

# **Consolidated financial statements of City of Kawartha Lakes**

December 31, 2016

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City of Kawartha Lakes



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## **Independent Auditor's Report**

To the Members of Council, Inhabitants and Ratepayers of the City of Kawartha Lakes:

We have audited the accompanying consolidated financial statements of the Corporation of the City of Kawartha Lakes, 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 flows 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.

## City of Kawartha Lakes

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 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 included 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 Corporation of the City of Kawartha Lakes as at December 31, 2016 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

“Original signed by Deloitte”

Chartered Professional Accountants Licensed Public Accountants

June 27, 2017

## Consolidated statement of financial position

### Financial assets as of December 31, 2016

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash	24,851,684	7,133,417
Investments (note 3)	40,390,795	48,749,584
Taxes receivable	6,100,138	4,810,861
Accounts receivable	30,045,676	25,842,007
Other current assets	24,781	54,808
<b>Total</b>	<b>101,413,074</b>	<b>86,590,677</b>

### Liabilities as of December 31, 2016

<b>Liability</b>	<b>2016</b>	<b>2015</b>
Accounts payable and accrued liabilities	24,777,441	22,118,579
Deferred revenue (note 4)	40,205,985	31,058,139
Other liabilities	4,788,343	2,563,207

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Liability</b>	<b>2016</b>	<b>2015</b>
Accrued interest on long-term liabilities	365,242	377,001
Employee future benefits (note 5)	17,402,756	15,354,241
Landfill closure and post-closure accrual (note 6)	13,147,062	13,066,906
General tax related debt (note 7)	24,906,747	23,459,642
Water and sewer user rated debt (note 7)	55,162,787	43,157,674
Northwest trunk (note 7)	12,671,586	13,338,686
Kawartha Lakes Haliburton housing debt (note 7)	7,447,694	8,388,460
Haliburton housing project debt (note 7)	528,000	552,000
Tile drain debt (note 7)	263,011	227,006
<b>Total</b>	<b>201,666,654</b>	<b>173,661,541</b>

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Liability</b>	<b>2016</b>	<b>2015</b>
Net debt	(100,253,580)	(87,070,864)

**Non-financial assets as of December 31, 2016**

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Tangible capital assets (note 15)	455,283,302	442,973,820
Inventory and prepaid expenses	4,713,777	3,469,255
Total non-financial assets	459,997,079	446,443,075

**Accumulated surplus (note 8) as of December 31, 2016**

<b>Accumulated surplus</b>	<b>2016</b>	<b>2015</b>
Accumulated surplus (note 8)	359,743,499	359,372,211

Approved by Council

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

## Consolidated statement of operations

### Revenues and expenses as of December 31, 2016

Revenues and expenses	Budget (note 10)	2016	2015
Taxes levied for own purposes	99,034,327	99,705,128	92,029,967
Payments in lieu from other governments	482,850	500,399	491,449
Taxation	99,517,177	100,205,527	92,521,416
User charges, licenses and fines	47,589,118	40,255,177	36,823,346
Province of Ontario grant	40,840,257	48,318,055	49,365,173
Other municipalities grants	2,228,420	2,080,853	2,265,779
Investment income	747,390	646,660	619,930
Gain on disposal of	N/A	53,967	1,914,434

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Revenues and expenses</b>	<b>Budget (note 10)</b>	<b>2016</b>	<b>2015</b>
tangible capital assets			
Penalties and interest on taxes	1,120,000	1,087,285	1,054,379
Restricted amounts earned (note 4)	6,158,062	4,282,516	9,926,178
Donations and other	931,574	852,019	3,806,597
Contributed tangible capital assets	5,208,882	N/A	4,349,450
<b>Total</b>	<b>205,141,751</b>	<b>199,558,193</b>	<b>202,915,593</b>
General government expenses	18,286,415	23,236,699	23,308,816
Protection to persons and property	30,649,665	31,130,394	28,890,679
Transportation services	43,213,325	39,118,957	35,351,524

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Revenues and expenses</b>	<b>Budget (note 10)</b>	<b>2016</b>	<b>2015</b>
Environmental services	35,391,986	27,105,790	28,569,409
Health services	11,242,564	10,576,560	11,380,681
Social services	41,678,585	40,844,240	40,679,649
Housing services	9,987,050	10,150,235	9,632,741
Recreational and cultural services	15,083,151	13,458,320	12,869,969
Planning and development	3,855,172	3,565,710	3,932,643
<b>Total</b>	<b>209,387,913</b>	<b>199,186,905</b>	<b>194,616,111</b>
Annual surplus (deficit)	(4,246,162)	371,288	8,299,482
Accumulated surplus, beginning of year	359,372,211	359,372,211	351,072,729
Accumulated	355,126,049	359,743,499	359,372,211

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Revenues and expenses</b>	<b>Budget (note 10)</b>	<b>2016</b>	<b>2015</b>
surplus, end of year			

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

## Consolidated statement of change in net debt

Year ended December 31, 2016

<b>Debt</b>	<b>Budget</b>	<b>2016</b>	<b>2015</b>
Annual surplus (deficit)	(4,246,162)	371,288	8,299,482
Acquisition of tangible capital assets	(40,317,022)	(39,131,610)	(47,911,957)
Amortization of tangible capital assets	20,351,962	25,416,348	23,404,229
Gain on sale of tangible capital assets	N/A	(53,968)	(1,809,320)
Proceeds on sale of tangible capital assets	N/A	1,459,748	3,285,910
Total	(24,211,222)	(11,938,194)	(14,731,656)
Change in prepaid expenses	N/A	(1,286,009)	1,104,918

