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# Consolidated financial statements of City of Kawartha Lakes

December 31, 2017

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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, 2017, 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.

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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Kawartha Lakes as at December 31, 2017 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.



Chartered Professional Accountants  
Licensed Public Accountants  
May 31, 2018

# City of Kawartha Lakes

## Consolidated statement of financial position

As at December 31, 2017

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
Cash		17,510,990	24,851,684
Investments	3	68,720,897	40,390,795
Taxes receivable		4,707,683	6,100,138
Accounts receivable		34,913,240	30,045,676
Other current assets		21,323	24,781
		<b>125,874,133</b>	<b>101,413,074</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		28,151,540	24,777,441
Deferred revenue	4	37,992,703	40,205,985
Other liabilities		3,603,686	4,788,343
Accrued interest on long-term liabilities		369,282	365,242
Employee future benefits	5	23,387,836	17,402,756
Landfill closure and post closure accrual	6	10,074,352	13,147,062
General tax related debt	7	20,875,379	24,906,747
Water and sewer user rated debt	7	51,277,529	55,162,787
10 year plan		24,095,576	—
Northwest Trunk	7	12,004,485	12,671,586
Kawartha Lakes Haliburton housing debt	7	6,458,138	7,447,694
Haliburton housing project debt	7	504,000	528,000
Tile drain debt	7	239,963	263,011
		<b>219,034,469</b>	<b>201,666,654</b>
Net debt		<b>(93,160,336)</b>	<b>(100,253,580)</b>
<b>Non-financial assets</b>			
Tangible capital assets	15	473,835,530	455,283,302
Inventory and prepaid expenses		3,404,317	4,713,777
		<b>477,239,847</b>	<b>459,997,079</b>
Contingencies and commitments	9		
<b>Accumulated surplus</b>	8	<b>384,079,511</b>	<b>359,743,499</b>

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, 2017

	Notes	2017		2016
		Budget	Actual	Actual
		\$	\$	\$
		(Note 10)		
<b>Revenue</b>				
Taxes levied for own purposes		105,046,501	106,613,134	99,705,128
Payments in lieu from other governments		273,129	487,918	500,399
Taxation		105,319,630	107,101,052	100,205,527
User charges, licenses and fines		47,735,189	39,240,543	40,255,177
Grants				
Government of Canada		883,089	2,031,747	1,776,134
Province of Ontario		49,071,667	53,922,991	48,318,055
Other municipalities		2,031,144	2,092,319	2,080,853
Other				
Investment income		754,839	894,817	646,660
Gain on disposal of tangible capital assets		—	809,693	53,968
Penalties and interest on taxes		1,107,000	1,124,020	1,087,284
Restricted amounts earned	4	1,424,245	12,221,606	4,282,516
Donations and other		497,246	780,823	852,019
Contributed tangible capital assets		—	5,450,877	—
		208,824,049	225,670,488	199,558,193
<b>Expenses</b>	11			
General government		28,434,071	23,738,437	23,236,699
Protection to persons and property		31,547,187	31,349,459	31,130,394
Transportation services		44,370,698	39,986,245	39,118,957
Environmental services		24,175,902	23,520,443	27,105,790
Health services		11,330,483	12,342,507	10,576,560
Social services		43,793,145	41,975,567	40,844,240
Housing services		11,680,132	10,902,169	10,150,235
Recreational and cultural services		15,299,111	13,831,157	13,458,320
Planning and development		4,079,308	3,688,492	3,565,710
		214,710,037	201,334,476	199,186,905
Annual surplus (deficit)		(5,885,988)	24,336,012	371,288
Accumulated surplus, beginning of year		359,743,499	359,743,499	359,372,211
<b>Accumulated surplus, end of year</b>		<b>353,857,511</b>	<b>384,079,511</b>	<b>359,743,499</b>

