
Consolidated financial statements of City of Kawartha Lakes

December 31, 2021

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Independent Auditor's Report

To the Members of Council
of the Corporation of the City of Kawartha Lakes

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Kawartha Lakes (the "City"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a plain sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
June 29, 2022

City of Kawartha Lakes
Consolidated statement of financial position
As at December 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Cash		52,703,513	53,101,105
Investments	3	38,057,912	31,461,131
Taxes receivable		12,087,492	10,196,490
Accounts receivable		51,480,154	45,675,800
Other current assets		12,935	12,935
		154,342,006	140,447,461
Liabilities			
Accounts payable and accrued liabilities		21,530,459	23,274,972
Deferred revenue	4	48,777,573	40,078,033
Other liabilities		4,543,225	3,921,506
Accrued interest on long-term liabilities		323,968	356,275
Employee future benefits	5	24,300,817	20,167,727
Landfill closure and post closure accrual	6	13,352,280	13,413,608
Municipal debt	7	133,828,318	135,507,585
		246,656,640	236,719,706
Net debt		(92,314,634)	(96,272,245)
Non-financial assets			
Tangible capital assets	14	579,602,957	556,720,549
Inventory and prepaid expenses		3,876,511	4,200,684
		583,479,468	560,921,233
Contingencies and commitments	9		
Accumulated surplus	8	491,164,834	464,648,988

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

Approved by Council

_____, Member

_____, Member

City of Kawartha Lakes
Consolidated statement of operations
Year ended December 31, 2021

Notes	Budget \$	2021 Actual \$	2020 Actual \$
	(Note 10)		
Revenue			
Taxes levied for own purposes	121,791,107	121,936,674	118,695,333
Payments in lieu from other governments	478,400	486,487	511,354
Taxation	122,269,507	122,423,161	119,206,687
User charges, licenses and fines	52,315,735	45,270,957	41,745,480
Grants			
Government of Canada	2,219,375	1,499,759	1,854,867
Province of Ontario	48,646,898	63,476,389	68,293,429
Other municipalities	1,982,264	2,077,055	1,870,590
Other			
Investment income	601,000	611,298	1,163,357
Gain on disposal of tangible capital assets	675,000	315,333	232,118
Penalties and interest on taxes	1,265,000	1,641,023	1,110,537
Restricted amounts earned	11,540,688	15,925,761	14,912,015
Donations and other	548,772	2,142,301	976,836
Contributed tangible capital assets	—	884,011	1,455,705
	242,064,239	256,267,048	252,821,621
Expenses			
General government	23,156,881	28,233,244	23,267,514
Protection to persons and property	31,918,490	33,819,198	32,456,294
Transportation services	38,329,749	44,998,074	42,091,563
Environmental services	27,305,971	30,279,841	33,177,229
Health services	13,203,025	14,871,917	14,172,179
Social services	46,709,706	46,405,715	48,358,646
Housing services	11,163,396	12,753,608	12,468,365
Recreational and cultural services	14,754,095	12,901,860	12,847,173
Planning and development	5,693,418	5,487,745	4,233,698
	212,234,731	229,751,202	223,072,661
Annual surplus	29,829,508	26,515,846	29,748,960
Accumulated surplus, beginning of year	464,648,988	464,648,988	434,900,028
Accumulated surplus, end of year	494,478,496	491,164,834	464,648,988

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

City of Kawartha Lakes**Consolidated statement of change in net debt**

Year ended December 31, 2021

	Budget	2021	2020
	\$	Actual	Actual
	(Note 10)	\$	\$
Annual surplus	29,829,508	26,515,846	29,748,960
Acquisition of tangible capital assets	(30,843,530)	(50,377,324)	(43,333,880)
Amortization of tangible capital assets	—	27,411,361	26,437,343
Gain on disposal of tangible capital assets	(675,000)	(315,333)	(232,118)
Proceeds on disposal of tangible capital assets	—	398,888	480,396
	(1,689,022)	3,633,438	13,100,701
Change in inventory and prepaid expenses	—	324,173	2,808
	(1,689,022)	3,957,611	13,103,509
Net debt, beginning of year	(96,272,245)	(96,272,245)	(109,375,754)
Net debt, end of year	(97,961,267)	(92,314,634)	(96,272,245)

