

Consolidated financial statements of

City of Kawartha Lakes

December 31, 2007

Auditors' Report

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

We have audited the consolidated statement of financial position of the City of Kawartha Lakes as at December 31, 2007 and the consolidated statements of financial activities and of changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Kawartha Lakes as at December 31, 2007 and the results of its operations and changes in its financial position for the for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 27, 2008

City of Kawartha Lakes

December 31, 2007

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City of Kawartha Lakes

Consolidated statement of financial position as at December 31, 2007

	2007	2006
	\$	\$
Assets		
Financial assets		
Cash and cash equivalents (Note 4)	70,705,054	59,604,135
Taxes receivable	6,841,008	6,056,480
Accounts receivable (Note 5)	12,648,473	14,590,600
Other current assets	21,378	19,936
Long-term receivables (Note 6)	604,905	500,445
	90,820,818	80,771,596
Liabilities and municipal position		
Liabilities		
Accounts payable and accrued liabilities	15,197,538	12,777,805
Deferred revenue (Note 7)	44,614,552	38,978,206
Other liabilities	1,383,193	1,560,089
Accrued interest on long term liabilities	364,112	400,857
Employee future benefits payable (Note 8)	4,516,863	4,009,299
Landfill closure and post closure accrual (Note 9)	4,950,889	4,981,339
Net municipal debt (Note 10)	61,820,370	57,134,358
	132,847,517	119,841,953
Net financial liabilities	(42,026,699)	(39,070,357)
Non-financial assets		
Inventory and prepaids	1,967,133	1,757,691
	(40,059,566)	(37,312,666)
Contingencies and commitments (Note 13)		
Municipal position		
Operating fund - Schedule 1 (Note 11)	1,340,288	926,458
Capital fund - Schedule 2 (Note 11)	2,524,031	(1,324,804)
Reserves and reserve funds - Schedule 3	27,782,998	29,721,598
Fund balances	31,647,317	29,323,252
Amounts to be recovered from future revenues (Note 12)	(71,706,883)	(66,635,918)
	(40,059,566)	(37,312,666)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

City of Kawartha Lakes

Consolidated statement of financial activities

year ended December 31, 2007

	2007	2006
	Budget (unaudited) (Note 14)	Actual
	\$	\$
Revenues		
Taxes levied for own purposes	69,573,422	70,658,375
Payments in lieu from other governments	422,856	400,617
Net taxation	69,996,278	71,058,992
User charges, licences and fines (Note 16)	28,355,015	29,334,076
Grants		
Government of Canada	2,868,579	1,110,044
Province of Ontario	32,295,676	31,437,518
Other Municipalities	3,205,778	3,149,834
Other		
Investment income	947,000	1,613,412
Sale of land and capital assets	561,650	326,742
Penalties and interest on taxes	1,120,000	1,149,673
Restricted amounts earned (Note 7)	1,966,275	4,694,978
Donations and other	482,794	900,240
	141,799,045	144,775,509
Expenditures (Note 15)		
General government	14,541,896	15,561,392
Protection to persons and property	19,681,432	20,458,630
Transportation services	31,511,285	29,732,603
Environmental services	21,620,803	21,569,805
Health services	7,193,833	7,138,974
Social services	31,852,071	33,125,346
Housing services	7,395,508	7,776,425
Recreational and cultural services	9,812,392	9,821,756
Planning and development	2,648,370	2,546,920
	146,257,590	147,731,851
Net expenditures	(4,458,545)	(2,956,342)
Financing		
New debt issued and assumed	5,672,100	9,215,626
Debt principal repayments	(4,621,269)	(4,585,030)
Employee future benefits	-	507,564
Accrued interest on debt	-	(36,745)
Landfill closure and post-closure accrual (Note 9)	-	(30,450)
Increase in amounts to be recovered from future revenues	1,050,831	5,070,965
Increase (decrease) in inventory and prepaids	-	209,442
Change in fund balances	(3,407,714)	2,324,065

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

City of Kawartha Lakes

Consolidated statement of changes in financial position year ended December 31, 2007

