

KIRKLAND LAKE

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

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 & 2012

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

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YEARS ENDED DECEMBER 31, 2013 & 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Municipal Corporation of the Town of Kirkland Lake, which comprise the consolidated statement of financial position as at December 31, 2013, 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, 2013 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 17, 2014

ROSS POPE LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2013	2012
FINANCIAL ASSETS		
Cash	\$ 7,424,485	\$ 4,227,795
Temporary investments (Notes 2 and 6)	-	57,898
Taxes receivable	1,169,357	845,648
User charges receivable	79,164	56,829
Accounts receivable	8,648,986	3,309,764
TOTAL FINANCIAL ASSETS	\$ 17,321,992	\$ 8,497,934
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,294,425	\$ 2,673,331
Deferred revenue (Note 2) (Schedule 3)	7,564,143	2,766,091
Accrued interest on long-term debt	105,624	163,914
Landfill closure and post-closure liability (Note 14)	134,062	273,721
Post-employment benefits and compensated absences (Notes 2 and 8)	3,681,386	3,388,578
Long-term debt (Note 9) (Schedule 4)	8,857,206	9,003,365
TOTAL FINANCIAL LIABILITIES	24,636,846	18,269,000
NET DEBT	(7,314,854)	(9,771,066)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 2) (Schedule 5)	96,183,540	77,429,062
Inventories (Note 2)	262,126	12,448
TOTAL NON-FINANCIAL ASSETS	96,445,666	77,441,510
ACCUMULATED SURPLUS (Schedule 1)	\$ 89,130,812	\$ 67,670,444

COMMITMENTS (Note 11)

Approved by:



 Mayor



 Chair of Finance Committee

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED DECEMBER 31

	-----2013-----		
	Actual	Budget (unaudited) (see Note 15)	2012 Actual
REVENUES			
Municipal taxation (Note 2) (Schedule 8)	\$ 8,772,664	\$ 8,738,902	\$ 8,365,284
Taxation from other governments	374,543	372,839	376,054
User charges (Schedule 2)	4,881,745	5,333,121	5,180,536
Government of Canada	9,404,127	8,603,136	2,224,178
Province of Ontario			
Non-specific	6,239,000	6,239,000	6,239,000
Specific	14,905,683	14,362,694	8,108,184
Other municipalities	177,382	193,500	192,042
Other (Schedule 2)	6,052,659	1,025,467	1,921,073
TOTAL REVENUES	50,807,803	44,868,659	32,606,351
EXPENSES			
CURRENT OPERATIONS			
General government	2,393,229	1,909,426	2,191,459
Protection to persons and property	5,020,974	4,820,525	4,623,736
Transportation services	4,113,917	3,185,831	4,324,994
Environmental services	5,263,030	3,712,875	4,826,724
Health services	1,010,966	952,098	940,336
Social and family services	7,325,163	6,633,606	7,285,975
Social housing	392,747	375,126	375,126
Recreation and cultural services	2,898,839	2,721,535	2,777,390
Planning and development	928,570	814,567	809,723
TOTAL EXPENSES	29,347,435	25,125,589	28,155,463
ANNUAL SURPLUS	21,460,368	19,743,070	4,450,888
ACCUMULATED SURPLUS, beginning of year	67,670,444	67,670,444	63,219,556
ACCUMULATED SURPLUS, end of year	\$ 89,130,812	\$ 87,413,514	\$ 67,670,444

See accompanying notes.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEARS ENDED DECEMBER 31

	-----2013-----		
	Actual	Budget (unaudited) (see Note 15)	2012 Actual
ANNUAL SURPLUS	\$ 21,460,368	\$ 19,743,070	\$ 4,450,888
Acquisition of tangible capital assets	(21,749,521)	(20,130,356)	(6,839,980)
Amortization of tangible capital assets	2,967,992	-	3,111,747
Loss (gain) on disposal of tangible capital assets	4,269	-	-
Proceeds on sale of tangible capital assets	22,782	-	-
Writedown of tangible capital assets	-	-	85,583
Decrease (increase) in inventories	(249,678)	-	-
CHANGE IN NET DEBT	2,456,212	(387,286)	808,238
NET DEBT, beginning of year	(9,771,066)	(9,771,066)	(10,579,304)
NET DEBT, end of year	\$ (7,314,854)	\$ (10,158,352)	\$ (9,771,066)