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

City of Kawartha Lakes
Consolidated statement of cash flows
Year ended December 31, 2021

	2021 \$	2020 \$
Operating activities		
Annual surplus	26,515,846	29,748,960
Items not involving cash		
Amortization	27,411,361	26,437,343
Gain on disposal of tangible capital assets	(315,333)	(232,118)
Contributed tangible capital assets	(884,011)	(1,455,705)
Change in non-cash assets and liabilities		
Taxes receivable	(1,891,002)	(4,616,653)
Accounts receivable	(5,804,354)	(5,346,084)
Other current assets	—	3,213
Accounts payable and accrued liabilities	(1,744,513)	425,139
Deferred revenue	8,699,540	(2,834,637)
Other liabilities	621,719	(19,541)
Accrued interest on long-term liabilities	(32,307)	(5,418)
Employee future benefits	4,133,090	(811,230)
Landfill closure and post closure accrual	(61,328)	3,236,636
Inventory and prepaid expenses	324,173	2,808
	56,972,881	44,532,713
Capital activities		
Acquisition of tangible capital assets	(49,493,313)	(41,878,175)
Proceeds on disposal of tangible capital assets	398,888	480,396
	(49,094,425)	(41,397,779)
Investing activity		
(Increase) decrease in investments	(6,596,781)	18,291,278
Financing activities		
Municipal debt issued	11,970,515	27,176,013
Municipal debt repaid	(13,649,782)	(12,234,240)
	(1,679,267)	14,941,773
Change in cash	(397,592)	36,367,985
Cash, beginning of year	53,101,105	16,733,120
Cash, end of year	52,703,513	53,101,105

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

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

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.

(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.

Investments

Temporary investments are carried at the lower of cost and market value, at which time they are written down to recognize the loss in value. Discounts or premiums are amortized using the effective interest method.

1. Summary of significant accounting policies (continued)

(b) (i) *Basis of accounting (continued)*

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:

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

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.

1. Summary of significant accounting policies (continued)

(b) (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 pro-rated 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, 2021 there is \$nil liability recorded in the consolidated financial statements (nil in 2020). The City will continue to review for potential contaminated sites on an annual basis.

(vi) Use of estimates

The preparation of 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:

	2021	2020
	\$	\$
Requisitions of School Boards		
English public	22,570,845	23,211,500
French public	46,447	47,734
English separate	2,112,321	2,292,959
French separate	44,711	45,671
	24,774,324	25,597,864

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 0.72% to 6.25% (0.95% to 6.25% in 2020). The costs presented approximate fair value.

4. Deferred revenue

	2021	2020
	\$	\$
Obligatory reserve funds		
Recreational land (Planning Act)	639,688	588,908
Development Charges Act	2,550,527	278,408
Federal and Provincial Gas Tax Reserves	6,516,258	2,435,966
Other	1,787,819	1,864,937
Reserve funds restricted for specified purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	22,854,771	22,820,006
	34,349,063	27,988,225
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	8,540	8,540
	34,357,603	27,996,765
Other deferred revenue		
Unearned grants	5,175,094	4,950,527
Other unearned revenue	9,244,876	7,130,741
	48,777,573	40,078,033

4. Deferred revenue (continued)

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

	Parkland levies and development charges	Gas tax reserves and other	Amounts restricted by amalgamation legislation	2021 Total	2020 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	867,316	4,300,903	22,828,546	27,996,765	32,058,269
Restricted funds received	11,804,587	10,024,673	349,748	22,179,008	10,562,073
Interest earned	(92,492)	200,042	41	107,591	288,438
Revenue recognized	(9,389,196)	(6,221,541)	(315,024)	(15,925,761)	(14,912,015)
Balance, end of year	3,190,215	8,304,077	22,863,311	34,357,603	27,996,765

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.

	2021	2020
	\$	\$
Accrued payroll	1,268,265	770,562
Vacation and overtime payable	981,852	1,133,165
WSIB self-insured claims (Note 9)	13,116,300	10,005,800
Post-employment benefits	8,934,400	8,258,200
Employee future benefits payable	24,300,817	20,167,727

Vacation pay and overtime liability

The City budgets for payroll and vacation and overtime banks based on timing of payment. The above liabilities for payroll, 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 64 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$272,760 (\$245,533 in 2020).

