

# **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, 2016 & 2015**

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# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## INDEX TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 & 2015

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	Page
<b>MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2
<b>STATEMENTS</b>	
1 Consolidated Statement of Financial Position	3
2 Consolidated Statement of Operations	4
3 Consolidated Statement of Change in Net Debt	5
4 Consolidated Statement of Cash Flow	6
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	7
<b>SCHEDULES</b>	
1 Consolidated Schedule of Accumulated Surplus	21
2 Summary of User Charges and Other Sources of Financing	22
3 Consolidated Schedule of Deferred Revenue	23
4 Consolidated Schedule of Long-Term Debt	24
5 Consolidated Schedule of Tangible Capital Assets	25
6 Consolidated Schedule of Reserve Funds	26
7 Consolidated Schedule of Segment Disclosure	27
8 Summary of 2016 Tax Levy	28
9 Schedule of Library Operations and Deficit	29





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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, 2016, 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, 2016 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 20, 2017

**ROSS POPE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

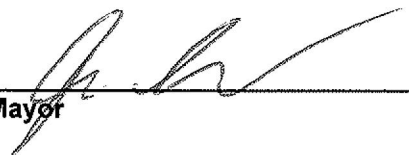
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,274,253	\$ 1,888,351
Temporary investments	-	77,881
Taxes receivable	1,586,098	1,849,302
User charges receivable	77,115	72,082
Accounts receivable	2,399,447	2,762,714
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 5,336,913</b>	<b>\$ 6,650,330</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,255,165	\$ 1,904,977
Deferred revenue (Schedule 3)	499,840	857,692
Accrued interest on long-term debt	140,590	118,151
Landfill closure and post-closure liability (Note 13)	240,968	224,716
Post-employment benefits and compensated absences (Note 7)	3,395,542	3,402,377
Long-term debt (Note 8) (Schedule 4)	7,495,110	8,078,141
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>15,027,215</b>	<b>14,586,054</b>
<b>NET DEBT</b>	<b>(9,690,302)</b>	<b>(7,935,724)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 5)	110,649,192	107,693,164
Inventories	155,240	122,146
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>110,804,432</b>	<b>107,815,310</b>
<b>ACCUMULATED SURPLUS</b> (Schedule 1)	<b>\$ 101,114,130</b>	<b>\$ 99,879,586</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

	-----2016-----		
	Actual	Budget (unaudited) (see Note 14)	2015 Actual
<b>REVENUES</b>			
Municipal taxation (Note 2) (Schedule 8)	\$ 11,178,202	\$ 11,037,370	\$ 10,146,142
Taxation from other governments	279,339	369,944	376,850
User charges (Schedule 2)	5,237,287	5,052,542	5,592,447
Government of Canada	883,465	976,785	966,518
Province of Ontario			
Non-specific	6,239,000	6,239,000	6,239,000
Specific	6,950,014	7,747,099	6,603,660
Other municipalities	202,331	169,064	173,547
Other (Schedule 2)	1,487,655	1,472,814	1,114,468
<b>TOTAL REVENUES</b>	<b>32,457,293</b>	<b>33,064,618</b>	<b>31,212,632</b>
<b>EXPENSES</b>			
<b>CURRENT OPERATIONS</b>			
General government	2,771,721	2,650,378	2,084,177
Protection to persons and property	5,070,558	4,893,969	5,263,815
Transportation services	4,134,154	3,298,002	4,239,923
Environmental services	6,295,422	4,153,894	6,234,370
Health services	1,159,218	1,129,642	1,130,467
Social and family services	7,455,578	6,916,950	7,123,019
Social housing	482,195	482,195	453,864
Recreation and cultural services	3,262,557	2,517,706	3,060,072
Planning and development	591,346	752,395	699,063
<b>TOTAL EXPENSES</b>	<b>31,222,749</b>	<b>26,795,131</b>	<b>30,288,770</b>
<b>ANNUAL SURPLUS</b>	<b>1,234,544</b>	<b>6,269,487</b>	<b>923,862</b>
ACCUMULATED SURPLUS, beginning of year	99,879,586	99,879,586	98,955,724
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$101,114,130</b>	<b>\$106,149,073</b>	<b>\$ 99,879,586</b>

See accompanying notes.