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31

	2013	2012
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 21,460,368	\$ 4,450,888
ADJUSTMENT FOR NON-CASH ITEMS:		
Amortization of tangible capital assets	2,967,992	3,111,747
Contributed assets	(61,482)	(32,334)
Writedown of tangible capital assets	-	85,583
Loss (gain) on disposal of tangible capital assets	4,269	-
USES:		
Increase in taxes receivable	(323,709)	(175,749)
Increase in accounts receivable	(5,361,557)	(1,218,378)
Increase in inventories	(249,678)	-
Decrease in deferred revenue	-	(1,332,186)
Decrease in other liabilities	(197,949)	-
	18,238,254	4,889,571
SOURCES:		
Increase in accounts payable and accrued liabilities	1,621,094	1,079,867
Increase in deferred revenue	4,798,052	-
Increase in post-employment benefits and compensated absences	292,808	252,270
Increase in other liabilities	-	34,698
	6,711,954	1,366,835
CASH PROVIDED BY OPERATING ACTIVITIES	24,950,208	6,256,406
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(21,688,039)	(6,807,646)
Proceeds on sale of tangible capital assets	22,782	-
CASH APPLIED TO CAPITAL ACTIVITIES	(21,665,257)	(6,807,646)
FINANCING ACTIVITIES		
New debt issued	632,902	-
Debt principal repayments	(779,061)	(1,674,901)
CASH APPLIED TO FINANCING ACTIVITIES	(146,159)	(1,674,901)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,138,792	(2,226,141)
CASH AND CASH EQUIVALENTS, beginning of year	4,285,693	6,511,834
CASH AND CASH EQUIVALENTS, end of year	\$ 7,424,485	\$ 4,285,693
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 7,424,485	\$ 4,227,795
Temporary investments	-	57,898
	\$ 7,424,485	\$ 4,285,693

See accompanying notes.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 & 2012

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 for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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, 2013 & 2012

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. The accrual basis of accounting 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, 2013 & 2012

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. 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.

Amortization of tangible capital assets is provided on the straight-line basis using the following rates:

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 leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(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 recognized in the fiscal year during which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(x) Measurement Uncertainty and Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions on such areas as post-employment benefits and compensated absences, tax revenue collections, landfill post-closure costs, etc. These estimates and assumptions are based on the Municipality's best information and judgment and may differ significantly based on actual results.

(c) POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

The Municipality provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, and long-term disability benefits. The Municipality has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

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,

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2013, the Municipality collected and remitted property taxes on the school boards' behalf as follows:

	2013	2012
Amounts billed and remitted on behalf of school boards	\$ 1,163,802	\$ 1,090,146

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:

	2013	2012
District of Timiskaming Social Services Administration Board ("DTSSAB")	\$ 1,547,488	\$ 1,515,466
Timiskaming Health Unit ("THU")	322,883	304,001

The Municipality is contingently liable for its share, which is approximately 19% (2012 - 19%) for the DTSSAB and an estimated 25% (2012 - 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 \$1,564,694 (2012 - \$1,465,487) 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.

6. TEMPORARY INVESTMENTS

As at December 31, 2013, the Municipality had invested surplus funds as follows:

	2013	2012
Loan from own reserve fund	\$ -	\$ 57,898

The temporary investments are carried at cost. Market value is the same as carrying cost.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

7. TEMPORARY BORROWING

The Municipality has available to it a \$2,000,000 revolving demand operating facility to finance working capital requirements which bears interest at the Prime Rate minus 0.85% per annum. The Municipality did not utilize this credit facility during the year 2013 (2012 - \$nil).

8. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

(a) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS LIABILITIES

	2013	2012
Accrued employee future benefits liability	\$ 3,310,599	\$ 3,058,899
Vacation credits	278,096	235,798
Sick leave benefits	92,691	93,881
Accrued employee future benefits liability	\$ 3,681,386	\$ 3,388,578

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

	2013	2012
Accrued benefit obligation	\$ 3,053,499	\$ 2,903,799
Unamortized net actuarial gain (loss)	257,100	155,100
Accrued employee future benefits liability	\$ 3,310,599	\$ 3,058,899

(c) RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS EXPENSES

	2013	2012
Current service cost	\$ 191,500	\$ 193,000
Interest on accrued employee future benefits obligation	125,100	152,200
Net amortization of net actuarial loss (gain)	3,900	16,500
Employee future benefits expenses ¹	\$ 320,500	\$ 361,700