5. Employee future benefits (continued)

Post-employment benefit liability (continued)

An actuarial valuation for accounting purposes is performed triennially using the projected benefit method prorated on service. An external actuarial valuation was completed as of December 31, 2021. The post-employment benefit liability at December 31 includes the following components:

	2021	2020
	\$	\$
Accrued benefit obligation	9,398,000	9,030,000
Actuarial loss	(463,600)	(771,800)
Post-employment benefits liability	8,934,400	8,258,200

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		2.00%
Discount rate	<ul style="list-style-type: none"> • beginning of year • end of year 	2.20%
Medical cost increases	<ul style="list-style-type: none"> • first year • second year • decreasing over 10 years to 	4.00%
	4.00% plus CPI (assumed to be 2.5%)	4.00%
Expected annual rate of dental cost increase		4.00% 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:

	2021	2020
	\$	\$
Current service cost	555,600	456,300
Amortization of actuarial gains	308,000	208,000
Interest on post-employment benefit liability	206,500	254,800
Total expense related to post-employment benefits	1,070,100	919,100

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 2021 was \$5,402,764 (\$5,298,246 in 2020) 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:

	Estimated years to closure	Remaining capacity tonnes 2021
Eldon	37	67,706
Fenelon	5	37,111
Laxton/Digby/Longford	1	1,631
Somerville	15	110,990
Lindsay-Operations	15	508,041

Engineering consultants were engaged to prepare estimates of closure and post closure costs as at December 31, 2017, with an extrapolation prepared to December 31, 2021. 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.

	2021 \$	2020 \$
Estimated total closure and post-closure costs	42,440,628	42,885,001
Discount rate	2.20%	2.20%
Estimated present value of costs at end of year	18,607,033	19,032,480
Less		
Portion related to remaining available capacity	(5,254,753)	(5,618,872)
Liability for capacity already used	13,352,280	13,413,608
Net expenses recognized in the year	(61,328)	3,236,636

7. Municipal debt

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

	2021 \$	2020 \$
Total debt incurred and outstanding at December 31 to be financed from		
General tax rates	65,097,709	67,203,165
Water and sewer	56,480,518	54,413,662
Northwest Trunk Developer Debt	9,336,087	10,003,185
Benefiting landowners for local improvements and tile loans	242,791	244,517
Kawartha Lakes Haliburton Housing	2,671,213	3,643,056
Net municipal debt	133,828,318	135,507,585

City of Kawartha Lakes
Notes to the consolidated financial statements
December 31, 2021

7. Municipal debt (continued)

- (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 0.96% to 5.83%. Total future payments over the next 5 years and thereafter are summarized as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Principal							
Municipal	7,700,492	7,327,446	7,135,939	7,084,232	6,222,690	29,626,910	65,097,709
Water and sewer	4,743,310	4,457,232	4,545,093	4,183,968	4,234,288	34,316,627	56,480,518
Northwest Trunk Developer Debt	667,100	667,100	667,100	667,100	667,100	6,000,587	9,336,087
Tile Drain	39,567	37,009	29,039	27,460	27,017	82,699	242,791
Kawartha Lakes Haliburton	846,060	701,451	457,907	340,443	269,174	56,178	2,671,213
	13,996,529	13,190,238	12,835,078	12,303,203	11,420,269	70,083,001	133,828,318
Interest							
Municipal	1,708,667	1,508,992	1,316,143	1,123,726	940,559	6,109,125	12,707,212
Water and sewer	1,810,207	1,642,414	1,482,272	1,318,352	1,170,381	5,592,543	13,016,169
Northwest Trunk Developer Debt	285,801	265,013	244,862	223,476	202,648	1,128,794	2,350,594
Tile Drain	14,767	12,393	10,490	8,112	6,583	11,756	64,101
Kawartha Lakes Haliburton	143,320	96,631	40,803	58,287	45,008	36,800	420,849
	17,959,291	16,715,681	15,929,648	15,035,156	13,785,448	82,962,019	162,387,243