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Debt</b>	<b>Budget</b>	<b>2016</b>	<b>2015</b>
Change in inventory	N/A	41,487	(129,832)
Total	(24,211,222)	(13,182,716)	(13,756,570)
Net debt, beginning of year	(87,070,864)	(87,070,864)	(73,314,294)
Net debt, end of year	(111,282,086)	(100,253,580)	(87,070,864)

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

## Consolidated statement of cash flows

Year ended December 31, 2016

### Operating activities

Activities	2016	2015
Annual surplus	371,288	8,299,482
Amortization	25,416,348	23,404,229
Gain or disposal of capital assets	(53,968)	(1,809,320)
Contributed tangible capital assets recorded in revenue	N/A	(4,349,450)
Change in taxes receivable	(1,289,277)	(292,346)
Change in accounts receivable	(4,203,669)	(198,193)
Change in other current assets	30,037	5,554
Change in accounts payable and accrued liabilities	2,658,862	(2,942,119)

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Activities</b>	<b>2016</b>	<b>2015</b>
Change in deferred revenue	9,147,846	(2,881,137)
Change in other liabilities	2,225,136	(471,274)
Change in accrued interest on long-term liabilities	(11,759)	124,808
Change in employee future benefits	2,048,515	3,408,218
Change in landfill closure and post closure accrual	80,156	487,178
Change in inventory and prepaid expenses	(1,244,522)	975,086
Total	35,174,983	23,760,716

**Capital activities**

<b>Activities</b>	<b>2016</b>	<b>2015</b>
Acquisition of tangible capital assets	(39,131,610)	(43,562,507)
Proceeds from sale of	1,459,748	3,285,911

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

City of Kawartha Lakes

<b>Activities</b>	<b>2016</b>	<b>2015</b>
tangible capital assets		
Total	(37,671,862)	(40,276,596)

**Investing activities**

<b>Activities</b>	<b>2016</b>	<b>2015</b>
Decrease (increase) in investments	8,358,789	(10,203,482)

**Financing activities**

<b>Activities</b>	<b>2016</b>	<b>2015</b>
Municipal debt issued	20,352,151	28,986,878
Municipal debt repaid	(8,495,794)	(6,334,968)
Total	11,856,357	22,651,910
Change in cash	17,718,267	(4,067,452)
Cash, beginning of year	7,133,417	11,200,869
Cash, end of year	24,851,684	7,133,417

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

## **Notes to the consolidated financial statements**

### **Nature of business**

The City of Kawartha Lakes (the “City”) was created on January 1, 2001 by a Restructuring Order under the Ontario Municipal Act. The City is a combination of the former County of Victoria and all 16 lower-tier municipalities along with their related local boards and police villages previously located within the county’s boundaries.

### **1. Summary of significant accounting policies**

The consolidated financial statements of the City are the representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

#### **(a)(i) Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees controlled by the City, including the following:

- Public Library Board
- Police Services Board including municipal and OPP services Lindsay Downtown Business Improvement Association Waterworks and Sewer Systems
- Cemetery Boards
- Parks, Recreation and Heritage Boards and Committees Community Centres
- Kawartha Lakes Haliburton Housing Corporation (Note 14)
- All material inter-entity transactions and balances are eliminated on consolidation.

#### **(ii) Accounting for school board transactions**

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.

City of Kawartha Lakes

(iii) Trust funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately.

(b)(i) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting with the exception of Provincial Offences Act fine revenues which are accounted for on a cash basis. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets: Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets excluding land are amortized on a straight line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Useful life years</b>
Land and land improvements	10-20
Building and building improvements	10-50
Vehicles, machinery and equipment	5-20
Water and sewer systems	25-80
Road infrastructure	10-50

## City of Kawartha Lakes

One half of the amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contribution of tangible capital assets: Tangible capital assets received as contributions are recorded at their fair value as the date of receipt and also are recorded as revenue.

Interest capitalization: The City's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

Intangible assets: Intangible assets are not recognized as assets in the consolidated financial statements.

### (ii) Deferred revenue

Under PSAB accounting principles, obligatory reserve funds and any other externally restricted contributions must be reported as deferred revenue. These amounts will be recognized as revenues in the fiscal year in which the qualifying expenditures are made.

### (iii) Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of all employees covered.

### (iv) Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values

included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City’s own purposes in the period for which the tax is levied.

(v) Liability for Contaminated Sites

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the City’s obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the consolidated financial statements. As at December 31, 2016 there is no liability recorded in the consolidated financial statements (2015 - \$Nil). The City will continue to review for potential contaminated sites on an annual basis.

(vi) Use of estimates

The preparation of the periodic financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to taxes receivable, accounts receivable, accrued liabilities, employee future benefits, landfill closure and post-closure accrual, contaminated sites, and tangible capital assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Taxation raised on behalf of others**

Further to Note 1(a) (ii), requisitions were made by the School Boards requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

<b>Requisitions of school boards</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>

City of Kawartha Lakes

<b>Requisitions of school boards</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
English public	23,880,069	23,819,084
French public	53,014	48,780
English separate	2,401,741	2,360,730
French separate	40,589	26,920
<b>Total</b>	<b>26,375,413</b>	<b>26,255,514</b>

### 3. Investments

Investments are marketable securities which are comprised of corporate and government debt securities and investment certificates from chartered banks with effective interest rates from 1.15% to 6.25% (2015 - 1.15% to 6.25%). The costs listed approximate fair value.