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

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

(d) CONTINUITY OF ACCRUED EMPLOYEE FUTURE BENEFITS LIABILITY

	2013	2012
BALANCE, beginning of year	\$3,058,899	\$2,781,899
Benefit expense for year	320,500	361,700
Actual benefit payments	(68,800)	(84,700)
BALANCE, end of year	\$3,310,599	\$3,058,899

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

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

(e) RETIREMENT BENEFITS

(i) Ontario Municipal Employees Retirement System

All permanent employees of the Municipality, and some part-time employees that qualify, are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Municipality's contributions equal the employee contributions to the plan. During the year ended December 31, 2013, the Municipality contributed \$824,189 (2012 - \$763,029) to the plan. As this is a multi-employer pension plan, these contributions are the Municipality's pension benefit expenses. No pension liability for this type of plan is included in the Municipality's financial statements.

(ii) Retirement Life Insurance and Health Care Benefits

The Municipality continues to provide health care benefits to certain employee groups after retirement until the members reach 65 years of age and life insurance until death at a reduced amount. The Municipality provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Municipality's financial statements.

(f) ASSUMPTIONS

Due to the complexities in valuing post-employment benefits and compensated absences, actuarial valuations are conducted on a periodic basis. The accrued benefit obligations for employee future benefits plans as at December 31, 2013 are based on a valuation as of January 1, 2013 and an extrapolated valuation as at December 31, 2013. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	December 31, 2013
Discount rate	4.65% per annum (4.00% in 2012)
Dental cost trend rates	4.0% per annum
Extended health care trend rates	8.0% per annum for 2013; decreasing by 0.5% each year until an ultimate rate of 5.0% per annum is reached

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

(g) LIABILITY FOR VESTED SICK LEAVE BENEFITS

All full-time, non-union employees and certain union employees have frozen their accumulated sick leave credits. These employees are now entitled to a cash payment on termination of service, subject to conditions concerning the length of service and the maximum amount frozen. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$92,691 (2012 - \$93,881) 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, 2013 & 2012

9. 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:

	2013	2012
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	\$ 8,857,206	\$ 9,003,365

(b) Of the long-term debt reported in (a) above, \$8,857,206 in principal payments and \$2,700,451 in interest payments are payable from 2014 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 \$385,892 (2012 - \$472,146).

(e) Included in the long-term debt is the amount of \$nil as at December 31, 2013 (2012 - \$57,898) owing to the Municipality's own reserve fund.

10. ANNEXATION

In 1982, the Municipality's annexation of two townships, Bernhardt and Morrisette, was approved by the Ontario Municipal Board, effective January 1, 1982. The method and amount of the tax levy with respect to these Townships received final approval in 1984 from the Ontario Municipal Board. Under the terms of this approval, the Townships are subject to a levy amounting to 100% of the education portion and 35% of the municipal portion of the tax rate as established by Council.

11. COMMITMENTS

(a) CONTRACTUAL OBLIGATION - ONTARIO CLEAN WATER AGENCY

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 2013 charges from the Agency in the amount of \$565,411 (2012 - \$587,217).

(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, 2013, the Municipality paid \$2,636,455 (2012 - \$2,354,147) 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.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

11. COMMITMENTS (CONT'D)

(d) BENEFIT PREMIUM

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

(e) HOCKEY HERITAGE NORTH ("HHN")

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

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

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

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

(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) SEWAGE TREATMENT PLANT

During 2009, the sewage treatment plant incurred severe damages that will require it to be replaced. The estimated cost of the new facility is \$35.5 million. The Federal government has pledged \$16 million dollars to this project while the Provincial government has pledged an estimated \$19 million dollars under two separate funding agreements. Any remaining balance must be covered by the Municipality.

In 2013, total insurance settlement proceeds (including interest) in the amount of \$4,702,153 were transferred to a sewage treatment plant reserve. Please refer to Note 19 for further information related to this reserve subsequent to year-end.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

12. RELATED ENTITIES

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

The Municipality has an economic interest in the KDFHT. It has agreed by contractual agreement to fund one half of the KDFHT's annual operating deficit. The current year's operating deficit is yet to be determined.