	2007	2006
	\$	\$
Operating		
Cash flows from operating activities		
Net expenditures	(2,956,342)	(1,737,670)
Uses:		
Increase in taxes receivable	(784,528)	-
Increase in other current assets	(1,442)	-
Decrease in accounts payable and accrued liabilities	-	(204,248)
Decrease in other liabilities	(176,896)	-
	(962,866)	(204,248)
Sources:		
Decrease in accounts receivable	1,942,127	6,169,398
Decrease in taxes receivable	-	278,949
Decrease in other current assets	-	2,985
Increase in accounts payable and accrued liabilities	2,419,733	-
Increase in other liabilities	-	135,708
Increase in deferred revenue	5,636,346	1,616,856
	9,998,206	8,203,896
Net increase in cash from operations	6,078,998	6,261,978
Investing		
Decrease in long-term investments	(104,460)	22,257
Decrease in debt held internally	55,416	50,471
	(49,044)	72,728
Financing		
Municipal debt issued (Note 10)	9,215,626	6,456,400
Municipal debt repaid	(4,585,030)	(4,413,031)
Decrease in accrued interest	(36,745)	(35,618)
Increase in employee future benefits liability	507,564	106,976
Increase in Landfill closure and post closure accrual	(30,450)	293,726
	5,070,965	2,408,453
Net change in cash position	11,100,919	8,743,159
Cash and cash equivalents, beginning of year	59,604,135	50,860,976
Cash and cash equivalents, end of year	70,705,054	59,604,135

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

Nature of business

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 of Kawartha Lakes are the representations of management prepared in accordance with local government accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the City and the changes thereto. The consolidated statement of financial position includes the assets and liabilities of the City. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant accounting policies adopted by the City are as follows:

(a) (i) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund, capital fund, reserve funds, and reserves 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 19)

All interfund and inter-municipal assets, liabilities, sources of financing and expenditures have been eliminated for the entities listed as consolidated in this statement.

(ii) Accounting School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.

(iii) Trust funds

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

(b) (i) Basis of accounting

Expenditures and their related sources of financing 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; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

1. Significant accounting policies (continued)

(b) (ii) Tangible capital assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as expenditures in the consolidated statement of financial activities in the year of acquisition.

(iii) Investments

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

(iv) Deferred revenue

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

(v) 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.

(vi) Use of estimates

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, 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 expenditures during the period. Actual results could differ from these estimates.

(vii) Reserves and reserve funds

Certain amounts, as approved by the municipality's Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

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:

	2007	2006
	\$	\$
Requisitions of School Boards		
English public	23,099,612	22,780,307
French public	33,309	2,683,573
English separate	2,784,175	33,774
French separate	55,206	55,411
	25,972,302	25,553,065

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

3. Restricted assets

	2007	2006
	\$	\$
Cash (Note 4)	4,852,826	2,634,736
Short-term investments	33,034,645	33,141,090
Interest receivable (Note 5)	303,862	98,531
Due from (to) own municipality	91,692	864,507
Municipal debt held by own reserve funds (Note 10)	10,850	21,680
	38,293,875	36,760,544
Consists of:		
Obligatory funds in deferred revenue (Note7)	36,812,871	34,889,257
Reserve funds (Schedule 3)	1,481,004	1,871,287
	38,293,875	36,760,544

4. Cash and cash equivalents

Cash and cash equivalents include investments in short-term money market instruments.

	2007	2006
	\$	\$
Unrestricted		
Cash	17,506,020	13,832,015
Short-term investments		
- Government investment certificates	15,311,563	9,996,294
Restricted		
Cash	4,852,826	2,634,736
Short-term investments		
- T-bills	23,625,092	23,907,566
- marketable securities	9,409,553	9,233,524
	70,705,054	59,604,135

Marketable securities, both restricted and unrestricted, are comprised of corporate and government debt securities and investment certificates from chartered banks with effective interest rates from 2.4% to 5.5% (2006 - 1.65% to 5.6%). The costs listed are considered to approximate their fair values.

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

5. Accounts receivable

	2007	2006
	\$	\$
Unrestricted		
Canada	889,785	2,951,159
Ontario	4,186,139	3,951,216
Other municipalities and school board	779,505	1,165,409
Water and sewer charges		
Billed	1,647,559	1,842,512
Unbilled	1,592,886	1,550,350
Other user charges and recoveries	3,638,917	3,463,220
Allowance for doubtful accounts	(390,180)	(431,797)
	12,344,611	14,492,069
Restricted - accrued interest (Note 3)	303,862	98,531
	12,648,473	14,590,600