### 4. Deferred revenue

Obligatory reserve funds

<b>Obligatory reserve funds</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Recreational land (Planning Act)	354,308	488,597
Development charges act	3,631,982	11,923
Federal and provincial gas tax reserves	3,060,370	2,339,567

City of Kawartha Lakes

<b>Obligatory reserve funds</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Parking revenues (municipal act)	N/A	37,752
Other	2,177,193	2,272,928
Reserve funds restricted for specified purposes to benefit residents in geographic areas of former municipalities (restructuring order and City of Kawartha Lakes act)	23,055,234	23,304,361
<b>Total</b>	<b>32,279,087</b>	<b>28,455,128</b>

Restricted reserves

<b>Restricted reserves</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (restructuring order)	13,478	16,094
<b>Total</b>	<b>32,292,565</b>	<b>28,471,222</b>
Unearned grants	1,402,525	2,120,061

City of Kawartha Lakes

<b>Restricted reserves</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Other unearned revenue	6,510,895	466,856

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

<b>Revenue</b>	<b>Parkland levies and development charges</b>	<b>Parking revenues</b>	<b>Gas tax reserves and other</b>	<b>Amounts restricted by amalgamation legislation</b>	<b>2016 Total</b>	<b>2015 Total</b>
Balance, beginning of year	500,520	37,752	4,612,495	23,320,455	28,471,222	31,094,017
Restricted funds received	2,473,515	N/A	5,088,920	437,646	8,000,081	7,212,394
Interest earned	6,565	N/A	93,282	3,931	103,778	90,989
Revenue recognized	1,005,690	(37,752)	(4,557,135)	(693,319)	(4,282,516)	(9,926,178)
Balance, end of year	3,986,290	N/A	5,237,562	23,068,713	32,292,565	28,471,222

The City of Kawartha Lakes Act, 2001 required proceeds of sale of the six former municipal hydro systems to be set aside and used only for the benefit of residents in geographic areas served by each of the hydro systems. The net proceeds are included in restricted deferred revenue and will only be recognized as revenue in the consolidated statement of operations when qualifying expenses are incurred.

## 5. Employee future benefits

The City provides certain employee benefits which will require funding in future periods.

<b>Benefit</b>	<b>2016</b>	<b>2015</b>
Accrued payroll	2,058,935	1,797,481
Vacation and overtime payable	830,497	585,394
WSIB self-insured claims (note 9)	9,820,324	8,932,266
Post-employment benefits	4,693,000	4,039,100
Post-employment benefits liability	17,402,756	15,354,241

Vacation pay and overtime liability: The City budgets for payrolls and vacation and overtime banks based on timing of payment. The above liabilities for payrolls, vacation and overtime represent amounts earned by employees but not paid prior to year-end. The accrued balances will require funding in future periods, and are segregated in the accumulated surplus balance as disclosed in Note 8.

Post-employment benefit liability: The City sponsors a defined benefit plan for post employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$222,812 (2015 - \$195,182).

An actuarial valuation for accounting purposes is performed triennially using the projected benefit method prorated on service. The most recent actuarial valuation was completed as of December 31, 2014 with an extrapolation to December 31, 2016. The post-employment benefit liability at December 31 includes the following components:

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<b>Liability</b>	<b>2016</b>	<b>2015</b>
Accrued benefit obligation	6,613,300	6,255,900
Actuarial (loss)	(1,920,300)	(2,216,800)
Post-employment benefits liability	4,693,000	4,039,100

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main actuarial assumptions employed for the valuation are as follows:

- Expected inflation rate: 2.5%
- Discount rate (beginning of year): 3.0%
- Discount rate (end of year): 3.0%
- Medical cost increases (first year): 7.0%
- Medical cost increases (second year): 4.0%
- Medical cost increases decreasing over 10 years: 0.20% plus CPI (assumed to be 2.5%)
- Expected annual rate of dental cost increase: 0.00% plus CPI (assumed to be 2.5%)

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

<b>Component</b>	<b>2016</b>	<b>2015</b>
Current service cost	401,600	386,200

<b>Component</b>	<b>2016</b>	<b>2015</b>
Amortization of actuarial gains	296,500	296,500
Interest on post-employment benefit liability	196,100	185,400
Total expense related to post-employment benefits	894,200	868,100

Pension agreement: The City makes contributions to the Ontario Municipal Employees' Retirement Fund 'OMERS', which is a multi-employer plan, on behalf of 660 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the City contributed to OMERS for 2016 was \$4,609,643 (2015 - \$4,373,680) for current service which is included as an expense in the consolidated statement of operations.

## **6. Landfill closure and post-closure liability**

The City is required to account for the solid waste landfill closure and post-closure liabilities as the landfill sites are used. The City currently has 13 closed sites and 5 active solid waste sites. Details of the active sites are as follows:

<b>Active sites</b>	<b>Estimated years to closure</b>	<b>Remaining capacity tonnes (2016)</b>
Eldon	25	32,888
Fenelon	7	62,595

City of Kawartha Lakes

<b>Active sites</b>	<b>Estimated years to closure</b>	<b>Remaining capacity tonnes (2016)</b>
Laxton/Digby/Longford	1	3,250
Somerville	31	214,383
Lindsay-Operations	18	673,512

Engineering consultants were engaged to prepare estimates of closure and post closure costs as at December 31, 2016. The estimates include 50 years of post-closure monitoring and maintenance for sites with less than five metres thickness of waste, and 100 years for sites with greater than 5 metres thickness of waste.