(b) KIRKLAND DISTRICT HEALTH CENTRE ("KDHC")

The Municipality has entered into a joint venture with the Kirkland and District Hospital. The Municipality owns 50% of the Kirkland District Health Centre. As such, the Municipality proportionately consolidates 50% of the assets, liabilities, revenues and expenses of this joint venture.

13. FINANCIAL INSTRUMENTS

(a) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, temporary investments, 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 \$905,544 (2012 - \$999,607).

(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 9).

14. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ontario Environmental Protection Act sets out the regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the Municipality is required to provide for closure and post-closure care of its solid waste landfill site. The costs related to these obligations are provided for over the estimated remaining life of the landfill site based on usage.

Closure will involve capping of the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care will involve routine inspections, cap maintenance, groundwater and weir sampling and analysis.

The reported liability is based on estimates and assumptions with respect to events extending over a seventy-five 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, 2013 & 2012

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

In 2013, 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, 2013, the remaining capacity of the landfill site is approximately 850,000 cubic metres (2012 - 900,000 cubic metres) which is expected to be used by the year 2052 (2012 - 2057). The period for post-closure care is estimated to be 30 years (2012 - 30 years) after 2052 (2012 - 2057).

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 4.65% (2012 - 4.00%). As at December 31, 2013, an amount of \$134,062 (2012 - \$273,721) is reported as a liability on the Consolidated Statement of Financial Position.

15. BUDGET AMOUNTS

The unaudited budget data presented in these consolidated financial statements is based upon the 2013 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.

	-----2013-----		
	Council Approved Budget (unaudited)	Change	Restated Budget (unaudited)
TOTAL REVENUES	\$ 45,465,659	\$ (597,000)	\$ 44,868,659
EXPENSES			
Operating expenses	25,125,589	-	25,125,589
Capital asset expenditures	20,130,356	(20,130,356)	-
Net transfers to other funds	(611,138)	611,138	-
Debt principal payments	820,852	(820,852)	-
TOTAL EXPENSES	45,465,659	(20,340,070)	25,125,589
ANNUAL SURPLUS	\$ -	\$ 19,743,070	\$ 19,743,070

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

16. EXPENSES BY OBJECT

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

	2013	2012
Salaries, wages and employee benefits	\$ 13,648,240	\$ 13,251,519
Materials and supplies	4,439,489	4,219,834
Rent and financial expenses	531,175	510,693
Contracted services	5,498,207	4,681,077
External transfers	1,872,171	1,822,864
Interest charges	385,892	472,146
Amortization	2,967,992	3,111,747
Loss (gain) on disposal	4,269	-
Writedowns	-	85,583
TOTAL EXPENSES	\$ 29,347,435	\$ 28,155,463

17. COMPARATIVE FIGURES

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

18. SEGMENTED INFORMATION

The Town of Kirkland Lake is a diversified municipal government institution that provides a wide range of services to its ratepayers including police, fire, roadways, sewer, water and other services.

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.

Social and Family Services

Social and Family Services is comprised of Child Care and a Long-Term Care Facility.

The Child Care department services children from birth to twelve years of age. The Kirkland Lake Child Care Centre is dedicated to providing a safe and caring environment for children and their families. A team of well trained Early Childhood Educators sets up the environment in a way that, through regular play, children learn about the world around them and the effects their actions have. Planned small and large group activities encourage the following: independent, emotional, social, intellectual and physical growth. Parents are always welcome to work together to help each child reach his or her full potential.

Teck Pioneer Residence provides the community of Kirkland Lake with a Long-Term Care Facility for those residents who are no longer able to cope with independent living in their own homes. The Residence is committed to providing outstanding, individual, holistic care by optimizing abilities, creating a supportive community environment and consistently exceeding expectations of residents and their families. The Residence provides nursing, dietary, activity and restorative care and environmental services including housekeeping, laundry and maintenance as well as administrative services for the residents.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

18. SEGMENTED INFORMATION (CONT'D)

Protection Services

Protection Services is comprised of the Police Services and Fire Services departments. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law. The Fire Services department is responsible to provide fire suppression service, fire prevention programs and training and education related to prevention, detection or extinguishment of fires.

Transportation Services

This division provides winter and summer maintenance of the Municipal roads and sidewalks, as well as repairs and maintenance to all municipal vehicles and equipment.

Winter maintenance procedures include snow plowing, snow removal and sanding/salting of roadways, designated sidewalks, laneways and parking lots including the placing and filling of sandboxes. During spring thaw, all creeks and catch basins are maintained and cleaned to control flooding and prevent property damage.