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

	Municipal	Water and sewer	Tile drain	Kawartha Lakes Haliburton Housing	Northwest Trunk Developer Debt	Total
	\$	\$	\$	\$	\$	\$
Principal	7,522,228	4,455,085	33,527	971,842	667,100	13,649,782
Interest	1,747,719	1,616,472	13,592	88,840	306,589	3,773,212
	9,269,947	6,071,557	47,119	1,060,682	973,689	17,422,994

- (e) Kawartha Lakes Haliburton Housing debentures in the amount of \$1,149,428 (\$1,594,963 in 2020) are paid for by the Provincial government on behalf of the Housing corporation. The Province recovers this outlay by reducing subsidy payment cash flows.

7. Municipal debt (continued)

(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 .60% per year. Council authorized the temporary borrowing limit for 2021 in By-Law 2020-135. As at December 31, 2021, there was a balance outstanding of nil (nil in 2020).

8. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2,020
	\$	\$
Operating fund surplus	7,118,370	4,672,507
Capital fund deficit – projects to be debentured	3,077,023	(2,651,975)
Capital fund deficit – municipal drain project	(1,118,517)	(977,621)
Capital fund surplus – all other projects	10,189,107	18,910,672
Unfunded employee future benefits	(24,300,817)	(20,167,727)
Post closure landfill costs	(13,352,280)	(13,413,608)
Accrued interest on long term debt	(323,968)	(356,275)
Long term debt	(124,492,230)	(125,504,397)
Reserve and reserve funds	54,765,189	47,416,863
Tangible capital assets	579,602,957	556,720,549
	491,164,834	464,648,988

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 \$1,867,110 (\$1,182,389 in 2020). The WSIB has estimated liability for future benefit costs as at December 31, 2021 to be \$13,116,300 (\$10,005,800 in 2020) and this liability has been included in employee future benefits payable (Note 5). The City has \$Nil set aside in a reserve for WSIB self insurance as at December 31, 2021 (nil in 2020).

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 eighteen Drinking Water Systems and six 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, 2021 to February 28, 2026 with the option to renew for an additional five year term.

9. Contingencies and commitments (continued)

Commitment – garbage and recycling collection contract

In October 2020, 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 \$4,568,552 for 2022 plus additional charges for transportation and additional services, 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 years including upgrades to the water and sewer treatment plants and the expansion of the Lindsay/Operations landfill site. As at December 31, 2021, the City had awarded contracts in the amount of \$73,264,587 (\$54,630,309 in 2020) and has recorded \$56,320,396 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.

Commitments – Leases

Under the terms of various operating leases in existence at December 31, 2021, the City is committed to future minimum annual payments as follows:

	<u>\$</u>
2022	353,248
2023	337,776
2024	340,803
2025	331,498
2026	312,963
Thereafter	<u>1,270,104</u>
	<u>2,946,392</u>

10. Budget amounts

The tax rate supported capital budget was approved by Council on December 1, 2020. The operating budget to establish the tax rates for the year was approved on February 16, 2021. In addition, the water and wastewater operating and capital budget were also approved by Council on February 16, 2021.

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.

10. Budget amounts (continued)

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 included in the consolidated statement of change in net debt.

11. Expenses by object

	2021	2020
	\$	\$
Salaries and wages	86,101,825	78,692,781
Materials, supplies and services	25,892,304	26,530,818
Contracted services	35,397,032	33,794,308
Rents and financial	5,273,102	6,298,959
Transfers to other entities	45,191,234	46,903,113
Tile drain loans and advanced to landowners	31,800	54,000
Interest on net municipal debt	3,466,623	3,295,162
Amortization expense	27,411,361	26,437,343
Other	985,919	1,066,177
	229,751,200	223,072,661

12. Trust funds

Trust funds administered by the City amounting to \$1,345,117 (\$1,324,801 in 2020) 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:

	2021	2020
	\$	\$
Gross revenues	1,134,929	1,153,750
Operating costs	(1,169,843)	(1,037,294)
Amount transferred to Haliburton County	(26,029)	(30,667)
Net City revenue	(60,943)	85,789

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. 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 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.