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, 2017

		<b>2017</b>	2016
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
	(Note 10)		
<b>Annual surplus (deficit)</b>	<b>(5,885,988)</b>	<b>24,336,012</b>	371,288
Acquisition of tangible capital assets	<b>(37,471,901)</b>	<b>(44,045,791)</b>	(39,131,610)
Amortization of tangible capital assets	<b>21,962,941</b>	<b>23,795,976</b>	25,416,348
Gain on sale of tangible capital assets	—	<b>(809,693)</b>	(53,968)
Proceeds on sale of tangible capital assets	—	<b>2,507,280</b>	1,459,748
	<b>(21,394,948)</b>	<b>5,783,784</b>	(11,938,194)
Change in prepaid expenses	—	<b>1,220,239</b>	(1,286,009)
Change in inventory	—	<b>89,221</b>	41,487
	<b>(21,394,948)</b>	<b>7,093,244</b>	(13,182,716)
Net debt, beginning of year	<b>(100,253,580)</b>	<b>(100,253,580)</b>	(87,070,864)
<b>Net debt, end of year</b>	<b>(121,648,528)</b>	<b>(93,160,336)</b>	(100,253,580)

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, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Annual surplus	24,336,012	371,288
Items not involving cash		
Amortization	23,795,976	25,416,348
Gain on disposal of capital assets	(809,693)	(53,968)
Contributed tangible capital assets recorded in revenue	(5,450,877)	—
Change in non-cash assets and liabilities		
Taxes receivable	1,392,455	(1,289,277)
Accounts receivable	(4,867,564)	(4,203,669)
Other current assets	3,458	30,027
Accounts payable and accrued liabilities	3,374,099	2,658,862
Deferred revenue	(2,213,282)	9,147,846
Other liabilities	(1,184,657)	2,225,136
Accrued interest on long-term liabilities	4,040	(11,759)
Employee future benefits	5,985,080	2,048,515
Landfill closure and post closure accrual	(3,072,710)	80,156
Inventory and prepaid expenses	1,309,460	(1,244,522)
	<b>42,601,797</b>	<b>35,174,983</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(38,594,914)	(39,131,610)
Proceeds from sale of tangible capital assets	2,507,280	1,459,748
	<b>(36,087,634)</b>	<b>(37,671,862)</b>
<b>Investing activities</b>		
(Increase) decrease in investments	(28,330,102)	8,358,789
<b>Financing activities</b>		
Municipal debt issued	25,011,000	20,352,151
Municipal debt repaid	(10,535,755)	(8,495,794)
	<b>14,475,245</b>	<b>11,856,357</b>
Change in cash	(7,340,694)	17,718,267
Cash, beginning of year	24,851,684	7,133,417
<b>Cash, end of year</b>	<b>17,510,990</b>	<b>24,851,684</b>

The accompanying notes are an integral part of 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.

### *(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.

**1. Summary of significant accounting policies (continued)**

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

*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.

*(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.

## **1. Summary of significant accounting policies (continued)**

### *(b) (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, 2017 there is nil liability recorded in the consolidated financial statements (nil in 2016). 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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Requisitions of School Boards		
English public	<b>23,243,811</b>	23,880,069
French public	<b>50,836</b>	53,014
English separate	<b>2,251,856</b>	2,401,741
French separate	<b>39,358</b>	40,589
	<b>25,585,861</b>	26,375,413



### 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% (1.15% to 6.25% in 2016). The costs presented approximate fair value.

### 4. Deferred revenue

	2017	2016
	\$	\$
Obligatory reserve funds		
Recreational land (Planning Act)	340,870	354,308
Development Charges Act	451,539	3,631,982
Federal and Provincial Gas Tax Reserves	3,896,191	3,060,370
Other	2,087,746	2,177,193
Reserve funds restricted for specified purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	22,894,866	23,055,234
	29,671,212	32,279,087
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	8,353	13,478
	29,679,565	32,292,565
Other deferred revenue		
Unearned grants	956,240	1,402,525
Other unearned revenue	7,356,898	6,510,895
	37,992,703	40,205,985

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

	2017				2016	
	Parkland levies and development charges	Parking revenues	Gas tax reserves and other	Amounts restricted by amalgamation legislation	Total	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	3,986,290	—	5,237,562	23,068,713	32,292,565	28,471,222
Restricted funds received	3,768,680	—	5,204,863	538,337	9,511,880	8,000,081
Interest earned	10,546	—	82,344	3,836	96,726	103,778
Revenue recognized	(6,973,106)	—	(4,540,833)	(707,667)	(12,221,606)	(4,282,516)
Balance, end of year	792,410	—	5,983,936	22,903,219	29,679,565	32,292,565

**4. Deferred revenue (continued)**

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>2017</b>	2016
	\$	\$
Accrued payroll	<b>2,226,533</b>	2,058,935
Vacation and overtime payable	<b>983,709</b>	830,497
WSIB self-insured claims (Note 9)	<b>14,878,994</b>	9,820,324
Post-employment benefits	<b>5,298,600</b>	4,693,000
Post-employment benefits liability	<b>23,387,836</b>	17,402,756

*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 64 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$259,996 (\$222,812 in 2016).