Following is a summary of the liability recognized.

<b>Liability</b>	<b>2016</b>	<b>2015</b>
Estimated total closure and post-closure costs	49,856,859	50,532,207
Discount rate	3.00%	3.00%
Estimated present value costs at end of year	18,423,487	18,658,764
Less: portion related to remaining available capacity	(5,390,954)	(5,526,705)
Less: expenses paid	114,529	(65,153)

City of Kawartha Lakes

<b>Liability</b>	<b>2016</b>	<b>2015</b>
Liability for capacity already used	13,147,062	13,066,906
Net expenses recognized in the year	80,156	487,178

## 7. Municipal debt

The balance of net municipal debt reported on the consolidated statement of financial position is made up of the following:

<b>Total debt incurred and outstanding at December 31, 2016 to be financed from the following</b>	<b>2016</b>	<b>2015</b>
General tax rates	24,906,747	23,459,642
Water and sewer user rates	55,162,787	42,356,463
Northwest trunk	12,671,586	14,139,897
Benefiting landowners for local improvements and tile loans	263,011	227,006
Haliburton Housing Project	528,000	552,000

City of Kawartha Lakes

<b>Total debt incurred and outstanding at December 31, 2016 to be financed from the following</b>	<b>2016</b>	<b>2015</b>
Housing corporation	7,447,694	8,388,460
Net municipal debt	100,979,825	89,123,468

- a) The municipal debt issued in the City's name and the names of amalgamated former municipalities have been approved by the Ontario Municipal Board or by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Housing.
- b) The City entered into an agreement with Infrastructure Ontario to debenture funds to offset future developer contributions for the Northwest Trunk capital project in the amount of \$14,139,897 plus \$4,540,300 in interest for a twenty year period. These funds are to be recovered as they are received for development.
- c) Interest rates vary from .96% to 5.83%. Total future payments over the next 5 years and thereafter are summarized as follows:

<b>Debt</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	<b>Total</b>
Principal municipal	3,954,223	3,438,674	3,355,565	3,031,696	2,594,110	8,532,479	24,906,747
Principal water and sewer	3,935,110	3,749,329	3,832,065	3,511,411	3,528,348	36,606,524	55,162,787
Principal NW Trunk	593,876	593,876	593,876	593,876	593,876	9,702,206	12,671,586

City of Kawartha Lakes

<b>Debt</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	<b>Total</b>
Principal Tile drain	33,310	34,892	30,693	32,545	75,937	55,634	263,011
Principal Haliburton Housing	24,000	24,000	24,000	24,000	24,000	408,000	528,000
Principal Housing	980,243	1,016,297	1,066,645	1,086,519	1,144,161	2,153,829	7,447,694
Principal Total	9,520,762	8,857,068	8,902,844	8,280,047	7,960,432	57,458,672	100,979,825
Municipal interest	686,225	567,331	460,436	358,042	284,530	1,830,016	4,186,580
Water and sewer interest	2,033,157	1,889,222	1,747,504	1,607,015	1,462,638	7,930,422	16,669,958
NW Trunk interest	348,556	330,642	311,055	293,289	274,192	1,887,950	3,445,684
Tile drain interest	9,606	11,525	9,671	7,354	5,444	13,669	57,309
Haliburton Housing interest	21,307	20,164	19,191	18,320	17,295	145,044	241,321
Housing interest	441,346	382,030	336,054	262,881	210,305	282,694	1,915,310

City of Kawartha Lakes

<b>Debt</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	<b>Total</b>
Total	13,060,959	12,057,982	11,786,755	10,826,988	10,214,836	69,548,467	127,495,987

d) Total gross payments for the year to service municipal debt are as follows:

<b>Payment</b>	<b>Municipal</b>	<b>Water and sewer</b>	<b>Tile drain</b>	<b>Housing</b>	<b>Northwest Trunk</b>	<b>2016 total</b>
Principal payments	3,824,478	3,003,656	35,795	964,765	667,100	8,495,794
Interest	690,644	1,652,070	13,620	210,659	411,668	2,978,661
Total	4,515,122	4,655,726	49,415	1,175,424	1,078,768	11,474,455

- e) Housing debentures in the amount of \$3,223,675 (2015 - \$3,579,636) are paid for by the Provincial government on behalf of the housing corporation. The Province recovers this outlay by reducing subsidy payment cash flows.
- f) The City has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$15 million via an overdraft or demand note. Any balance borrowed will bear interest at prime less 1.65% per year. Council authorized the temporary borrowing limit for 2016 in By-Law 2015-003. As at December 31, 2016, there was a balance outstanding of \$Nil (2015 - \$Nil).

**8. Accumulated surplus**

<b>Accumulated surplus</b>	<b>2016</b>	<b>2015</b>
Operating fund surplus	(665,959)	1,489,152
Capital fund deficit – projects to be debentured	(1,799,735)	(9,153,553)
Capital fund deficit – municipal drain projects	(458,400)	(31,437)
Capital fund surplus – all other projects	6,307,004	9,771,026
Unfunded employee future benefits	(17,402,756)	(15,354,241)
Post-closure landfill costs	(13,147,062)	(13,066,906)
Accrued interest on long term debt	(365,242)	(377,001)
Long term debt	(88,308,239)	(75,784,780)
Reserves and reserve funds	20,300,586	18,906,131
Tangible capital assets	455,283,302	442,973,820
<b>Total</b>	<b>359,743,499</b>	<b>359,372,211</b>

## **9. Contingencies and commitments**

### Workplace Safety Insurance Board Self Insured - Schedule 2

Following restructuring, the Workplace Safety Insurance Board ('WSIB') required the City to convert all operations to Schedule 2 to become one self-insured entity.