14. Tangible capital assets (continued)

	Land and land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Water and sewer \$	Road infrastructure \$	Work in progress \$	2021 Total \$
Cost							
Balance, beginning of year	37,039,320	173,210,381	85,650,514	229,143,228	388,674,276	126,810,269	1,040,527,988
Additions	1,262,619	4,364,154	4,285,280	(9,041,437)	(30,557,103)	50,377,324	20,690,837
Work in progress completed	(294,170)	4,626,976	(1,068,642)	21,394,030	42,780,599	—	67,438,793
Disposals/transfers	—	—	(344,724)	—	(2,760,639)	(37,752,306)	(40,857,669)
Balance, end of year	38,007,769	182,201,511	88,522,428	241,495,821	398,137,133	139,435,287	1,087,799,949
Accumulated amortization							
Balance, of year beginning	6,870,740	72,931,271	52,905,606	102,750,827	248,348,995	—	483,807,439
Disposals	—	—	(328,962)	—	(2,692,846)	—	(3,021,808)
Amortization expense	230,148	3,852,556	5,091,226	5,369,055	12,868,376	—	27,411,361
Balance, end of year	7,100,888	76,783,827	57,667,870	108,119,882	258,524,525	—	508,196,992
Net book value, end of year	30,906,881	105,417,684	30,854,558	133,375,939	139,612,608	139,435,287	579,602,957

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2021

14. Tangible capital assets (continued)

	Land and land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Water and sewer \$	Road infrastructure \$	Work in progress \$	2020 Total \$
Cost							
Balance, beginning of year	36,142,009	156,783,022	82,124,601	226,960,770	379,512,755	123,286,146	1,004,809,303
Additions	1,522,238	37,603,267	9,504,662	38,520,786	59,907,355	43,333,880	190,392,188
Work in progress completed	(614,034)	(21,115,122)	(4,218,010)	(36,311,114)	(44,990,271)	—	(107,248,551)
Disposals/transfers	(10,893)	(60,786)	(1,760,739)	(27,214)	(5,755,563)	(39,809,757)	(47,424,952)
Balance, end of year	37,039,320	173,210,381	85,650,514	229,143,228	388,674,276	126,810,269	1,040,527,988
Accumulated amortization							
Balance, of year beginning	6,633,238	69,482,096	49,975,129	97,484,405	241,162,145	—	464,737,013
Disposals	(1,476)	(39,054)	(1,686,242)	(20,562)	(5,619,583)	—	(7,366,917)
Amortization expense	238,978	3,488,229	4,616,719	5,286,984	12,806,433	—	26,437,343
Balance, end of year	6,870,740	72,931,271	52,905,606	102,750,827	248,348,995	—	483,807,439
Net book value, end of year	30,168,580	100,279,110	32,744,908	126,392,401	140,325,281	126,810,269	556,720,549

15. 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, Social, and Housing 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

Schedule 1 – Consolidated schedule of segmented disclosure

Year ended December 31, 2021

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and social services \$	Recreation and culture \$	Planning and development \$	Consolidated \$
Expenses								
Salaries and wages	16,742,482	17,227,080	12,445,131	3,125,433	27,162,647	5,968,740	3,430,312	86,101,825
Minor capital	600,581	584,928	3,923,689	825,380	205,198	587,135	171,499	6,898,410
Interest costs	1,783,007	—	—	1,581,184	88,840	—	13,592	3,466,623
Other expenses	8,933,117	12,894,345	13,882,245	19,195,325	44,311,752	4,784,201	1,871,998	105,872,983
Amortization expense	174,057	3,112,845	14,747,009	5,552,519	2,262,803	1,561,784	344	27,411,361
	28,233,244	33,819,198	44,998,074	30,279,841	74,031,240	12,901,860	5,487,745	229,751,202
External tax revenues	(122,196,389)	—	—	(179,653)	—	—	(47,119)	(122,423,161)
External non-tax revenues	(18,510,032)	(5,893,544)	(1,581,450)	(28,115,562)	(59,091,464)	(2,436,700)	(1,974,041)	(117,602,793)
Restricted amounts earned	(13,985,746)	—	(245,176)	(1,185,014)	(356,133)	(153,692)	—	(15,925,761)
Loss (gain) on disposal of tangible capital assets	46,240	(8,656)	—	—	(3,830)	—	(349,087)	(315,333)
	(154,645,927)	(5,902,200)	(1,826,626)	(29,480,229)	(59,451,427)	(2,590,392)	(2,370,247)	(256,267,048)
Annual (surplus) deficit	(126,412,683)	27,916,998	43,171,448	799,612	14,579,813	10,311,468	3,117,498	(26,515,846)