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, 2017. The post-employment benefit liability at December 31 includes the following components:

	<b>2017</b>	2016
	\$	\$
Accrued benefit obligation	<b>6,727,900</b>	6,613,300
Actuarial (loss)	<b>(1,429,300)</b>	(1,920,300)
Post-employment benefits liability	<b>5,298,600</b>	4,693,000



## 5. Employee future benefits (continued)

### *Post-employment benefit liability (continued)*

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	<ul style="list-style-type: none"> <li>beginning of year</li> <li>end of year</li> </ul>	3.0% 3.2%
Medical cost increases	<ul style="list-style-type: none"> <li>first year</li> <li>second year</li> <li>decreasing over 10 years to</li> </ul>	6.94% 6.80% 4.00% 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>2017</b>	2016
	\$	\$
Current service cost	<b>405,200</b>	401,600
Amortization of actuarial gains	<b>509,600</b>	296,500
Interest on post-employment benefit liability	<b>205,000</b>	196,100
Total expense related to post-employment benefits	<b>1,119,800</b>	894,200

### *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 2017 was \$4,643,068 (\$4,609,643 in 2016) for current service which is included as an expense in the consolidated statement of operations.

## City of Kawartha Lakes

### Notes to the consolidated financial statements

December 31, 2017

#### 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 2017
Eldon	41	73,390
Fenelon	9	60,707
Laxton/Digby/Longford	5	9,370
Somerville	19	119,700
Lindsay-Operations	19	621,008

Engineering consultants were engaged to prepare estimates of closure and post closure costs as at December 31, 2017. 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.

	2017 \$	2016 \$
Estimated total closure and post-closure costs	43,862,140	49,856,859
Discount rate	3.20%	3.00%
Estimated present value of costs at end of year	14,730,616	18,423,487
Less		
Portion related to remaining available capacity	(4,656,264)	(5,390,954)
Expenses paid	—	114,529
Liability for capacity already used	10,074,352	13,147,062
Net expenses recognized in the year	(3,072,710)	80,156

**City of Kawartha Lakes**  
**Notes to the consolidated financial statements**  
December 31, 2017

**7. Municipal debt**

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

	2017	2016
	\$	\$
Total debt incurred and outstanding at December 31, 2017 to be financed from		
General tax rates	20,875,379	24,906,747
Water and sewer user rates	51,277,529	55,162,787
10 year financial plan	24,095,576	—
Northwest Trunk	12,004,485	12,671,586
Benefiting landowners for local improvements and tile loans	239,963	263,011
Haliburton Housing Project	504,000	528,000
Housing corporation	6,458,138	7,447,694
Net municipal debt	115,455,070	100,979,825

- (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.

## 7. Municipal debt (continued)

- (c) Interest rates vary from 0.96% to 5.83%. Total future payments over the next 5 years and thereafter are summarized as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Principal</b>							
Municipal	3,479,501	3,396,783	3,072,389	2,645,001	2,437,553	5,844,152	20,875,379
Water and sewer	3,693,460	3,774,572	3,619,841	3,648,196	3,731,861	32,809,599	51,277,529
10 year financial plan	2,219,194	2,283,046	2,348,736	2,416,314	2,485,849	12,342,437	24,095,576
NW Trunk	667,100	667,100	667,100	667,100	667,100	8,668,985	12,004,485
Tile Drain	34,554	30,675	32,517	30,240	32,057	79,920	239,963
Haliburton Housing	24,000	24,000	24,000	24,000	24,000	384,000	504,000
Housing	1,016,297	1,066,645	1,086,519	1,144,161	1,205,200	939,316	6,458,138
	11,134,106	11,242,821	10,851,102	10,575,012	10,583,620	61,068,409	115,455,070
<b>Interest</b>							
Municipal	569,510	458,148	350,880	272,173	197,723	289,129	2,137,563
Water and sewer	1,866,938	1,725,507	1,585,246	1,437,906	1,291,030	6,445,935	14,352,562
10 year financial plan	655,525	591,673	525,982	458,405	388,880	834,645	3,455,110
NW Trunk	368,825	348,227	319,488	309,900	285,801	2,064,792	3,697,033
Tile Drain	14,387	12,314	10,473	8,521	6,707	11,223	63,625
Haliburton Housing	20,163	19,192	18,320	17,296	16,320	128,725	220,016
Housing	382,030	336,054	262,881	210,305	195,595	87,099	1,473,964
	15,011,484	14,733,936	13,924,372	13,289,518	12,965,676	70,929,957	140,854,943