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2016-----		
	Actual	Budget (unaudited) (see Note 14)	2015 Actual
<b>ANNUAL SURPLUS</b>	<b>\$ 1,234,544</b>	<b>\$ 6,269,487</b>	<b>\$ 923,862</b>
Acquisition of tangible capital assets	(7,213,208)	(13,829,469)	(4,887,687)
Amortization of tangible capital assets	4,251,579	-	4,123,211
Loss (gain) on disposal of tangible capital assets	4,195	-	14,357
Proceeds on sale of tangible capital assets	1,407	-	1,400
Decrease (increase) in inventories	(33,095)	-	83,248
<b>CHANGE IN NET DEBT</b>	<b>(1,754,578)</b>	<b>(7,559,982)</b>	<b>258,391</b>
NET DEBT, beginning of year	(7,935,724)	(7,935,724)	(8,194,115)
<b>NET DEBT, end of year</b>	<b>\$ (9,690,302)</b>	<b>\$ (15,495,706)</b>	<b>\$ (7,935,724)</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2016	2015
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 1,234,544	\$ 923,862
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	4,251,579	4,123,211
Loss (gain) on disposal of tangible capital assets	4,195	14,357
USES:		
Increase in taxes receivable	263,204	(191,427)
Increase in inventories	(33,095)	-
Decrease in accounts payable and accrued liabilities	-	(3,387,976)
Decrease in deferred revenue	(357,852)	(617,404)
Decrease in post-employment benefits and compensated absences	(6,838)	(498,355)
	<b>5,355,737</b>	<b>366,268</b>
<b>SOURCES:</b>		
Decrease in inventories	-	83,249
Decrease in accounts receivable	358,234	3,178,957
Increase in accounts payable and accrued liabilities	1,350,197	-
Increase in other liabilities	38,685	32,226
	<b>1,747,116</b>	<b>3,294,432</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>7,102,853</b>	<b>3,660,700</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in temporary investments	77,881	(77,881)
<b>NET INCREASE IN CASH FROM INVESTING TRANSACTIONS</b>	<b>77,881</b>	<b>(77,881)</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(7,213,208)	(4,887,687)
Proceeds on sale of tangible capital assets	1,407	1,400
<b>CASH APPLIED TO CAPITAL ACTIVITIES</b>	<b>(7,211,801)</b>	<b>(4,886,287)</b>
<b>FINANCING ACTIVITIES</b>		
New debt issued	250,000	774,705
Debt principal repayments	(833,031)	(770,126)
<b>CASH APPLIED TO FINANCING ACTIVITIES</b>	<b>(583,031)</b>	<b>4,579</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(614,098)</b>	<b>(1,298,889)</b>
CASH AND CASH EQUIVALENTS, beginning of year	1,888,351	3,187,240
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,274,253</b>	<b>\$ 1,888,351</b>

See accompanying notes.



# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 & 2015

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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, 2016 & 2015

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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, 2016 & 2015

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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, 2016 & 2015

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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, 2016 & 2015

### 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 2016, the Municipality collected and remitted property taxes on the school boards' behalf as follows:

	2016	2015
Amounts billed and remitted on behalf of school boards	\$ 1,401,522	\$ 1,288,563

### 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:

	2016	2015
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 1,579,542	\$ 1,569,904
Timiskaming Health Unit ("THU")	335,430	335,430

The Municipality is contingently liable for its share, which is approximately 20% (2015 - 20%) for the DTSSAB and an estimated 25% (2015 - 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 (2015 - \$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, 2016 & 2015

### 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, 2016 (2015 - \$nil).

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

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

	2016	2015
Accrued employee future benefits liability	\$ 3,086,699	\$ 3,030,499
Vacation credits	258,786	321,392
Sick leave benefits	50,057	50,486
<b>Post-employment benefits and compensated absences liability</b>	<b>\$ 3,395,542</b>	<b>\$ 3,402,377</b>

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

	2016	2015
Accrued benefit obligation	\$ 3,086,699	\$ 3,030,499
Unamortized net actuarial gain (loss)	-	-
<b>Accrued employee future benefits liability</b>	<b>\$ 3,086,699</b>	<b>\$ 3,030,499</b>

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

	2016	2015
Current service cost	\$ 216,500	\$ 208,200
Interest on accrued employee future benefits obligation	104,200	99,000
Net amortization of net actuarial loss (gain)	-	(18,400)
Curtailments / Plan Amendments incurred in year	(87,600)	(670,700)
<b>Employee future benefits expenses <sup>1</sup></b>	<b>\$ 233,100</b>	<b>\$(381,900)</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, 2016 & 2015