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

City of Kawartha Lakes

Schedule 1 – Consolidated schedule of segmented disclosure (continued)

Year ended December 31, 2020

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and social services \$	Recreation and culture \$	Planning and development \$	Consolidated \$
Expenses								
Salaries and wages	12,293,952	16,995,120	11,187,514	2,916,881	26,868,398	5,291,107	3,139,809	78,692,781
Minor capital	322,473	40,279	2,215,246	1,921,168	217,799	823,679	—	5,540,644
Interest costs	1,533,516	—	—	1,640,966	107,101	—	13,579	3,295,162
Other expenses	8,876,835	13,118,438	13,535,998	21,446,395	45,945,512	5,103,243	1,080,310	109,106,731
Amortization expense	240,738	2,302,457	15,152,805	5,251,819	1,860,380	1,629,144	—	26,437,343
	<u>23,267,514</u>	<u>32,456,294</u>	<u>42,091,563</u>	<u>33,177,229</u>	<u>74,999,190</u>	<u>12,847,173</u>	<u>4,233,698</u>	<u>223,072,661</u>
External tax revenues	(118,961,789)	—	—	(188,499)	—	—	(56,399)	(119,206,687)
External non-tax revenues	(22,817,984)	(4,276,828)	(1,396,691)	(25,955,076)	(60,325,320)	(2,696,905)	(1,001,997)	(118,470,801)
Restricted amounts earned	(9,645,864)	(56,768)	(524,200)	(3,930,003)	(124,367)	(630,813)	—	(14,912,015)
Loss (gain) on disposal of tangible capital assets	230,654	—	(62,450)	—	(341,903)	—	(58,419)	(232,118)
	<u>(151,194,983)</u>	<u>(4,333,596)</u>	<u>(1,983,341)</u>	<u>(30,073,578)</u>	<u>(60,791,590)</u>	<u>(3,327,718)</u>	<u>(1,116,815)</u>	<u>(252,821,621)</u>
Annual (surplus) deficit	<u>(127,927,469)</u>	<u>28,122,698</u>	<u>40,108,222</u>	<u>3,103,651</u>	<u>14,207,600</u>	<u>9,519,455</u>	<u>3,116,883</u>	<u>(29,748,960)</u>

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

City of Kawartha Lakes**Schedule 2 – Consolidated schedule of operations of the Public Library Board**

Year ended December 31, 2021

	Budget	2021	2020
	\$	Actual	Actual
		\$	\$
Revenue			
Contribution from municipal tax revenues	1,905,387	1,905,387	1,905,387
Grants – Province of Ontario	178,733	193,060	193,060
Grants – Federal	—	—	—
User fees	200	325	150
Fines and penalties	9,000	1,269	3,602
Transfer from Reserves	63,000	63,000	63,000
Donations and other	21,400	12,470	35,492
	2,177,720	2,175,511	2,200,691
Expenses			
Staffing	1,617,210	1,311,037	1,073,227
Operations	88,200	44,530	57,041
Telecommunications	52,500	41,159	40,775
Collections and library supplies	379,100	360,523	377,920
Rentals and leases	55,333	49,442	49,433
Electronic resources	101,500	101,495	91,791
Other expenses	—	35	—
Computer hardware and software	15,300	12,852	3,217
Transfer to reserve	(131,423)	254,438	507,287
	2,177,720	2,175,511	2,200,691
Net revenue	—	—	—

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

Financial statements of City of Kawartha Lakes Trust Funds

December 31, 2021

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Independent Auditor's Report

To the Members of Council of the Corporation of the City of Kawartha Lakes

Opinion

We have audited the financial statements of the trust funds of the Corporation of the City of Kawartha Lakes (the "City") Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2021, and the statements of financial activities and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the trust funds of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds of the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust funds of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a plain sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
June 29, 2022