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

	2017					
	Municipal	Water and sewer	Tile drain	Housing	Northwest trunk	10 year financial plan
	\$	\$	\$	\$	\$	\$
<b>Principal</b>	<b>4,031,369</b>	<b>3,885,258</b>	<b>34,048</b>	<b>1,013,556</b>	<b>667,101</b>	<b>904,423</b>
<b>Interest</b>	<b>683,336</b>	<b>1,987,785</b>	<b>11,672</b>	<b>173,596</b>	<b>393,280</b>	<b>293,430</b>
	<b>4,714,705</b>	<b>5,873,043</b>	<b>45,720</b>	<b>1,187,152</b>	<b>1,060,381</b>	<b>1,197,853</b>
						<b>14,078,854</b>

- (e) Housing debentures in the amount of \$2,845,133 (\$3,223,675 in 2016) 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 .60% per year. Council authorized the temporary borrowing limit for 2017 in By-Law 2017-001. As at December 31, 2017, there was a balance outstanding of nil (nil in 2016).

## 8. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Operating fund surplus	(88,899)	(665,959)
Capital fund deficit – projects to be debentured	(6,326,518)	(1,799,735)
Capital fund deficit – municipal drain projects	(530,803)	(458,400)
Capital fund surplus – all other projects	7,502,181	6,307,004
Unfunded employee future benefits	(23,387,836)	(17,402,756)
Post closure landfill costs	(10,074,352)	(13,147,062)
Accrued interest on long term debt	(369,282)	(365,242)
Long term debt	(103,450,585)	(88,308,239)
Reserves and reserve funds	46,970,075	20,300,586
Tangible capital assets	473,835,530	455,283,302
	<b>384,079,511</b>	<b>359,743,499</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 \$2,061,507 (2016 - \$1,153,141). The WSIB has estimated liability for future benefit costs as at December 31, 2017 to be \$14,878,994 (\$9,820,324 in 2016) and this liability has been included in employee future benefits payable (Note 5). The City has \$525,000 set aside in a reserve for WSIB self insurance as at December 31, 2017 (\$525,000 in 2016).

### *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 \$3,884,222 for 2018 plus an annual fuel surcharge as well as an increase for new homes.

## **9. Contingencies and commitments (continued)**

### *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, 2017, the City had awarded contracts in the amount of \$31,574,644 (\$35,539,948 in 2016) and has recorded \$12,621,634 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 December 6, 2016 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 15, 2016.

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**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	<b>76,372,332</b>	72,161,085
Materials, supplies and services	<b>17,541,137</b>	19,807,830
Contracted services	<b>32,362,417</b>	43,071,263
Rents and financial	<b>5,324,784</b>	5,157,105
Transfers to other entities	<b>41,756,749</b>	31,459,260
Tile drain loans and advanced to landowners	<b>11,000</b>	71,800
Interest on net municipal debt	<b>3,152,923</b>	2,555,234
Amortization expense	<b>23,795,976</b>	25,416,348
Other (recovery)	<b>1,017,158</b>	(513,020)
	<b>201,334,476</b>	199,186,905



## 12. Trust funds

Trust funds administered by the City amounting to \$1,253,279 (\$1,243,264 in 2016) 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:

	2017	2016
	\$	\$
Gross revenues	2,131,733	2,060,352
Operating costs	(2,592,386)	(1,337,561)
Amount transferred to Haliburton County	(150,012)	(133,492)
Net City revenue	(610,665)	589,299

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.

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.