Summer maintenance procedures include sweeping of sidewalks, roadways, grass cutting of boulevards, maintenance of trees, roadway line painting, maintenance and/or replacement of asphalt and concrete sidewalks, asphalt road repairs, road sign repair/replacement, placement of benches, planters and refuse receptacles, repairs to catch basins and storm sewers, maintenance of ditches and carpentry work for all municipal departments.

Environmental Services

This branch of Physical Services is further divided into Utilities and Water Distribution/Wastewater Collection systems.

The Utilities section is responsible for the operation and maintenance of the Lionel Sherratt water filtration plant, Swastika water control building, Chaput Hughes water control building, Chaput Hughes standpipe, Swastika water pollution control plant and five sewage lift stations.

The Water Distribution/Wastewater Collection section is responsible for the maintenance, repairs and/or replacement of all water distribution and wastewater collection mains and services, thawing of frozen water lines, water turn off/ons, fire hydrants (including inspection, maintenance and snow removal) manholes and valve chambers.

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2013 & 2012

18. SEGMENTED INFORMATION (CONT'D)

Recreation and Cultural Services

Recreation and Cultural Services consists of the Parks and Recreation Department, Teck Centennial Library, the Museum of Northern History, and Hockey Heritage North.

The mandate of the Parks and Recreation Department is to provide the citizens of Kirkland Lake with recreation programs, recreation facilities, leisure services and a system of parks, playgrounds and open spaces.

The Museum of Northern History, at the Sir Harry Oakes Chateau, educates the community about itself, welcomes the travelling public, plays host to visiting dignitaries, showcases the arts, celebrates the cultural diversity of the Municipality and is the setting for gala occasions.

The Teck Centennial Library seeks to provide a comprehensive and efficient public library service which caters to all ages. An expanding collection of books and magazines combined with children's programming and technological advances ensures this mandate is met.

The Hockey Heritage North Conference and Exhibition Centre celebrates Northeastern Ontario's contribution to the world of hockey. This 18,000 square foot facility hosts some of the best exhibitions of memorabilia outside of the Hockey Hall of Fame. The displays serve as a backdrop for conferences, community events and special occasions.

Other Services

The mandate of the Cemetery is to perform all casket and cremation interments, ground maintenance and ongoing perpetual care of all graves and monuments. The Cemetery is also responsible for the filing of burial records in accordance with the Cemeteries Act.

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.

19. SUBSEQUENT EVENT

Subsequent to year-end, Council committed to the development of a new aquatic fitness centre in the amount of \$9.6 million.

In a Bylaw dated April 1, 2014, Council approved the movement of \$2.1 million from the sewage treatment plant reserve to the new aquatic fitness centre reserve fund. The balance of funds, \$7.5 million, will be financed with temporary and long-term borrowing from Ontario Infrastructure and Lands Corporation ("OILC").

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2013	2012
RESERVES		
Other	\$ 110,018	\$ 106,618
Sewage treatment plant	4,081,801	-
Teck Pioneer Residence renovations	75,630	130,513
Working capital	381,425	1,553,224
TOTAL RESERVES	4,648,874	1,790,355
RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL		
Aquatic fitness centre	3,705	3,353
Archer Drive	135,889	134,601
Employees' accumulated sick leave	150,998	152,017
Residential development	5,904	5,852
Second ice surface	603,761	596,125
Sewage treatment plant	26,384	26,133
Teck Pioneer Residence	949	941
Waterworks capital projects	139,086	214,452
TOTAL RESERVE FUNDS	1,066,676	1,133,474
TOTAL RESERVES AND RESERVE FUNDS	5,715,550	2,923,829
SURPLUSES (DEFICITS)		
Invested in tangible capital assets	87,326,334	68,425,697
General Revenue Fund	10,000	10,000
Teck Pioneer Residence - Donation Account	-	137,131
UNFUNDED		
Post-employment benefits and compensated absences	(3,681,386)	(3,388,578)
Landfill closure and post-closure liability	(134,062)	(273,721)
Accrued interest on long-term debt	(105,624)	(163,914)
TOTAL SURPLUSES	83,415,262	64,746,615
ACCUMULATED SURPLUS	\$ 89,130,812	\$ 67,670,444