6. Long-term receivables

	2007	2006
	\$	\$
Local improvements receivable - 8% and 15% interest, repayable \$15,675 blended payments of principal and interest annually, due 2009 to 2015	32,726	42,801
Due from developers and others for servicing - will be enforceable by future land development agreements	432,548	432,638
Parking agreements - 0%, repayable 2008 and 2009	6,000	12,000
Drainage Loans - 4.3% interest, repayable \$1,767 and \$625 blended payments of principal and interest annually, due 2014	8,131	13,006
Water System loans - 5.5%, repayable \$16,812 and \$5,145 blended payments of principal and interest annually, due 2015 and 2016	125,500	-
	604,905	500,445

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

7. Deferred revenue

	2007	2006
	\$	\$
Obligatory reserve funds		
Recreational land (Planning Act)	1,488,311	1,436,276
Development Charges Act	7,862,734	7,013,544
Federal and Provincial Gas Tax Reserves	2,504,641	1,155,102
Parking revenues (Municipal Act)	280,939	298,558
Other	178,640	172,548
Reserve funds restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	24,497,606	24,813,229
	36,812,871	34,889,257
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	850,395	941,914
	37,663,266	35,831,171
Other deferred revenue		
Unearned grants	6,430,922	2,793,987
Other unearned revenue	520,364	353,048
	44,614,552	38,978,206

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

	2007				2006	
	Parkland levies and development charges	Parking revenues	Gas Tax Reserves and Other	Amounts restricted by amalgamation legislation	Total	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	8,449,820	298,558	1,327,650	25,755,143	35,831,171	33,268,452
Restricted funds received	2,639,971	-	2,565,190	-	5,205,161	3,166,622
Hydro sale costs	-	-	-	(1,465)	(1,465)	(58,519)
Interest earned	263,763	8,211	78,429	972,974	1,323,377	1,033,101
Revenue recognized	(2,002,508)	(25,830)	(1,287,988)	(1,378,651)	(4,694,978)	(1,578,485)
Balance, end of year	9,351,046	280,939	2,683,281	25,348,001	37,663,266	35,831,171

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 financial activities when qualifying expenditures are incurred.

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

8. Employee future benefits payable

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

	2007	2006
	\$	\$
Accrued payroll	1,238,176	986,100
Vacation and overtime payable	549,143	620,959
WSIB self-insured claims (Note 13a)	612,043	455,305
Post-employment benefits	2,117,501	1,946,935
Total estimated liability	4,516,863	4,009,299

(a) 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 included in amounts to be recovered from future revenues in the Municipal Position section of the consolidated statement of financial position.

(b) Post-employment benefit liability

The municipality sponsors a defined benefit plan for retirement benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$159,278 (2006 - \$151,665).

Actuarial valuation for accounting purposes will be performed triennially using the projected benefit method prorated on services. The most recent actuarial valuation was completed as of December 31, 2007. The post-employment benefit liability at December 31 includes the following components:

	2007	2006
	\$	\$
Actuarially determined accrued benefit obligation	2,117,501	1,946,935
Post-employment benefit liability	2,117,501	1,946,935

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

8. Employee future benefits payable (continued)

(b) 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	- beginning of year	5.25%
	- end of year	5.25%
Medical cost increases	- first year	0%
	- second year	10%
	- decreasing over 10 years to	1.0% plus CPI
Expected annual rate of dental cost increase		1.0% plus CPI

The post-employment benefit expense is reported as a component of current expenditures on the consolidated statement of financial activities. Composition of the amount is as follows:

	2007	2006
	\$	\$
Current year benefit cost	95,730	71,378
Interest on post-employment benefit liability	132,196	108,414
Total expense related to post-employment benefits	227,926	179,792

(c) Pension agreement

The municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 679 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 2007 was \$2,227,572 (2006 - \$2,076,651) for current service which is included as an expenditure in the consolidated statement of financial activities.

9. Solid waste landfill closure and post-closure liability

Beginning with the year ended December 31, 2004, municipalities were required to account for the solid waste landfill closure and post-closure liabilities as the landfill sites are used. The municipality currently has 12 closed sites and 5 active solid waste sites. Details of the active sites are as follows:

		Remaining capacity tonnes	
	Estimated years to closure	2007	2006
Eldon	41	271	134,300
Fenelon	20	100,880	104,000
Laxton/Digby/Longford	19	22,164	22,850
Somerville	33	149,186	153,800
Lindsay-Operations	27	841,136	867,150

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

9. Solid waste landfill closure and post-closure liability (continued)

Engineering consultants were engaged to prepare estimates of closure and post closure costs as at December 31, 2006 for each site which were based on information obtained from reports dated between 1995 and 2006. The most recent evaluation prior to this report had been completed as at December 31, 2004. 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.