#### **14. Supplementary information (continued)**

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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Effect on municipal position		
Unrestricted financial assets	<b>5,578,783</b>	5,523,336
Current liabilities	<b>3,293,445</b>	3,551,801
Debt and accrued interest on debt	<b>(6,470,133)</b>	(7,461,064)
Municipal position, end of year	<b>2,402,095</b>	1,614,073
Amounts to be recovered from future revenues	<b>6,470,133</b>	7,461,064
Fund balances, end of year	<b>8,872,228</b>	9,075,137
Effect on operations for the year		
Revenues	<b>6,145,656</b>	5,232,417
Operating expenditures	<b>(3,813,548)</b>	(3,593,985)
Non-tangible capital asset capital expenses	<b>410,274</b>	303,955
Net revenues	<b>2,742,382</b>	1,942,387
Decrease in amounts to be recovered from future revenues	<b>(990,931)</b>	(944,452)
Net increase in accumulated surplus	<b>1,751,451</b>	997,935

#### **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 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**  
**Notes to the consolidated financial statements**  
December 31, 2017

**15. Tangible capital assets (continued)**

	2017					
	Land and land improvements	Building and building improvements	Vehicles, machinery and equipment	Water and sewer	Road infrastructure	Work in progress
	\$	\$	\$	\$	\$	\$
Cost						
Balance, beginning of year	33,505,481	139,861,669	77,940,748	216,303,989	356,899,115	37,411,857
Additions	2,570,007	36,220,689	7,105,878	36,294,275	64,811,048	44,045,791
Work in progress completed	(1,572,172)	(32,985,276)	(3,372,798)	(29,580,506)	(51,139,055)	—
Disposals/transfers	(296,819)	(310,100)	(2,031,780)	(221,001)	(4,111,873)	(28,352,090)
Balance, end of year	34,206,497	142,786,982	79,642,048	222,796,757	366,459,235	53,105,558
Accumulated amortization						
Balance, of year beginning	6,305,212	61,641,417	40,979,318	82,109,007	215,604,603	—
Disposals	(6,835)	(232,526)	(880,526)	(185,857)	(3,968,242)	—
Amortization expense	(172,612)	2,731,134	3,642,078	5,050,795	12,544,581	—
Balance, end of year	6,125,765	64,140,025	43,740,870	86,973,945	224,180,942	—
Net book value, end of year	28,080,732	78,646,957	35,901,178	135,822,812	142,278,293	53,105,558

**City of Kawartha Lakes**  
**Notes to the consolidated financial statements**  
December 31, 2017

**15. Tangible capital assets (continued)**

	2016					
	Land and improvements	Building and building improvements	Vehicles, machinery and equipment	Water and sewer	Road infrastructure	Work in progress
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, beginning of year	33,537,743	131,539,892	77,582,544	212,585,949	351,914,155	21,379,526
Additions	1,572,172	32,985,276	3,372,798	29,580,506	51,139,055	39,131,610
Work in progress completed	(1,417,904)	(24,251,201)	(135,975)	(25,175,710)	(44,569,738)	—
Disposals/transfers	(186,530)	(412,298)	(2,878,619)	(686,756)	(1,584,357)	(23,099,279)
Balance, end of year	33,505,481	139,861,669	77,940,748	216,303,989	356,899,115	37,411,857
<b>Accumulated amortization</b>						
Balance, of year beginning	5,617,331	59,384,304	38,888,212	77,037,331	204,638,811	—
Disposals	—	(387,406)	(2,539,921)	(67,378)	(1,348,075)	—
Amortization expense	687,881	2,644,519	4,631,027	5,139,054	12,313,867	—
Balance, end of year	6,305,212	61,641,417	40,979,318	82,109,007	215,604,603	—
Net book value, end of year	27,200,269	78,220,252	36,961,430	134,194,982	141,294,512	37,411,857

## 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**
**Schedule 1 – Consolidated schedule of segmented disclosure**