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SUMMARY OF USER CHARGES AND OTHER SOURCES OF FINANCING

YEARS ENDED DECEMBER 31

	-----2013-----		
	Actual	Budget (unaudited) (see Note 15)	2012 Actual
USER CHARGES			
Airport	\$ 101,050	\$ 116,000	\$ 263,712
Cemetery	104,117	126,600	93,797
Day care	145,530	140,000	135,755
Garbage disposal	220,488	220,000	260,170
General government	28,529	29,700	38,863
Hockey Heritage North	14,778	19,950	64,772
Library	5,486	6,135	6,720
Licenses and permits	147,534	147,950	140,862
Museum	16,230	25,000	29,839
Other	104,693	90,560	93,827
Recreation	348,527	687,230	269,899
Recycling	119,672	70,000	107,572
Roadways	52,977	16,500	105,923
Sanitary sewers	8,199	5,000	8,716
Teck Pioneer Residence	1,587,437	1,843,496	1,698,060
Water rates	1,771,738	1,710,000	1,736,683
Waterworks	104,760	79,000	125,366
	\$ 4,881,745	\$ 5,333,121	\$ 5,180,536
OTHER			
Capital recoveries	\$ 196,719	\$ -	\$ 15,335
Donations	112,558	5,400	55,129
Fines	18,689	20,200	21,697
Investment income	35,325	15,000	34,633
Penalties and interest	251,232	210,000	215,450
Recoveries related to sewage treatment plant (Note 11)	4,702,153	16,448	978,614
Rents and concessions	531,751	582,419	452,774
Sale of land	203,260	175,000	146,670
Sale of publications	972	1,000	771
	\$ 6,052,659	\$ 1,025,467	\$ 1,921,073

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE
CONSOLIDATED SCHEDULE OF DEFERRED REVENUE
YEAR ENDED DECEMBER 31, 2013

	Gas Tax	Teck Pioneer Residence Donations Account	Connecting Link	Sewage Treatment Plant	DTSSAB	Other Deferred Revenue	Kirkland District Health Centre	Total
BALANCE, Dec. 31, 2012	\$ 157,215	\$ -	\$ 255,798	\$ 2,012,451	\$ 128,787	\$ 29,936	\$ 181,904	\$ 2,766,091
INCREASE IN DEFERRED REVENUE								
Interest	2,736	1,450	-	64,291	-	-	-	68,477
Government transfers	506,015	-	-	14,968,506	105,372	69,080	-	15,648,973
Donations	-	145,525	-	-	-	167,630	-	313,155
Other	-	-	-	-	-	14,531	-	14,531
	508,751	146,975	-	15,032,797	105,372	251,241	-	16,045,136
DEFERRED REVENUE EARNED								
To operations	-	(26,229)	-	(2,017,666)	(128,787)	(15,974)	(26,000)	(2,214,656)
To capital acquisitions	(663,230)	-	(255,798)	(8,113,400)	-	-	-	(9,032,428)
	(663,230)	(26,229)	(255,798)	(10,131,066)	(128,787)	(15,974)	(26,000)	(11,247,084)
BALANCE, Dec. 31, 2013	\$ 2,736	\$ 120,746	\$ -	\$ 6,914,182	\$ 105,372	\$ 265,203	\$ 155,904	\$ 7,564,143

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF LONG-TERM DEBT

YEAR ENDED DECEMBER 31, 2013

	By-Law Number	Date of Issue	Period	Amount of Issue	Rate of Interest	Long-Term Debt	-----2013-----		Total
							Principal	Interest	
GENERAL MUNICIPAL ACTIVITIES									
Transportation Services:									
Equipment	various	various	5-8 years	\$ 3,341,052	avg 6.82%	\$ 38,338	\$ 28,955	\$ 2,102	\$ 31,057
Equipment	09-014	02/17/09	5 years	259,934	prime+1%	21,393	55,372	1,904	57,276
Equipment	10-059	08/17/10	4 years	90,767	5.40%	49,775	12,102	3,006	15,108
Equipment	10-059	08/17/10	5 years	112,337	5.40%	37,459	23,360	2,717	26,077
Equipment	n/a	10/21/08	5 years	227,517	2.65%	-	47,944	588	48,532
Equipment	13-111	12/10/13	10 years	480,020	3.37%	480,020	-	-	-
Vehicles	13-112	12/10/13	5 years	152,881	2.44%	152,881	-	-	-
Environmental Services:									
Equipment	n/a	10/21/08	5 years	47,238	2.65%	-	9,955	122	10,077
Social and Family Services:									
Teck Pioneer Residence	04-068	02/15/08	20 years	6,990,000	4.94%	5,688,760	263,281	284,536	547,817
Recreation and Cultural Services:									
Hockey Heritage North	12-050	05/23/12	7 years	2,383,674	3.04%	1,888,171	316,035	62,308	378,343
Planning and Development:									
Archer Drive	08-004	02/01/09	9 years	600,000	6.00%	500,409	22,057	28,609	50,666
TOTAL GENERAL MUNICIPAL ACTIVITIES						\$ 8,857,206	\$ 779,061	\$ 385,892	\$ 1,164,953