	2007	2006
	\$	\$
Estimated total closure and post-closure costs	20,266,100	20,254,100
Discount rate	5%	5%
Estimated present value of costs at end of year	8,085,187	7,776,594
Less: Portion related to remaining available capacity	(2,744,197)	(2,795,255)
Expenditures paid	(390,101)	-
Liability for capacity already used	4,950,889	4,981,339
Net expenditure recognized in the year	359,651	293,726

10. Municipal debt

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

	2007	2006
	\$	\$
Total debt incurred and outstanding at December 31, 2007 to be financed from		
- General tax rates (see sinking fund below)	24,182,191	24,403,317
- Water and sewer user rates	24,635,193	18,858,173
- Benefiting landowners for local improvements and tile loans	620,777	581,206
- Debt retirement reserve fund (Note 10a)	470,782	888,174
- Housing corporations	14,701,330	15,313,760
	64,610,273	60,044,630
Less sinking funds accumulated to retire \$3,000,000 of debt in 2009	(2,566,368)	(2,540,750)
Less debt retirement recovery to retire a portion of annual debt costs related to 2002 hospital grant	(168,886)	(259,457)
Amount to be recovered from future revenues as at December 31, 2007	61,875,019	57,244,423
Less amount owed to operating fund	(43,799)	(88,385)
Less amount owed to reserve funds	(10,850)	(21,680)
Net municipal debt	61,820,370	57,134,358

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

10. Municipal debt (continued)

- (a) The Order of the Restructuring Commissioner requires payments on debt incurred by former municipalities for certain purposes to be financed by a special levy on ratepayers in the geographic areas of those former municipalities. The allocation of each former municipality's debt balances by payment responsibility was confirmed by City Council's approval of Budget and Performance Management report BPM2001-13. The report also specified the imposition of a single special levy in 2001 representing the present value of all future debt payments required from ratepayers in specific geographic areas. The funds raised have been set aside in a Debt Retirement Reserve Fund to be used to service the debt in accordance with the Order of the Restructuring Commissioner.
- (b) 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 Municipal Affairs and Housing.
- (c) Interest rates vary from 2.5% to 11.75%. Total future payments and expected earnings (use) of sinking funds over the next 5 years and thereafter are summarized as follows:

	2008	2009	2010	2011	2012	Thereafter	Total
	\$	\$	\$	\$	\$		\$
Principal							
- municipal	2,868,137	5,629,582	2,711,743	2,837,206	2,696,717	8,530,358	25,273,743
- water and sewer	2,566,783	1,988,172	2,580,575	1,793,773	1,843,986	13,861,903	24,635,192
- housing	646,355	682,155	720,578	761,203	804,157	11,086,890	14,701,338
Sinking Funds	76,696	(2,770,397)	(32,830)	(9,810)	1,087	-	(2,735,254)
	6,157,971	5,529,512	5,980,066	5,382,372	5,345,947	33,479,151	61,875,019
Interest							
- municipal	1,277,529	1,147,875	712,751	580,028	445,846	1,236,309	5,400,338
- water and sewer	1,027,808	914,639	823,214	703,201	623,284	3,468,997	7,561,143
- housing	829,452	793,652	755,229	714,603	671,651	4,124,204	7,888,791
Total	9,292,760	8,385,678	8,271,260	7,380,204	7,086,728	42,308,661	82,725,291

- (d) Total gross payments for the year to service municipal debt are reported on the consolidated statement of financial activities are as follows:

	2007				2006
	Municipal	Water and sewer	Housing	Total	Total
	\$	\$	\$	\$	\$
Principal payments	2,286,463	1,686,146	612,421	4,585,030	4,413,032
Interest	1,313,954	882,420	836,768	3,033,142	2,940,470
	3,600,417	2,568,566	1,449,189	7,618,172	7,353,502

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

10. Municipal debt (continued)

- (e) Included in the \$61,875,019 above is an amount of \$5,342,306 that was issued from the Royal Bank in December 2007 to fund water and sewer capital projects, as well as the Lindsay/Ops landfill development. The Royal Bank rate of interest is 4.95% per annum. In addition OSIFA advanced \$4,273,820 in December 2007 to fund water, sewer and landfill capital projects. The OSIFA debentures carry interest rates of 2.56% and 4.98%.
- (f) Housing debentures totaling \$6,064,951 are paid for by the Provincial government on behalf of the housing corporation. The Province recovers this outlay by reducing subsidy payment cash flows.
- (g) The municipality 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 2007 in By-Law 2007-01. As at December 31, 2007 there was a balance outstanding of nil (2006 – nil).