Year ended December 31, 2017

	General government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries and wages	16,144,958	15,890,308	10,169,981	2,828,287	22,495,170	6,171,814	2,671,814	76,372,332
Minor capital	(14,922)	246,272	27,015	4,631	410,200	62,931	(5,608)	730,519
Interest costs	1,150,973	—	—	1,818,058	172,220	—	11,672	3,152,923
Other expenses	6,100,432	13,624,473	15,265,558	13,785,859	40,927,778	6,568,199	1,010,427	97,282,726
Amortization expense	356,996	1,588,406	14,523,691	5,083,608	1,214,875	1,028,213	187	23,795,976
	<b>23,738,437</b>	<b>31,349,459</b>	<b>39,986,245</b>	<b>23,520,443</b>	<b>65,220,243</b>	<b>13,831,157</b>	<b>3,688,492</b>	<b>201,334,476</b>
External tax revenues	(83,121,464)	(20,446,278)	(1,198,606)	(2,066,177)	—	(210,603)	(57,924)	(107,101,052)
External non-tax revenues	(18,659,921)	(5,397,412)	(1,430,769)	(21,511,058)	(52,105,127)	(4,202,144)	(2,231,706)	(105,538,137)
Restricted amounts earned	(9,984,649)	(145,956)	(764,328)	(581,133)	(115,176)	(595,552)	(34,812)	(12,221,606)
(Gain) loss on disposal of TCA	231,561	—	—	—	(1,041,254)	—	—	(809,693)
	<b>(111,534,473)</b>	<b>(25,989,646)</b>	<b>(3,393,703)</b>	<b>(24,158,368)</b>	<b>(53,261,557)</b>	<b>(5,008,299)</b>	<b>(2,324,442)</b>	<b>(225,670,488)</b>
<b>Annual (surplus) deficit</b>	<b>(87,796,036)</b>	<b>5,359,813</b>	<b>36,592,542</b>	<b>(637,925)</b>	<b>11,958,686</b>	<b>8,822,858</b>	<b>1,364,050</b>	<b>(24,336,012)</b>

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, 2016

	General government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</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	—	—	—	303,955	—	—	1,930,112
Interest costs	690,540	—	—	1,644,192	206,974	—	13,428	2,555,134
Other expenses	7,329,005	13,621,819	14,735,757	17,232,184	36,807,896	6,415,475	982,090	97,124,226
Amortization expense	456,382	1,402,947	14,798,674	5,295,231	2,498,652	963,935	527	25,416,348
	<u>23,236,699</u>	<u>31,130,394</u>	<u>39,118,957</u>	<u>27,105,790</u>	<u>61,571,035</u>	<u>13,458,320</u>	<u>3,565,710</u>	<u>199,186,905</u>
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)	—	(658,299)	(223,581)	(100,794)	(822,526)	(53,224)	(4,282,516)
(Gain) loss on disposal of TCA	(19,089)	—	414,395	611,030	(1,229,237)	—	168,934	(53,967)
	<u>(93,360,168)</u>	<u>(26,218,101)</u>	<u>(2,089,540)</u>	<u>(22,573,413)</u>	<u>(48,975,772)</u>	<u>(5,289,004)</u>	<u>(1,052,195)</u>	<u>(199,558,193)</u>
<b>Annual (surplus) deficit</b>	<u>(70,123,469)</u>	<u>4,912,293</u>	<u>37,029,417</u>	<u>4,532,377</u>	<u>12,595,263</u>	<u>8,169,316</u>	<u>2,513,515</u>	<u>(371,288)</u>

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

# City of Kawartha Lakes

## Schedule 2 – Schedule of operations of the Public Library Board

Year ended December 31, 2017

		2017	2016
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenue</b>			
Contribution from municipal tax revenues	1,753,390	1,753,390	1,700,726
Grants – Province of Ontario	208,833	247,958	196,877
Grants – Federal	—	1,197	6,865
User fees	1,300	1,552	19,820
Fines and penalties	21,525	18,322	19,227
Transfer from Reserves	63,000	63,000	63,000
Donations	20,060	34,193	18,938
	<b>2,068,108</b>	<b>2,119,612</b>	<b>2,025,453</b>
<b>Expenses</b>			
Administration and Board			
Salaries and benefits	458,311	423,131	364,281
Office and general	15,200	19,898	13,902
Equipment maintenance and rental	36,900	37,384	35,603
Training and development	15,475	22,548	12,822
Vehicle and travel	6,750	4,575	4,349
Advertising and promotion	9,500	5,905	35,388
Minor capital expenses	21,000	—	—
Transfer to reserves	—	167,118	—
Books, periodicals purchases and processing	512,380	487,626	519,394
Library branches			
Wages and benefits	897,267	845,718	900,509
Building maintenance and utilities	57,025	43,503	22,934
Equipment maintenance and rental	6,970	7,381	3,566
Office and telephone	31,330	54,825	41,653
	<b>2,068,108</b>	<b>2,119,612</b>	<b>1,954,401</b>
<b>Net revenue</b>	<b>—</b>	<b>—</b>	<b>71,052</b>

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# Financial statements of City of Kawartha Lakes Trust Funds

December 31, 2017

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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, 2017, 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 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, 2017 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.