SUMMARY OF YEARLY LONG-TERM DEBT REPAYMENTS FOR GENERAL MUNICIPAL ACTIVITIES (NOTE 9)

Year	Principal	Interest	Total
2014	\$ 868,042	\$ 379,209	\$ 1,247,251
2015	776,478	346,002	1,122,480
2016	794,719	314,541	1,109,260
2017	827,213	281,896	1,109,109
2018	861,088	247,857	1,108,945
subsequent to 2018	4,729,666	1,130,946	5,860,612
	\$ 8,857,206	\$ 2,700,451	\$ 11,557,657

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEARS ENDED DECEMBER 31

	-----General Capital-----				-----Infrastructure-----			-----Totals-----	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles	Machinery and Equipment	Roads, Streets and Bridges	Water and Sewer	Work in Progress	2013	2012
COST									
BALANCE, Dec. 31, 2012	\$ 11,875,781	\$ 50,124,308	\$ 2,009,470	\$ 6,274,282	\$ 26,730,835	\$ 26,499,499	\$ 3,491,609	\$ 127,005,784	\$ 120,351,094
Additions	136,909	476,427	152,881	612,065	950,248	146,707	19,274,284	21,749,521	6,839,980
Disposals and writedowns	-	-	(175,133)	(108,343)	-	-	-	(283,476)	(185,290)
BALANCE, Dec. 31, 2013	12,012,690	50,600,735	1,987,218	6,778,004	27,681,083	26,646,206	22,765,893	148,471,829	127,005,784
ACCUMULATED AMORTIZATION									
BALANCE, Dec. 31, 2012	2,380,478	19,089,570	1,120,889	3,553,937	11,859,228	11,572,620	-	49,576,722	46,564,682
Amortization	245,569	1,044,517	114,690	515,690	538,803	508,723	-	2,967,992	3,111,747
Disposals and writedowns	-	-	(162,077)	(94,348)	-	-	-	(256,425)	(99,707)
BALANCE, Dec. 31, 2013	2,626,047	20,134,087	1,073,502	3,975,279	12,398,031	12,081,343	-	52,288,289	49,576,722
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,386,643	\$ 30,466,648	\$ 913,716	\$ 2,802,725	\$ 15,283,052	\$ 14,564,863	\$ 22,765,893	\$ 96,183,540	\$ 77,429,062

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2013

	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, 2012	\$ 134,601	\$ 152,017	\$ 3,353	\$ 5,852	\$ 596,125	\$ 26,133	\$ 941	\$ 214,452	\$ 1,133,474
ADDITIONS									
Donations	-	-	330	-	-	-	-	-	330
Interest earned	1,288	1,339	22	52	7,636	251	8	2,029	12,625
DEDUCTIONS									
Current year's utilization - operating	-	(2,358)	-	-	-	-	-	(52,930)	(55,288)
Current year's utilization - capital	-	-	-	-	-	-	-	(24,465)	(24,465)
BALANCE, Dec. 31, 2013	\$ 135,889	\$ 150,998	\$ 3,705	\$ 5,904	\$ 603,761	\$ 26,384	\$ 949	\$ 139,086	\$ 1,066,676

Reserve fund assets are as follows:

Cash	\$ 999,644
Investments	67,032
Investment in own funds (Note 6)	-
Total	\$ 1,066,676