11. Fund balances

The fund balances on the consolidated statement of financial position are comprised of the following:

	2007	2006
	\$	\$
Operating fund balance		
For reduction of taxes	1,095,247	659,868
Housing corporation operating fund balances	245,041	266,590
	1,340,288	926,458
Capital fund balance		
Unexpended capital financing for		
- general government	1,200,964	602,398
- protection	1,219,959	595,754
- transportation	4,509,811	3,914,930
- environmental	2,118,388	3,958,036
- social services and social housing	1,106,252	941,205
- parks, recreation and library	1,767,573	1,673,776
- other	161,889	138,566
Unfinanced capital expenditures		
- environmental to be financed by debt	(7,208,362)	(12,016,602)
- municipal drains to be financed by landowners	(906,271)	(929,538)
- transportation to be financed by general taxation	(1,069,352)	(67,592)
- other to be financed by general taxation	(376,820)	(135,737)
	2,524,031	(1,324,804)

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

12. Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represent the outstanding principal portion of unmatured long-term liabilities for municipal expenditures, and other expenditures not yet levied on the ratepayers, and is reported on the consolidated statement of financial position.

	2007	2006
	\$	\$
Employee future benefits payable (Note 8)	4,516,863	4,009,299
Municipal debt (Note 10)	61,875,019	57,244,423
Accrued interest payable on long-term liabilities	364,112	400,857
Landfill post-closure accrual (Note 9)	4,950,889	4,981,339
	71,706,883	66,635,918

13. Contingencies and commitments

(a) Workplace Safety Insurance Board Self Insured – Schedule 2

Following restructuring, the Workplace Safety Insurance Board (WSIB) required the City of Kawartha Lakes 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 \$304,490 (2006 - \$40,430). The WSIB has estimated liability for future benefit costs as at December 31, 2007 to be \$612,043 (2006 - \$455,305) and this liability has been included in employee future benefits payable (Note 8). The municipality has \$200,000 set aside in a reserve for WSIB self insurance as at December 31, 2007.

(b) 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 expenditure will be recorded if a settlement becomes likely and measurable.

(c) Commitment - Water and sewer system operating agreements

The municipality is committed to seven agreements with the Ontario Clean Water Agency to operate various water and sewer systems. In addition to fixed monthly charges adjusted for inflation, the municipality must pay for capital upgrades and unusual maintenance necessary to meet legislative requirements. Contract expiry dates range from 2008 to 2011.

(d) Commitment - Garbage and recycling collection contract

On September 4, 2001, the municipality contracted out garbage and recycling collection services. The contract was extended to September 2009 based on a negotiated contract increase and requires the municipality to pay a base fee of \$3,071,174 per year plus an annual fuel surcharge as well as an increase for new homes. The estimated amount to be charged in 2008 is \$2,895,626.

2008	2,895,626
2009	2,945,415
2010	3,033,777
2011	3,124,791
2012	3,218,534

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

13. Contingencies and commitments (continued)

(e) 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, 2007 the City had awarded contracts in the amount of \$30,542,095 (2006 - \$21,876,627) and has expensed \$28,492,323 of those awarded amounts. Therefore, the remaining contractual commitments of \$2,049,772 will be incurred as capital expenditures 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 of \$1,605,573 and use of funds from various discretionary and obligatory reserve funds.

14. Budget amounts

The operating budget was approved by Council on April 4, 2007 and the tax rate supported capital budget was approved by Council on February 15, 2007 to establish the tax rates for the year. In addition, the water and sewer operating and capital budgets were approved by Council on June 20, 2007. These budgets were not prepared on the same basis as these financial statements, and have been restated to conform to the requirements under PSAB accounting standards. Budgets established for capital funds are on a project-oriented basis, the cost of which may be carried out over one or more years.

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. Also, Council did not prepare 2007 annual budgets for reserves and reserve funds, except for transfers to/from related funds. Therefore, actual results are not comparable to budgeted figures presented in these areas.