(d) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2016	2015
BALANCE, beginning of year	<b>\$3,030,499</b>	\$3,548,099
Benefit expense for year	<b>233,100</b>	(381,900)
Actual benefit payments	<b>(176,900)</b>	(135,700)
BALANCE, end of year	<b>\$3,086,699</b>	\$3,030,499

(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, 2016, the Municipality contributed \$856,149 (2015 - \$847,605) 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, 2016 & 2015

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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, 2016 are based on a valuation as of January 1, 2016 and an extrapolated valuation as at December 31, 2016. 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 (3.30% in 2015)
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 \$50,057 (2015 - \$50,486) 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, 2016 & 2015

### 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:

	2016	2015
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	\$ 7,495,110	\$ 8,078,141

(b) Of the long-term debt reported in (a) above, \$7,495,110 in principal payments and \$1,581,342 in interest payments are payable from 2017 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 \$333,784 (2015 - \$385,892).

(e) Included in the long-term debt is the amount of \$84,067 as at December 31, 2016 (2015 - \$87,278) 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 2016 charges from OCWA in the amount of \$929,251 (2015 - \$911,031).

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, 2016 & 2015

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### 10. COMMITMENTS (CONT'D)

#### (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, 2016, the Municipality paid \$2,558,631 (2015 - \$2,872,754) to the Province for policing costs.

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

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

#### (d) BENEFIT PREMIUM

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

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

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

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

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

The Municipality has received \$1,200,000 in grant money. It also has a \$600,000 liability to NOHFC and a receivable from a private enterprise for the same amount. The Municipality entered into a five-year lease agreement with the private enterprise. Payments commenced in March 2009 with a deferral of payments during the period June 2011 to January 2013. The agreement was amended in January of 2017 to continue deferring payments until June 30, 2017.

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

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

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

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

In 2016, costs were \$277,924 (2015 - \$263,877) for waste collection, \$251,988 (2015 - \$234,004) for landfill operations and \$167,837 (2015 - \$154,366) for recycling.

#### (i) AQUATIC FITNESS CENTRE

Council has committed to the development of a new aquatic fitness centre in the amount of \$14.2 million of which \$1.8M was spent in 2016.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2016 & 2015

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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.

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

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

### 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 \$1,197,432 (2015 - \$1,128,942), for accounts receivable in the amount of \$41,757 (2015 - \$40,205) and for user charges receivable in the amount of \$1,846 (2015 - \$6,639).

#### (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

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

### YEARS ENDED DECEMBER 31, 2016 & 2015

care will involve routine inspections, cap maintenance, groundwater and weir sampling and analysis.

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

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

As at December 31, 2016, the remaining capacity of the landfill site is approximately 780,000 cubic metres (2015 - 801,400 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% (2015 - 4.00%). As at December 31, 2016, an amount of \$240,968 (2015 - \$224,716) 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 2016 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.

	-----2016-----		
	Council Approved Budget (unaudited)	Change	Restated Budget (unaudited)
<b>TOTAL REVENUES</b>	\$ 43,672,635	\$ (10,608,017)	\$ 33,064,618
<b>EXPENSES</b>			
Operating expenses	31,925,928	(5,130,797)	26,795,131
Capital asset expenditures	13,829,469	(13,829,469)	-
Net transfers to other funds	(3,015,233)	3,015,233	-
Debt principal payments	932,471	(932,471)	-
<b>TOTAL EXPENSES</b>	43,672,635	(16,877,504)	26,795,131
<b>ANNUAL SURPLUS</b>	\$ -	\$ 6,269,487	\$ 6,269,487

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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

YEARS ENDED DECEMBER 31, 2016 & 2015

### 15. EXPENSES BY OBJECT

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

	2016	2015
Salaries, wages and employee benefits	\$ 13,611,636	\$ 12,971,368
Materials and supplies	5,175,934	4,671,570
Rent and financial expenses	513,578	609,035
Contracted services	5,412,639	5,630,502
External transfers	1,919,386	1,914,749
Interest charges	333,802	353,978
Amortization	4,251,579	4,123,211
Loss (gain) on disposal	4,195	14,357
<b>TOTAL EXPENSES</b>	<b>\$ 31,222,749</b>	<b>\$ 30,288,770</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, 2016 & 2015

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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.