Chartered Professional Accountants  
Licensed Public Accountants  
May 31, 2018

# City of Kawartha Lakes Trust Funds

## Statement of financial position

As at December 31, 2017

	2017								2016
Notes	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	Total trusts
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>									
Cash	—	58,648	4,034	26,108	26,023	4,186	—	10,815	129,814
Investments	54,282	670,932	102,350	220,404	—	—	210,735	—	1,258,703
Accrued interest	—	19,155	1,332	3,770	—	—	—	—	24,257
	<b>54,282</b>	<b>748,735</b>	<b>107,716</b>	<b>250,282</b>	<b>26,023</b>	<b>4,186</b>	<b>210,735</b>	<b>10,815</b>	<b>1,412,774</b>
									1,378,250
<b>Liabilities and fund balance</b>									
Accounts payable	—	—	—	4,729	—	—	—	—	4,729
Due to the City of Kawartha Lakes	1,144	(13,905)	8,346	16,067	(49)	1,010	142,153	—	154,766
	<b>1,144</b>	<b>(13,905)</b>	<b>8,346</b>	<b>20,796</b>	<b>(49)</b>	<b>1,010</b>	<b>142,153</b>	<b>—</b>	<b>159,495</b>
									129,884
									134,986
<b>Fund balances</b>	<b>53,138</b>	<b>762,640</b>	<b>99,370</b>	<b>229,486</b>	<b>26,072</b>	<b>3,176</b>	<b>68,582</b>	<b>10,815</b>	<b>1,253,279</b>
	<b>54,282</b>	<b>748,735</b>	<b>107,716</b>	<b>250,282</b>	<b>26,023</b>	<b>4,186</b>	<b>210,735</b>	<b>10,815</b>	<b>1,412,774</b>
									1,243,264
									1,378,250

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, 2017

	2017								2016	
	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	Total trusts	Total trusts
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	53,138	755,084	95,467	229,486	27,861	3,080	68,582	10,566	1,243,264	1,223,159
<b>Revenue</b>										
Interest earned	—	14,789	5,911	4,729	—	96	—	249	25,774	20,034
Plot sales	—	9,925	—	—	—	—	—	—	9,925	21,839
Donations and other	—	—	—	—	—	—	—	217	217	713
Manor residents	—	—	—	—	41,474	—	—	—	41,474	42,732
	—	24,714	5,911	4,729	41,474	96	—	466	77,390	85,318
<b>Expenses</b>										
Repayment to province	—	—	—	—	43,263	—	—	—	43,263	—
Manor residents	—	—	2,008	—	—	—	—	—	2,008	38,271
Disaster relief	—	—	—	—	—	—	—	—	—	4,756
Contributed to minor hockey	—	—	—	2,364	—	—	—	—	2,364	—
Contributed to figure skating	—	—	—	2,365	—	—	—	—	2,365	2,551
Paid to general operations	—	17,158	—	—	—	—	—	217	17,375	17,084
	—	17,158	2,008	4,729	43,263	—	—	217	67,375	65,213
<b>Excess (deficiency) of revenue over expenses</b>										
	—	7,556	3,903	—	(1,789)	96	—	249	10,015	20,105
Balance, end of year	53,138	762,640	99,370	229,486	26,072	3,176	68,582	10,815	1,253,279	1,243,264

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, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	10,015	20,105
Change in non-cash assets and liabilities		
Accrued interest	(1,934)	3,919
Accounts payable	(373)	(307)
	<u>7,708</u>	<u>23,717</u>
<b>Investing activity</b>		
Increase in investments	<u>(10,757)</u>	<u>(15,770)</u>
<b>Financing activity</b>		
(Increase) decrease in amount due to the City of Kawartha Lakes	<u>24,882</u>	<u>(7,032)</u>
Change in cash during the year	21,833	915
Cash, beginning of year	107,981	107,066
<b>Cash, end of year</b>	<u>129,814</u>	<u>107,981</u>

The accompanying notes are an integral part of 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, 2017 comprise of repayable loans of nil (nil in 2016). 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.

## **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.