ 8,078,141</b>	<b>\$ 770,126</b>	<b>\$ 353,978</b>	<b>\$ 1,124,104</b>

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

Year	Principal	Interest	Total
2016	\$ 894,673	\$ 331,828	\$ 1,226,501
2017	939,821	296,976	1,236,797
2018	975,798	260,371	1,236,169
2019	758,083	222,498	980,581
2020	696,562	188,846	885,408
subsequent to 2020	3,813,204	729,493	4,542,697
	<b>\$ 8,078,141</b>	<b>\$ 2,030,012</b>	<b>\$10,108,153</b>

## 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	2015	2014
COST									
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
Additions	21,704	525,206	376,915	439,368	2,113,499	1,031,163	379,832	4,887,687	14,888,751
Disposals and writedowns	-	-	(110,999)	-	-	-	-	(110,999)	(186,967)
Transfer from work in progress	-	-	-	-	-	-	(4,064)	(4,064)	-
<b>BALANCE, Dec. 31, 2015</b>	<b>12,637,522</b>	<b>85,559,455</b>	<b>2,292,561</b>	<b>7,696,107</b>	<b>31,398,788</b>	<b>27,677,369</b>	<b>684,435</b>	<b>167,946,237</b>	<b>163,173,613</b>
ACCUMULATED AMORTIZATION									
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
Amortization	216,257	2,101,640	135,389	504,009	636,570	529,346	-	4,123,211	4,033,323
Disposals and writedowns	-	-	(99,307)	-	-	-	-	(99,307)	(92,443)
<b>BALANCE, Dec. 31, 2015</b>	<b>3,120,573</b>	<b>24,314,715</b>	<b>1,222,955</b>	<b>4,868,071</b>	<b>13,607,348</b>	<b>13,119,411</b>	<b>-</b>	<b>60,253,073</b>	<b>56,229,169</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 9,516,949</b>	<b>\$ 61,244,740</b>	<b>\$ 1,069,606</b>	<b>\$ 2,828,036</b>	<b>\$ 17,791,440</b>	<b>\$ 14,557,958</b>	<b>\$ 684,435</b>	<b>\$ 107,693,164</b>	<b>\$ 106,944,444</b>

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

**CONSOLIDATED SCHEDULE OF RESERVE FUNDS**

**YEAR ENDED DECEMBER 31, 2015**

	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, 2014	\$ 137,625	\$ 117,069	\$ 46,506	\$ 5,979	\$ 612,183	\$ 26,721	\$ 961	\$ 178,439	\$ 1,125,483
ADDITIONS									
Current year's portion	-	-	-	-	-	-	-	56,075	56,075
Donations	-	-	37,329	-	-	-	-	-	37,329
Interest earned	1,184	1,223	446	64	6,962	285	10	1,700	11,874
DEDUCTIONS									
Current year's utilization - operating	-	(8,037)	-	-	-	-	-	-	(8,037)
Current year's utilization - capital	-	-	-	-	-	-	-	(114,263)	(114,263)
<b>BALANCE, Dec. 31, 2015</b>	<b>\$ 138,809</b>	<b>\$ 110,255</b>	<b>\$ 84,281</b>	<b>\$ 6,043</b>	<b>\$ 619,145</b>	<b>\$ 27,006</b>	<b>\$ 971</b>	<b>\$ 121,951</b>	<b>\$ 1,108,461</b>

**Reserve fund assets are as follows:**

Cash	\$ 1,016,080
Investments	14,500
Investment in own funds (Note 6)	77,881
<b>Total</b>	<b>\$ 1,108,461</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED DECEMBER 31, 2015