Outside coverage is in place for certain types of claims to limit any loss to \$250,000. Claims paid out during the year amounted to \$1,153,141 (2015 - \$791,616). The WSIB has estimated liability for future benefit costs as at December 31, 2016 to be \$9,820,324 (2015 - \$8,932,266) and this liability has been included in employee future benefits payable (Note 6). The City has \$525,000 set aside in a reserve for WSIB self insurance as at December 31, 2016 (2015 - \$475,000).

### Other contingencies

Various legal actions and claims have been initiated against the City, some of which cannot be quantified. No provision has been made for any uninsured claims. It is management's opinion there will be no material uninsured liability arising from these claims. An expense will be recorded in the fiscal period in which a settlement becomes likely and measurable.

### Commitment - water and sewer system operating agreements

The City is committed to an agreement with the Ontario Clean Water Agency ('OCWA') for the operation of twenty Drinking Water Systems and five Wastewater Systems. In addition to the current agreement there is room for inflationary adjustments and other service items that are unusual and outside of the current agreement. The agreement with OCWA is for the period of March 1, 2014 to February 28, 2019.

### Commitment - garbage and recycling collection contract

On September 26, 2011, the City contracted out garbage and recycling collection services. The contract is for a seven year term with the option for two additional one year renewal terms. The contract requires the City to pay a base fee of \$4,068,255 for 2017 plus an annual fuel surcharge as well as an increase for new homes.

### Commitments - capital projects

The City has committed to many capital projects expected to be completed over several

## City of Kawartha Lakes

years including upgrades to the water and sewer treatment plants and the expansion of the Lindsay/Operations landfill site. As at December 31, 2016, the City had awarded contracts in the amount of \$35,539,948

(2015 - \$25,531,239) and has recorded \$19,703,573 of those awarded amounts. Therefore, the remaining contractual commitments will be recorded in future years as the projects are completed.

Funding for the completion costs is expected to include the use of capital surplus carried forward, grants, debt proceeds and use of funds from various discretionary and obligatory reserve funds.

### **10. Budget amounts**

The operating and tax rate supported capital budgets were approved by Council on November 10, 2015 to establish the tax rates for the year. In addition, the water and sewer operating and capital budgets were also approved by Council on November 10, 2015.

The budgets for Kawartha Lakes-Haliburton Housing Corporation were approved by the board individually, and only the net transfers to this entity were approved by Council. These budgets were not prepared on the same basis as these consolidated financial statements, and have been restated to conform to the requirements under PSAB accounting standards.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.

Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.

Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net debt.

### **11. Expenses by object**

City of Kawartha Lakes

<b>Expense</b>	<b>2016</b>	<b>2015</b>
Salaries and wages	72,161,085	70,880,511
Materials, supplies and services	19,807,830	29,047,950
Contracted services	43,071,263	35,984,958
Rents and financial	5,157,105	3,653,451
Transfers to other entities	31,459,260	29,519,576
Tile drain loans and advanced to landowners	71,800	N/A
Interest on net municipal debt	2,555,234	2,432,606
Amortization expense	25,416,348	23,404,228
Other (recovery)	(513,020)	(307,169)
<b>Total</b>	<b>199,186,905</b>	<b>194,616,111</b>

**12. Trust funds**

Trust funds administered by the City amounting to \$1,243,264 (2015 - \$1,223,159) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

### 13. Provincial Offences Act

Under an operating agreement with the Province of Ontario, the City of Kawartha Lakes is responsible for operation of the Provincial Offences Office in Lindsay on behalf of the City and Haliburton County. Net revenues are to be allocated between the City and the County on a per capita basis. Revenues and expenses related to these operations have been reported as follows:

Revenue/Expense	2016	2015
Gross revenues	2,060,352	2,171,181
Operating costs	(1,337,561)	(1,344,137)
Amount transferred to Haliburton County	(133,492)	(155,489)
Net City revenue	589,299	671,555

Revenue comprises payments received for certain types of fines and penalties resulting from charges laid in the Lindsay Court area. Since revenue has been recognized on a cash basis, accounts receivable balances for fines levied but not paid are not included as revenue.

### 14. Supplementary information

Social Housing downloading

As part of Provincial local services realignment programs, the City assumed control and funding responsibility from the Province for the following housing corporations on January 1, 2001:

- Lindsay Non-Profit Housing Corporation 'LNPHC'
- Kawartha Lakes Haliburton Housing Corporation 'KLHHC'

Under the provisions of transfer orders prepared under authority of the Social Housing Reform Act, the Kawartha Lakes Haliburton Housing Corporation was the recipient on January 1, 2001 of assets, liabilities, rights and obligations previously owned by the Ontario Housing Corporation 'OHC' and located in the City of Kawartha Lakes and County of Haliburton.

## City of Kawartha Lakes

On December 15, 2005, KLHHC entered into an amalgamation agreement with Lindsay Non-Profit Housing Corporation 'LNPHC'. Under the terms of the agreement KLHHC and LNPHC amalgamated to form a new corporation (also known as Kawartha Lakes-Haliburton Housing Corporation) which commenced operations on January 1, 2006. KLHHC is exempt from income taxes under the Income Tax Act. The City is the sole shareholder and KLHHC is engaged in the business of providing housing primarily for persons of low or modest income at rentals below the median current rental market in the area of the City and the County of Haliburton.