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED DECEMBER 31, 2013

	Social and Family Services	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Other	Capital	Consolidated
REVENUES								
Taxation	\$ 1,321,815	\$ 960,540	\$ 634,810	\$ 739,829	\$ 542,294	\$ 807,247	\$ 4,140,672	\$ 9,147,207
Sales of services and user fees	1,732,968	127,633	154,026	2,224,856	385,020	257,242	-	4,881,745
Government transfers	4,651,369	809,601	461,198	523,449	468,190	805,685	23,006,700	30,726,192
Other	26,238	85,936	4,500	4,704,432	434,099	596,285	201,169	6,052,659
TOTAL REVENUES	7,732,390	1,983,710	1,254,534	8,192,566	1,829,603	2,466,459	27,348,541	50,807,803
EXPENSES								
Salaries and benefits	4,999,270	2,018,413	2,057,875	1,280,176	1,462,384	1,830,122	-	13,648,240
Materials	543,225	173,269	664,870	1,219,373	769,666	1,069,086	-	4,439,489
Contracted services	497,458	2,696,933	184,656	1,610,115	91,426	417,619	-	5,498,207
External transfers	646,550	-	-	-	1,800	1,223,821	-	1,872,171
Amortization	353,060	130,479	789,650	1,045,436	496,089	153,278	-	2,967,992
Other	285,600	1,880	416,866	107,930	77,474	31,586	-	921,336
TOTAL EXPENSES	7,325,163	5,020,974	4,113,917	5,263,030	2,898,839	4,725,512	-	29,347,435
ANNUAL SURPLUS (DEFICIT)	\$ 407,227	\$ (3,037,264)	\$ (2,859,383)	\$ 2,929,536	\$ (1,069,236)	\$ (2,259,053)	\$ 27,348,541	\$ 21,460,368

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SUMMARY OF 2013 TAX LEVY

MUNICIPAL

	Current Value Assessment	Municipal Tax Rates	-----Taxes Levied-----		-----Total-----	
			Original	Supplementary	2013	2012
General						
Residential and farm	\$ 180,383,106	2.597294%	\$ 4,685,080	\$ 30,984	\$ 4,716,064	\$ 4,375,335
Multi-residential	9,358,963	3.871267%	362,310	-	362,310	355,836
Commercial - occupied	38,569,965	6.041215%	2,330,095	835	2,330,930	2,217,260
Commercial - vacant	1,009,850	4.228851%	42,705	-	42,705	41,540
Industrial - occupied	15,421,875	6.830883%	1,053,450	1,949	1,055,399	1,116,964
Industrial - vacant	380,750	4.440074%	16,906	-	16,906	16,838
Pipeline	2,945,750	3.643565%	107,330	-	107,330	100,785
Bernhardt and Morrisette Townships (Note 10)						
Residential and farm	15,512,850	0.909053%	141,020	-	141,020	140,726
			\$ 8,738,896	\$ 33,768	\$ 8,772,664	\$ 8,365,284

MUNICIPAL CORPORATION OF THE TOWN OF KIRKLAND LAKE

SCHEDULE OF LIBRARY OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31

	-----2013-----		2012
	Actual	Budget (unaudited)	Actual
REVENUES			
GRANTS			
Ministry of Tourism, Culture and Sport	\$ 27,922	\$ 27,922	\$ 27,922
Town of Kirkland Lake	217,456	223,522	213,476
SPECIAL GRANTS			
Employment Grants	3,797	1,200	5,936
Capacity Building Grant	1,234	-	2,943
OTHER REVENUES	14,554	10,935	14,166
TOTAL REVENUES	264,963	263,579	264,443
EXPENSES			
CURRENT OPERATIONS			
Ball bequest	3,600	-	970
Books, cataloguing	14,667	11,500	14,758
Building repairs and maintenance	4,115	3,000	1,789
Coin operations supplies	1,091	2,300	1,707
Custodian	11,219	10,125	10,206
Furniture and equipment	1,722	2,200	3,222
Insurance	3,273	3,117	3,056
Miscellaneous	5,093	6,270	6,025
Office stationary and supplies	2,063	2,500	2,443
Professional fees	3,308	2,700	3,307
Records and periodicals	4,629	5,000	3,871
Salaries and wages	194,320	198,376	198,028
Utilities	15,863	16,491	15,061
TOTAL EXPENSES	264,963	263,579	264,443
ANNUAL SURPLUS	-	-	-
DEFICIT, beginning of year	(3,976)	(3,976)	(3,976)
DEFICIT, end of year	\$ (3,976)	\$ (3,976)	\$ (3,976)