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
<b>REVENUES</b>								
Taxation	\$ 1,786,356	\$ 1,371,901	\$ 843,809	\$ 1,017,197	\$ 698,318	\$ 1,142,656	\$ 3,662,754	\$ 10,522,991
Sales of services and user fees	2,041,858	124,470	306,468	2,510,956	372,918	235,777	-	5,592,447
Government transfers	5,277,675	1,402,013	876,803	1,284,180	795,945	1,023,649	3,322,460	13,982,725
Other	16,308	111,748	4,154	19,796	390,216	508,131	64,115	1,114,468
<b>TOTAL REVENUES</b>	<b>9,122,197</b>	<b>3,010,132</b>	<b>2,031,234</b>	<b>4,832,129</b>	<b>2,257,397</b>	<b>2,910,213</b>	<b>7,049,329</b>	<b>31,212,631</b>
<b>EXPENSES</b>								
Salaries and benefits	4,848,831	1,978,706	1,842,554	1,051,681	1,553,580	1,729,169	-	13,004,521
Materials	627,879	185,874	1,084,031	1,286,080	789,548	730,193	-	4,703,605
Contracted services	576,199	2,960,497	31,912	1,584,775	69,596	330,105	-	5,553,084
External transfers	509,667	-	-	-	1,800	1,395,359	-	1,906,826
Amortization	299,794	137,396	831,182	2,116,976	584,781	153,084	-	4,123,213
Other	260,649	1,342	450,244	194,858	60,767	29,661	-	997,521
<b>TOTAL EXPENSES</b>	<b>7,123,019</b>	<b>5,263,815</b>	<b>4,239,923</b>	<b>6,234,370</b>	<b>3,060,072</b>	<b>4,367,571</b>	<b>-</b>	<b>30,288,770</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 1,999,178</b>	<b>\$ (2,253,683)</b>	<b>\$ (2,208,689)</b>	<b>\$ (1,402,241)</b>	<b>\$ (802,675)</b>	<b>\$ (1,457,358)</b>	<b>\$ 7,049,329</b>	<b>\$ 923,861</b>

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

**SUMMARY OF 2015 TAX LEVY**

**MUNICIPAL**

	Current Value Assessment	Municipal Tax Rates	-----Taxes Levied-----		-----Total-----	
			Original	Supplementary	2015	2014
General						
Residential and farm	\$ 245,275,330	2.391069%	\$ 5,864,702	\$ 7,454	\$ 5,872,156	\$ 5,123,282
Multi-residential	10,467,228	3.986921%	417,320	-	417,320	402,135
Commercial - occupied	41,608,324	5.700400%	2,371,841	53,060	2,424,901	2,418,865
Commercial - vacant	1,159,184	3.990280%	46,255	-	46,255	46,190
Industrial - occupied	16,640,633	6.496220%	1,081,012	4,104	1,085,116	1,090,473
Industrial - vacant	456,100	4.222543%	19,259	-	19,259	19,001
Pipeline	3,027,133	3.872203%	117,217	-	117,217	115,567
Bernhardt and Morrisette Townships (Note 9)						
Residential and farm	19,586,794	0.836874%	163,917	-	163,917	146,666
			\$ 10,081,523	\$ 64,618	\$ 10,146,141	\$ 9,362,179

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SCHEDULE OF LIBRARY OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31

	-----2015-----		2014
	Actual	Budget (unaudited)	Actual
<b>REVENUES</b>			
GRANTS			
Ministry of Tourism, Culture and Sport	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	219,359	232,367	230,808
SPECIAL GRANTS			
Employment Grants	6,266	6,058	4,402
Capacity Building Grant	8,627	7,907	539
OTHER REVENUES	17,026	20,230	19,186
<b>TOTAL REVENUES</b>	<b>279,200</b>	<b>294,484</b>	<b>282,857</b>
<b>EXPENSES</b>			
CURRENT OPERATIONS			
Ball bequest	7,491	9,500	8,153
Books, cataloguing	18,418	19,653	12,274
Building repairs and maintenance	4,316	3,200	4,634
Coin operations supplies	376	1,100	999
Custodian	12,000	12,000	12,000
Furniture and equipment	2,474	2,644	115
Insurance	3,399	3,442	3,381
Miscellaneous	9,062	6,480	6,950
Office stationary and supplies	3,377	2,500	2,817
Professional fees	3,308	3,420	3,308
Records and periodicals	5,218	5,000	4,781
Salaries and wages	192,677	212,711	208,901
Utilities	17,087	15,078	14,544
<b>TOTAL EXPENSES</b>	<b>279,203</b>	<b>296,728</b>	<b>282,857</b>
<b>ANNUAL DEFICIT</b>	<b>(3)</b>	<b>(2,244)</b>	<b>-</b>
DEFICIT, beginning of year	(3,976)	(3,976)	(3,976)
<b>DEFICIT, end of year</b>	<b>\$ (3,979)</b>	<b>\$ (6,220)</b>	<b>\$ (3,976)</b>