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2016	2015
<b>RESERVES</b>		
Centennial Committee	\$ 20,000	\$ -
Aquatic Fitness Centre	227,657	1,928,573
Infrastructure - capital	93,467	99,350
Landfill	-	35,521
Other	107,318	103,318
Teck Pioneer Residence renovations	-	3,721
Kirkland District Health Centre	110,129	110,129
Working capital	513,180	610,733
<b>TOTAL RESERVES</b>	<b>1,071,751</b>	<b>2,891,345</b>
<b>RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL</b>		
Aquatic fitness centre	93,635	84,281
Archer Drive	139,972	138,809
Employees' accumulated sick leave	110,431	110,255
Residential development	6,107	6,043
Second ice surface	-	619,145
Sewage treatment plant	27,290	27,006
Teck Pioneer Residence	-	971
Waterworks capital projects	277,962	121,951
<b>TOTAL RESERVE FUNDS</b>	<b>655,397</b>	<b>1,108,461</b>
<b>TOTAL RESERVES AND RESERVE FUNDS</b>	<b>1,727,148</b>	<b>3,999,806</b>
<b>SURPLUSES</b>		
Invested in tangible capital assets	103,154,082	99,615,023
Unexpended capital financing	-	-
General Revenue Fund	10,000	10,000
<b>UNFUNDED</b>		
Post-employment benefits and compensated absences	(3,395,542)	(3,402,376)
Landfill closure and post-closure liability	(240,968)	(224,716)
Accrued interest on long-term debt	(140,590)	(118,151)
<b>TOTAL SURPLUSES</b>	<b>99,386,982</b>	<b>95,879,780</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$101,114,130</b>	<b>\$ 99,879,586</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2016-----		
	Actual	Budget (unaudited) (see Note 14)	2015 Actual
<b>USER CHARGES</b>			
Airport	\$ 112,619	\$ 106,000	\$ 113,113
Cemetery	119,194	112,000	110,924
Day care	226,183	167,000	181,528
Garbage disposal	252,792	230,000	315,345
General government	25,465	22,690	30,486
Heritage North	312	450	2,906
Library	6,248	5,800	5,606
Licenses and permits	114,840	116,600	90,941
Museum	12,058	15,100	17,352
Other	42,276	104,100	199,885
Recreation	261,866	289,624	313,216
Recycling	112,740	65,000	59,084
Roadways	62,603	61,777	285,575
Sanitary sewers	12,088	8,000	16,983
Teck Pioneer Residence	1,836,302	1,802,401	1,813,963
Water rates	1,931,316	1,875,000	1,891,569
Waterworks	108,385	71,000	143,971
	<b>\$ 5,237,287</b>	<b>\$ 5,052,542</b>	<b>\$ 5,592,447</b>
<b>OTHER</b>			
Donations	\$ 312,300	\$ 155,050	\$ 105,292
Fines	24,365	34,200	32,099
Investment income	37,688	32,150	38,462
Penalties and interest	371,909	267,395	410,274
Recoveries related to sewage treatment plant	-	-	1,001
Rents and concessions	454,505	582,519	452,970
Sale of land	284,418	400,000	72,862
Sale of publications	922	1,000	981
Sales - other	1,548	500	527
	<b>\$ 1,487,655</b>	<b>\$ 1,472,814</b>	<b>\$ 1,114,468</b>



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

**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**

**YEAR ENDED DECEMBER 31, 2016**

	<b>Gas Tax</b>	<b>Teck Pioneer Residence Donations Account</b>	<b>Civic Ball Field</b>	<b>Sewage Treatment Plant</b>	<b>DTSSAB</b>	<b>Other Deferred Revenue</b>
<b>BALANCE, Dec. 31, 2015</b>	\$ 84,583	\$ 118,523	\$ 303,567	\$ 135,415	\$ 105,729	\$ 109,875
<b>INCREASE IN DEFERRED REVENUE</b>						
Interest	2,185	-	-	1,300	-	-
Government transfers	516,428	-	-	-	-	70
Donations	-	6,577	-	-	-	56,848
Other	-	-	-	-	-	-
	518,613	6,577	-	1,300	-	56,918
<b>DEFERRED REVENUE EARNED</b>						
To operations	-	19,100	-	-	67,746	32,119
To capital acquisitions	458,375	-	303,567	21,076	-	39,277
	458,375	19,100	303,567	21,076	67,746	71,396
<b>BALANCE, Dec. 31, 2016</b>	\$ 144,821	\$ 106,000	\$ -	\$ 115,639	\$ 37,983	\$ 95,397

