
Financial statements of City of Kawartha Lakes Trust Funds

December 31, 2018

For discussion purposes only

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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

Opinion

We have audited the financial statements of the trust funds of the Corporation of the City of Kawartha Lakes Trust Funds ("the Trust Funds"), which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
June 11, 2019

City of Kawartha Lakes Trust Funds
Statement of financial position
As at December 31, 2018

									2018	2017
	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	Total trusts
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Cash	—	44,297	5,040	26,051	21,590	4,269	—	11,030	112,277	129,814
Accounts receivable	—	3,401	—	—	—	—	—	—	3,401	—
Investments	54,282	706,538	94,660	220,404	—	—	210,735	—	1,286,619	1,258,703
Accrued interest	—	17,650	1,290	3,534	—	—	—	—	22,474	24,257
	54,282	771,886	100,990	249,989	21,590	4,269	210,735	11,030	1,424,771	1,412,774
Liabilities and fund balance										
Accounts payable	—	—	—	4,436	—	—	—	—	4,436	4,729
Due to the City of Kawartha Lakes	1,144	(3,757)	2,758	16,067	(49)	1,010	142,153	—	159,326	154,766
	1,144	(3,757)	2,758	20,503	(49)	1,010	142,153	—	163,762	159,495
Fund balances										
	53,138	775,643	98,232	229,486	21,639	3,259	68,582	11,030	1,261,009	1,253,279
	54,282	771,886	100,990	249,989	21,590	4,269	210,735	11,030	1,424,771	1,412,774

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, 2018

	2018								2017	
	Home Renewal Program	Cemetery 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	762,640	99,370	229,486	26,072	3,176	68,582	10,815	1,253,279	1,243,264
Revenue										
Interest earned	—	13,984	2,243	4,436	—	83	—	425	21,171	25,774
Plot sales	—	9,247	—	—	—	—	—	—	9,247	9,925
Donations and other	—	—	3,422	—	—	—	—	—	3,422	217
Manor residents	—	—	—	—	34,144	—	—	—	34,144	41,474
	—	23,231	5,665	4,436	34,144	83	—	425	67,984	77,390
Expenses										
Manor residents	—	—	—	—	38,577	—	—	—	38,577	43,263
Disaster relief	—	—	6,803	—	—	—	—	—	6,803	2,008
Contributed to minor hockey	—	—	—	2,218	—	—	—	—	2,218	2,364
Contributed to figure skating	—	—	—	2,218	—	—	—	—	2,218	2,365
Paid to general operations	—	10,228	—	—	—	—	—	210	10,438	17,375
	—	10,228	6,803	4,436	38,577	—	—	210	60,254	67,375
Excess (deficiency) of revenue over expenses	—	13,003	(1,138)	—	(4,433)	83	—	215	7,730	10,015
Balance, end of year	53,138	775,643	98,232	229,486	21,639	3,259	68,582	11,030	1,261,009	1,253,279

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, 2018

	2018	2017
	\$	\$
Operating activities		
Excess of revenue over expenses	7,730	10,015
Change in non-cash assets and liabilities		
Accounts receivable	(3,401)	-
Accrued interest	1,783	(1,934)
Accounts payable	(293)	(373)
	5,819	7,708
Investing activity		
Increase in investments	(27,916)	(10,757)
Financing activity		
Increase in amount due to the City of Kawartha Lakes	4,560	24,882
Change in cash during the year	(17,537)	21,833
Cash, beginning of year	129,814	107,981
Cash, end of year	112,277	129,814

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, 2018 comprise of repayable loans of nil (nil in 2017). 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 resmit 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.

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