City of Kawartha Lakes Trust Funds

Statement of financial position

As at December 31, 2021

	Ontario Home Renewal Program	Cemetery Perpetual Care Trusts	Disaster Trust Fund	Forbert Estate Bequests	Aged Comfort Trust	Treasurer's Maintenance Trust	Building Donation Fund	Other trusts	2021 Total trusts	2020 Total trusts
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Cash	—	57,670	1,346	25,987	19,124	4,662	—	12,043	120,832	125,702
Accounts receivable	—	240	—	—	—	—	—	—	240	240
Investments	54,282	753,944	96,256	220,404	—	—	210,733	—	1,335,619	1,306,562
Accrued interest	—	42,718	132	3,225	—	—	—	—	46,075	58,807
	54,282	854,572	97,734	249,616	19,124	4,662	210,733	12,043	1,502,766	1,491,311
Liabilities and fund balance										
Accounts payable	—	—	—	4,064	—	—	—	—	4,064	3,976
Due to the City of Kawartha Lakes	3	1,144	(3,804)	(2,936)	16,067	(49)	1,010	142,153	153,585	162,534
		1,144	(3,804)	(2,936)	20,131	(49)	1,010	142,153	157,649	166,510
Fund balances		53,138	858,376	100,670	229,485	19,173	68,580	12,043	1,345,117	1,324,801
		54,282	854,572	97,734	249,616	19,124	210,733	12,043	1,502,766	1,491,311

The accompanying notes are an integral part of the financial statements.

City of Kawartha Lakes Trust Funds
Statement of financial activities and fund balances
Year ended December 31, 2021

	Home Renewal Program \$	Cemetary Perpetual Care Trusts \$	Disaster Trust Fund \$	Forbert Estate Bequest \$	Aged Comfort Trust \$	Treasurer's Maintenance Trust \$	Building Donation Fund \$	Other trusts \$	2021 Total trusts \$	2020 Total trusts \$
Balance, beginning of year	53,138	837,000	101,497	229,485	19,421	3,647	68,582	12,031	1,324,801	1,304,891
Revenue										
Interest earned	—	2,814	1,038	4,064	—	—	5	12	7,933	39,070
Plot sales	—	19,314	—	—	—	—	—	—	19,314	24,539
Donations and other	—	—	250	—	—	—	—	—	250	966
Manor residents	—	—	—	—	8,158	—	—	—	8,158	14,246
	—	22,128	1,288	4,064	8,158	—	5	12	35,655	78,821
Expenses										
Manor residents	—	—	—	—	8,405	—	—	—	8,405	22,535
Disaster relief	—	—	2,118	—	—	—	—	—	2,118	2,318
Contributed to minor hockey	—	—	—	2,032	—	—	—	—	2,032	1,988
Contributed to figure skating	—	—	—	2,032	—	—	—	—	2,032	1,988
Paid to general operations	—	752	—	—	—	—	—	—	752	30,082
	—	752	2,118	4,064	8,405	—	—	—	15,339	58,911
Excess (deficiency) of revenue over expenses	—	21,376	(830)	—	(247)	—	5	12	20,316	19,910
Balance, end of year	53,138	858,376	100,667	229,485	19,174	3,647	68,587	12,043	1,345,117	1,324,801

The accompanying notes are an integral part of the financial statements.

City of Kawartha Lakes Trust Funds**Statement of cash flows**

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses	20,316	19,910
Change in non-cash assets and liabilities		
Accounts receivable	—	(3,161)
Accrued interest	12,732	36,333
Accounts payable	88	(460)
	33,136	52,622
Investing activity		
Increase (decrease) in investments	(29,057)	19,943
Financing activity		
(Decrease) increase in amount due to the City of Kawartha Lakes	(8,949)	3,208
Change in cash during the year	(4,870)	13,425
Cash, beginning of year	125,702	112,277
Cash, end of year	120,832	125,702

The accompanying notes are an integral part of the financial statements.

City of Kawartha Lakes Trust Funds

Notes to the financial statements

December 31, 2021

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 Municipal Affairs and 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, 2021 comprise of repayable loans of nil (nil in 2020). 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 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.

City of Kawartha Lakes Trust Funds

Notes to the financial statements

December 31, 2021

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.