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2016

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	Long-Term Debt	----- Principal
GENERAL MUNICIPAL ACTIVITIES							
Transportation Services:							
LED Street Lights	15-067	06/29/15	7 years	774,706	2.19	618,611	104,634
Equipment	13-111	12/10/13	10 years	480,020	3.37%	352,594	43,962
Vehicles	13-112	12/10/13	5 years	152,881	2.44%	63,401	30,565
Environmental Services:							
Waste Carts	16-073	12/09/16	5 years	250,000	2.019%	250,000	-
Health Services:							
Cemetery	14-120	11/24/14	n/a	\$ 100,000	0.00%	84,067	3,210
Social and Family Services:							
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	4,817,248	304,790
Recreation and Cultural Services:							
Heritage North	12-050	05/23/12	7 years	2,383,674	3.04%	881,071	345,870
Planning and Development:							
Archer Drive	8-004	02/01/09	9 years	600,000	6.00%	428,118	-
<b>TOTAL GENERAL MUNICIPAL ACTIVITIES</b>						<b>\$ 7,495,110</b>	<b>\$ 833,031</b>

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

Year	Principal	Interest	Total
2017	\$ 944,107	\$ 297,067	\$ 1,241,174
2018	980,352	260,822	1,241,174
2019	831,577	222,754	1,054,331
2020	544,861	194,617	739,478
2021	567,672	-	567,672
subsequent to 2021	3,626,541	606,082	4,232,623
	<b>\$ 7,495,110</b>	<b>\$ 1,581,342</b>	<b>\$ 9,076,452</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	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Roads, Streets and Bridges		Water and Sewer
COST							
BALANCE, Dec. 31, 2015	\$ 12,637,522	\$ 85,559,455	\$ 2,292,561	\$ 7,696,107	\$ 31,398,788	\$ 27,677,369	\$ 684,433
Additions	977,905	2,124,118	58,566	467,631	1,046,531	1,231,739	1,806,070
Disposals and writedowns	-	-	(115,744)	-	-	-	-
Transfer from work in progress	-	-	-	-	-	-	(499,350)
<b>BALANCE, Dec. 31, 2016</b>	<b>13,615,427</b>	<b>87,683,573</b>	<b>2,235,383</b>	<b>8,163,738</b>	<b>32,445,319</b>	<b>28,909,108</b>	<b>1,991,153</b>
ACCUMULATED AMORTIZATION							
BALANCE, Dec. 31, 2015	3,120,573	24,314,715	1,222,955	4,868,071	13,607,348	13,119,411	-
Amortization	265,153	2,141,973	135,666	545,204	609,603	553,980	-
Disposals and writedowns	-	-	(110,148)	-	-	-	-
<b>BALANCE, Dec. 31, 2016</b>	<b>3,385,726</b>	<b>26,456,688</b>	<b>1,248,473</b>	<b>5,413,275</b>	<b>14,216,951</b>	<b>13,673,391</b>	<b>-</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 10,229,701</b>	<b>\$ 61,226,885</b>	<b>\$ 986,910</b>	<b>\$ 2,750,463</b>	<b>\$ 18,228,368</b>	<b>\$ 15,235,717</b>	<b>\$ 1,991,153</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2016

	Archer Drive	Employees' Accumulated Sick Leave	Aquatic Fitness Centre	Residential Development	Second Ice Surface	Sewage Treatment Plant	Teck Pioneer Residence	Water Cap Proj
BALANCE, Dec. 31, 2015	\$ 138,809	\$ 110,255	\$ 84,281	\$ 6,043	\$ 619,145	\$ 27,006	\$ 971	\$ 12
ADDITIONS								
Current year's portion	-	-	-	-	-	-	-	2
Donations	-	-	8,525	-	-	-	-	-
Interest earned	1,163	1,092	829	64	5,643	284	9	-
DEDUCTIONS								
Current year's utilization - operating	-	(916)	-	-	(4,000)	-	-	-
Current year's utilization - capital	-	-	-	-	(620,788)	-	(980)	(1)
<b>BALANCE, Dec. 31, 2016</b>	<b>\$ 139,972</b>	<b>\$ 110,431</b>	<b>\$ 93,635</b>	<b>\$ 6,107</b>	<b>\$ -</b>	<b>\$ 27,290</b>	<b>\$ -</b>	<b>\$ 2</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED DECEMBER 31, 2016