Effective January 1, 2016 the structure of the KLHHC was revised to combine three different divisions consisting of Local Housing Corporation ("LHC"), Non Profit ("NP") and Affordable Housing Project ("AHP") into one overall division with the base year subsidy established by taking the 2015 subsidy level and then year over year applying budget directions set by the City. The surplus and capital reserves have been merged into one surplus reserve to fund projects with the City.

The net assets now under control of the City were financed by assumption of debt, and the effect of the downloading and consolidation of these two entities in these consolidated financial statements is summarized below.

<b>Asset/Debt</b>	<b>2016</b>	<b>2015</b>
Effect on municipal position – unrestricted financial assets	5,523,336	2,126,219
Effect on municipal position – restricted financial assets	N/A	1,613,599
Effect on municipal position – current liabilities	\$3,551,801	1,680,336
Effect on municipal position – debt and accrued interest on debt	(7,461,064)	(8,405,516)
Municipal position, end of year	1,614,073	(2,985,362)

<b>Asset/Debt</b>	<b>2016</b>	<b>2015</b>
Amounts to be recovered from future revenues	7,461,064	8,405,516
Fund balances, end of year	9,075,137	5,420,154
Effect on operations for the year – revenues	5,232,417	6,460,307
Effect on operations for the year – operating expenditures	(3,593,985)	(3,650,639)
Effect on operations for the year – non-tangible capital asset capital expenses	303,955	498,734
Net revenues	1,942,387	3,308,402
Decrease in amounts to be recovered from future revenues	(944,452)	(912,117)
Net increase in accumulated surplus	997,935	2,396,285

### **15. Tangible capital assets**

Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

Works of art and historical treasures

The City applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets

## City of Kawartha Lakes

are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the consolidated financial statements. The acquisition or betterment of such assets is recognized in the consolidated financial statements as an operating expense.

## City of Kawartha Lakes

<b>Cost</b>	<b>Land and land improvements</b>	<b>Building and building improvements</b>	<b>Vehicles, machinery and equipment</b>	<b>Water and sewer</b>	<b>Road infrastructure</b>	<b>Work in progress</b>	<b>2016 total</b>
Balance, beginning of year	33,537,743	131,539,892	77,582,544	212,585,949	351,914,155	21,379,526	828,539,809
Additions	1,572,172	32,985,276	3,372,798	29,580,506	51,139,055	39,131,610	157,781,417
Work in progress completed	(1,417,904)	(24,251,201)	(135,975)	(25,175,710)	(44,569,738)	N/A	(95,550,528)
Disposals and transfers	(186,530)	(412,298)	(2,878,619)	(686,756)	(1,584,357)	(23,099,279)	(28,847,839)
Balance, end of year	33,505,481	139,861,669	77,940,748	216,303,989	356,899,115	37,411,857	861,922,859

<b>Accumulated amortization</b>	<b>Land and land improvements</b>	<b>Building and building improvements</b>	<b>Vehicles, machinery and equipment</b>	<b>Water and sewer</b>	<b>Road infrastructure</b>	<b>Work in progress</b>	<b>2016 total</b>
Balance, beginning of year	5,617,331	59,384,304	38,888,212	77,037,331	204,638,811	N/A	385,565,989
Disposals	N/A	(387,406)	(2,539,921)	(67,378)	(1,348,075)	N/A	(4,342,780)
Amortization expense	687,881	2,644,519	4,631,027	5,139,054	12,313,867	N/A	25,416,348
Balance, end of year	6,305,212	61,641,417	40,979,318	82,109,007	215,604,603	N/A	406,639,557
Net book value, end of year	27,200,269	78,220,252	36,961,430	134,194,982	141,294,512	37,411,857	455,283,302

## City of Kawartha Lakes

<b>Cost</b>	<b>Land and land improvements</b>	<b>Building and building improvements</b>	<b>Vehicles, machinery and equipment</b>	<b>Water and sewer</b>	<b>Road infrastructure</b>	<b>Work in progress</b>	<b>2015 total</b>
Balance, beginning of year	32,518,021	124,966,592	70,898,951	184,882,515	330,585,633	43,888,757	787,740,469
Additions	1,417,905	24,251,201	135,975	25,175,710	44,569,737	47,911,957	143,462,485
Work in progress completed	(229,680)	(16,533,160)	7,971,050	3,149,220	(19,486,772)	N/A	(25,129,342)
Disposals and transfers	(168,503)	(1,144,741)	(1,423,432)	(621,496)	(3,754,443)	(70,421,188)	(77,533,803)
Balance, end of year	33,537,743	131,539,892	77,582,544	212,585,949	351,914,155	21,379,526	828,539,809

<b>Accumulated amortization</b>	<b>Land and land improvements</b>	<b>Building and building improvements</b>	<b>Vehicles, machinery and equipment</b>	<b>Water and sewer</b>	<b>Road infrastructure</b>	<b>Work in progress</b>	<b>2015 total</b>
Balance, beginning of year	5,491,956	57,754,786	35,428,380	72,634,237	196,488,428	N/A	367,797,787
Disposals	(135,786)	(896,617)	(1,043,341)	(283,461)	(3,276,820)	N/A	(5,636,025)
Amortization expense	261,161	2,526,135	4,503,173	4,686,555	11,427,203	N/A	23,404,227
Balance, end of year	5,617,331	59,384,304	38,888,212	77,037,331	204,638,811	N/A	385,565,989
Net book value, end of year	27,920,412	72,155,588	38,694,332	135,548,618	147,275,344	21,379,526	442,973,820

## **16. Segmented information**

The City provides a wide range of services to its residents.