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other
<b>REVENUES</b>						
Taxation	\$ 3,080,135	\$ 1,813,374	\$ 1,477,979	\$ 2,246,921	\$ 1,166,495	\$ 1,378,488
Sales of services and user fees	2,181,679	22,974	153,189	2,399,253	537,411	44,766
Government transfers	5,642,262	1,142,945	827,267	1,255,761	748,495	795,822
Other	28,192	271,504	4,731	27,418	637,880	720,266
<b>TOTAL REVENUES</b>	<b>10,932,268</b>	<b>3,250,797</b>	<b>2,463,166</b>	<b>5,929,353</b>	<b>3,090,281</b>	<b>2,939,333</b>
<b>EXPENSES</b>						
Salaries and benefits	5,358,437	2,053,776	2,045,616	875,437	1,631,447	1,646,922
Materials	622,712	191,220	733,044	1,455,781	837,009	1,340,366
Contracted services	640,985	2,680,164	115,289	1,697,115	69,632	209,455
External transfers	1,435,359	-	-	-	1,832	482,199
Amortization	312,322	141,362	801,917	2,178,249	672,859	144,877
Other	244,982	5,284	437,878	77,807	49,777	31,655
<b>TOTAL EXPENSES</b>	<b>8,614,797</b>	<b>5,071,806</b>	<b>4,133,744</b>	<b>6,284,389</b>	<b>3,262,556</b>	<b>3,855,455</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 2,317,471</b>	<b>\$ (1,821,009)</b>	<b>\$ (1,670,578)</b>	<b>\$ (355,036)</b>	<b>\$ (172,275)</b>	<b>\$ (916,122)</b>

# MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SUMMARY OF 2016 TAX LEVY

### MUNICIPAL

	Current Value Assessment	Municipal Tax Rates	-----Taxes Levied-----	
			Original	Supplementary
General				
Residential and farm	\$ 279,279,250	2.348989%	\$ 6,560,239	\$ 53,862
Multi-residential	10,825,440	4.250546%	460,140	-
Commercial - occupied	46,865,720	5.415500%	2,538,013	37,063
Commercial - vacant	1,150,400	3.790850%	43,610	885
Industrial - occupied	17,266,700	6.428819%	1,110,045	2,499
Industrial - vacant	482,900	4.178732%	20,179	(1,205)
Pipeline	3,068,000	4.236217%	129,967	-
Bernhardt and Morrisette Townships (Note 9)				
Residential and farm	21,307,200	0.822146%	175,176	-
Transfer from PIL to Commercial	-	-%	-	47,730
			\$ 11,037,369	\$ 140,834

## MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

## SCHEDULE OF LIBRARY OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31

	-----2016-----		2015
	Actual	Budget (unaudited)	Actual
<b>REVENUES</b>			
GRANTS			
Ministry of Tourism, Culture and Sport	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	239,325	249,215	219,359
SPECIAL GRANTS			
Employment Grants	13,807	6,508	6,266
Capacity Building Grant	4,719	4,000	8,627
OTHER REVENUES	20,364	21,350	17,026
<b>TOTAL REVENUES</b>	<b>306,137</b>	<b>308,995</b>	<b>279,200</b>
<b>EXPENSES</b>			
CURRENT OPERATIONS			
Ball bequest	8,443	9,650	7,491
Books, cataloguing	12,856	13,746	18,418
Building repairs and maintenance	5,822	3,050	4,316
Coin operations supplies	359	600	376
Custodian	14,400	14,400	12,000
Furniture and equipment	3,347	5,847	2,474
Insurance	3,456	3,467	3,399
Miscellaneous	5,780	4,147	9,062
Office stationary and supplies	1,943	2,500	3,377
Professional fees	2,597	3,550	3,308
Records and periodicals	5,870	5,000	5,218
Salaries and wages	224,536	225,670	192,677
Utilities	16,729	17,368	17,087
<b>TOTAL EXPENSES</b>	<b>306,138</b>	<b>308,995</b>	<b>279,203</b>
<b>ANNUAL DEFICIT</b>	<b>(1)</b>	<b>-</b>	<b>(3)</b>
DEFICIT, beginning of year	(3,979)	(3,976)	(3,976)
<b>DEFICIT, end of year</b>	<b>\$ (3,980)</b>	<b>\$ (3,976)</b>	<b>\$ (3,979)</b>