Segmented information has been provided in Schedule 1 for the following City Services:

- General Government
- Protection to persons and property
- Transportation Services
- Environmental Services
- Health and Social Services
- Recreation and culture
- Planning and Development

Revenues and expenses directly attributable to each segment are reported by segment. Typically general government expenses are incurred in support of all services. Similarly general government revenues including taxes are used to finance all activities of the City. For purposes of segmented reporting general government revenues and expenses have not been allocated to the other services but rather are shown separately.

## City of Kawartha Lakes consolidated schedule of segmented disclosure – schedule 1 year ended December 31, 2016

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
Salaries and wages	13,134,615	16,105,628	9,584,526	2,934,183	21,753,558	6,078,910	2,569,665	72,161,085
Minor capital	1,626,157	N/A	N/A	N/A	303,955	N/A	N/A	1,930,112
Interest costs	690,540	N/A	N/A	1,644,192	206,974	N/A	13,428	2,555,134
Other expenses	7,329,055	13,621,819	14,735,757	17,232,184	36,807,896	6,415,475	982,090	97,124,226
Amort. expense	456,382	1,402,947	14,798,674	5,295,231	2,498,652	963,935	527	25,416,348
<b>Total</b>	<b>23,236,699</b>	<b>31,130,394</b>	<b>39,118,957</b>	<b>27,105,790</b>	<b>61,571,035</b>	<b>13,458,320</b>	<b>3,565,710</b>	<b>199,186,905</b>

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
External tax revenues	(77,964,692)	(21,189,465)	(423,980)	(28,947)	(221,025)	(205,723)	(171,695)	(100,205,527)
External non-tax revenues	(12,952,295)	(5,028,636)	(1,421,656)	(22,931,915)	(47,424,716)	(4,260,755)	(996,210)	(95,016,183)
Restricted amounts earned	(2,424,092)	N/A	(658,299)	(223,581)	(100,794)	(822,526)	(53,224)	(4,282,516)
(Gain) loss on disposal of TCA	(19,089)	N/A	414,395	611,030	(1,229,237)	N/A	168,934	(53,967)
Total	(93,360,168)	(26,218,101)	(2,089,540)	(22,573,413)	(48,975,772)	(5,289,004)	(1,052,195)	(199,558,193)
Annual (surplus)	(70,123,469)	4,912,293	37,029,417	4,532,377	12,595,263	8,169,316	2,513,515	(371,288)

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
deficit								

City of Kawartha Lakes consolidated schedule of segmented disclosure – schedule 1 year ended December 31, 2015

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
Salaries and wages	13,895,973	15,106,706	9,444,456	3,169,975	20,865,957	5,857,225	2,560,219	70,880,511
Minor capital	33,158	205,773	711,915	764,390	482,736	550,926	N/A	2,748,898
Interest costs	392,894	N/A	N/A	1,783,563	235,447	N/A	20,702	2,432,606

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
Other expenses	8,503,759	12,222,272	11,670,295	17,946,946	38,098,221	5,383,622	1,324,753	95,149,868
Amort. expense	503,032	1,355,928	13,524,858	4,904,535	1,942,520	1,146,386	26,969	23,404,228
Total	23,308,816	28,890,679	35,351,524	28,569,409	61,614,881	12,938,159	3,932,643	194,616,111
External tax revenues	(71,131,518)	(18,567,811)	(846,531)	(834,442)	(744,577)	(210,097)	(186,440)	(92,521,416)
External non-tax revenues	(10,252,388)	(5,099,013)	(4,020,177)	(26,561,028)	(47,504,574)	(4,112,600)	(1,003,785)	(98,553,565)
Restricted amounts earned	(660,488)	(230,147)	(7,157,586)	(1,188,807)	(125,259)	(558,891)	(5,000)	(9,926,178)

<b>Expenses and revenues</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation services</b>	<b>Environment services</b>	<b>Health and social services</b>	<b>Recreation and culture</b>	<b>Planning and dev.</b>	<b>Consolidated</b>
(Gain) loss on disposal of TCA	4,517	N/A	709,128	338,035	123,388	89,672	(3,179,174)	(1,914,434)
Total	(82,039,877)	(23,896,971)	(11,315,166)	(28,246,242)	(48,251,022)	(4,791,916)	(4,374,399)	(202,915,593)
Annual (surplus) deficit	(58,731,061)	4,993,708	24,036,358	323,167	13,373,859	8,146,243	(441,756)	(8,229,482)

# **Financial statements of City of Kawartha Lakes Trust Funds**

December 31, 2016



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## **Independent Auditor's Report**

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Kawartha Lakes

We have audited the accompanying financial statements of The Corporation of the City of Kawartha Lakes Trust Funds, which comprise the statement of financial position as at December 31, 2016 and the statements of financial activities and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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

## City of Kawartha Lakes Trust Funds

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 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 financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Kawartha Lakes Trust Funds as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

“Original signed by Deloitte”

Chartered Professional Accountants Licensed Public Accountants

June 27, 2017

**Statement of financial position**

<b>Assets</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
Cash	N/A	43,080	1,325	21,106	27,814	4,090	N/A	10,566	107,981	107,066
Investments	54,282	661,163	101,363	220,404	N/A	N/A	210,734	N/A	1,247,946	1,232,176
Accrued interest	N/A	16,973	1,307	4,043	N/A	N/A	N/A	N/A	22,323	26,242
<b>Total</b>	<b>54,282</b>	<b>721,216</b>	<b>103,995</b>	<b>245,553</b>	<b>27,814</b>	<b>4,090</b>	<b>210,734</b>	<b>10,566</b>	<b>1,378,250</b>	<b>1,365,484</b>
<b>Liabilities and fund balance</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
Accounts payable	N/A	N/A	N/A	5,102	N/A	N/A	N/A	N/A	5,102	5,409

City of Kawartha Lakes Trust Funds

<b>Liabilities and fund balance</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
Due to the City of Kawartha Lakes (note 3)	1,144	(33,868)	8,528	10,965	(47)	1,010	142,152	N/A	129,884	136,916
Total	1,144	(33,868)	8,528	16,067	(47)	1,010	142,152	N/A	134,986	142,325
Fund balances	53,138	755,084	95,467	229,486	27,861	3,080	68,582	10,566	1,243,264	1,223,159
Total	54,282	721,216	103,995	245,553	27,814	4,090	210,734	10,566	1,378,250	1,365,484

**Statement of financial activities and fund balances**

City of Kawartha Lakes Trust Funds

<b>Financial activity</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
Balance, beginning of year	53,138	737,351	97,785	229,486	23,400	3,017	68,582	10,400	1,223,159	1,219,866
Interest earned	N/A	13,316	2,438	5,102	N/A	63	N/A	166	20,034	21,381
Plot sales	N/A	21,289	N/A	N/A	N/A	N/A	N/A	N/A	21,839	17,220
Donations and other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	212	713	264
Manor residents	N/A	N/A	N/A	N/A	42,732	N/A	N/A	N/A	42,732	62,222
Total revenue	N/A	34,605	2,438	5,102	42,732	63	N/A	378	85,318	101,087

City of Kawartha Lakes Trust Funds

<b>Financial activity</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
Repayment to province	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,781
Manor residents	N/A	N/A	N/A	N/A	38,271	N/A	N/A	N/A	38,271	61,435
Disaster relief	N/A	N/A	4,756	N/A	N/A	N/A	N/A	N/A	4,756	6,515
Contributed to minor hockey	N/A	N/A	N/A	2,551	N/A	N/A	N/A	N/A	2,551	2,704
Contributed to figure skating	N/A	N/A	N/A	2,551	N/A	N/A	N/A	N/A	2,551	2,705
Paid to general	N/A	16,872	N/A	N/A	N/A	N/A	N/A	212	65,213	97,794

City of Kawartha Lakes Trust Funds

<b>Financial activity</b>	<b>Ontario Home Renewal Program</b>	<b>Cemetery Perpetual Care Trusts</b>	<b>Disaster Trust Fund</b>	<b>Forbert Estate Bequests</b>	<b>Aged Comfort Trust</b>	<b>Treasurer's Maintenance Trust</b>	<b>Building Donation Fund</b>	<b>Other trusts</b>	<b>2016 total trusts</b>	<b>2015 total trusts</b>
operations										
Total expenses	N/A	16,872	4,756	5,102	38,271	N/A	N/A	212	65,213	97,794
Excess (deficiency) of revenues over expenses	N/A	17,733	(2,318)	N/A	4,461	63	N/A	166	20,105	3,293
Balance, end of year	53,138	755,084	95,467	299,486	27,861	3,080	68,582	10,566	1,243,264	1,223,159

## Statement of cash flows

Activity	2016	2015
Excess of revenues over expenses	20,105	3,293
Loans receivable	N/A	8,949
Accrued interest	3,919	(2,960)
Accounts payable	(307)	(1,711)
Total	23,717	7,571
(Increase) decrease in investments	(15,770)	1,896
Decrease in amount due to the City of Kawartha Lakes	(7,032)	(18,282)
Change in cash during the year	915	(8,815)
Cash, beginning of year	107,066	115,881
Cash, end of year	107,981	107,066

## **Notes to the financial statements**

### **1. Significant accounting policies**

The financial statements of the trust funds of the City of Kawartha Lakes (the “Trust Funds”) are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

#### **Basis of accounting**

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

#### **Investments**

Investments are recorded at cost. The cost of investments approximates their fair market value.

#### **Use of estimates**

The preparation of the periodic financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

### **2. Ontario Home Renewal Program**

- a) The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.
- b) Ontario Home Renewal Program loans receivable at December 31, 2016 comprise of repayable loans of \$Nil (2015 - \$Nil). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the

## City of Kawartha Lakes Trust Funds

repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

- c) Ontario Regulation 641 has established procedures for the winding down of the Ontario Home Renewal Program. Under conditions stipulated in the Regulation, all Fund balances were remitted to the Ministry during 1994. The City of Kawartha Lakes will continue to administer the collection of any outstanding loans and remit the proceeds, net of 5% administration fee.

### **3. Due to City of Kawartha Lakes**

The amounts due to the City of Kawartha Lakes are non-interest bearing with no fixed terms of repayment.

### **4. Cemetery perpetual care trusts**

Cemetery perpetual care trusts represent a portion of the burial fees and proceeds of sale of cemetery plots of various cemeteries. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries.

### **5. Forbert trust**

This trust fund represents a bequest from the Estate of Ross and Helen Forbert. Investment income on the funds is distributed to promote figure skating and minor hockey in the Village of Bobcaygeon. The capital is to remain intact.