15. Expenditures breakdown

	2007	2006
	\$	\$
Salaries and wages	48,177,214	44,338,028
Materials, supplies and services	24,260,462	23,709,633
Contracted services	19,928,240	17,248,984
Rents and financial	1,070,832	1,162,380
Transfers to other entities	25,064,247	23,983,334
Tile drain loans advanced to landowners	144,500	37,400
Interest on net municipal debt	3,033,142	2,940,470
Capital expenditures	26,469,868	31,341,402
Other (recovery)	(416,654)	(227,351)
	147,731,851	144,534,280

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

16. User charges, licences and fines

	2007	2006
	\$	\$
General government	696,293	690,294
Protection to persons and property user fees	250,654	239,185
Provincial Offences Act (Note 18)	1,619,749	1,354,153
Building department	1,194,088	827,970
Roads, transit, parking and airport	1,391,161	896,751
Water and sewer consumption	12,270,223	12,254,279
Waste management	2,415,459	2,303,927
Victoria Manor	2,973,196	2,894,080
Parks and recreation	3,010,110	2,951,966
Housing	2,671,079	2,660,882
Social services	365,709	333,952
Other	476,355	745,372
	29,334,076	28,152,811

17. Trust funds

Trust funds administered by the City amounting to \$1,130,355 (2006 - \$1,175,178) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

18. 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 expenditures related to these operations have been reported as follows:

	2007	2006
	\$	\$
Gross revenues	1,633,428	1,354,153
Operating costs	(1,020,274)	(928,209)
Amount transferred to Haliburton County	(120,448)	(85,738)
Net City revenue	492,706	340,206

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.

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

19. Supplementary information

Social Housing downloading

As part of Provincial local services realignment programs, the municipality 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 Authority (KLHHA)

Under the provisions of transfer orders prepared under authority of the Social Housing Reform Act, the Kawartha Lakes Haliburton Housing Authority 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, KLHHA entered into an amalgamation agreement with Lindsay Non-Profit Housing Corporation (LNPHC). Under the terms of the agreement KLHHA and LNPHC amalgamated to form a new corporation (also known as Kawartha Lakes-Haliburton Housing Corporation) which commenced operations on January 1, 2006. KLHHA is exempt from income taxes under the Income Tax Act. The City is the sole shareholder and KLHHA 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.

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 financial statements is summarized below.

	2007	2006
	\$	\$
Effect on municipal position		
Unrestricted financial assets	2,116,138	1,907,617
Restricted financial assets	1,123,424	573,280
Current liabilities	(1,359,109)	(134,423)
Debt and accrued interest on debt	(14,738,123)	(15,351,870)
Municipal position, end of year	(12,857,670)	(13,005,396)
Amounts to be recovered from future revenues	14,738,077	15,351,824
Fund balances, end of year	1,880,407	2,346,428
Effect on operations for the year		
Revenues	4,224,232	3,767,217
Operating expenditures	(2,056,693)	(2,075,702)
Capital expenditures in the normal course of operations	(1,526,317)	(989,803)
Net revenues	641,222	701,712
Decrease in amounts to be recovered from future revenues	(613,478)	(583,812)
Net increase in fund balances	27,744	117,900

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

20. Bill 140 - Continued protection for Property Taxpayers Act

Bill 140 require the municipality to limit property tax increases resulting from property tax reform on commercial, industrial and multi-residential properties to 5% over the previous year's annualized taxes plus budgetary increases.

In August 2001, the City of Kawartha Lakes passed a motion opting to fund the shortfall as a result of limiting tax increases to 5% by retaining a portion of the decrease experienced by properties that would have experienced tax decreases. A total of \$299,279 of decreases in Commercial, Industrial and Multi-Residential classes were retained in 2007 to fund the revenue shortfalls caused by capping.

21. Tangible capital assets

For fiscal years commencing after January 1, 2009, the City will be required to report tangible capital assets in its consolidated financial statements in accordance with The Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants section PS3150 – Tangible Capital Assets. The City is currently working toward obtaining the necessary information in order to comply with PS 3150. For 2007, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The City is currently working on a plan to implement PS3150. For the year ended December 31, 2007 tangible capital expenditures incurred during the year are recorded as capital expenditures in the Consolidated Statement of Financial Activities.

City of Kawartha Lakes

Notes to the consolidated financial statements
December 31, 2007

22. Tax rate analysis

The following table lists the tax rates that most commonly apply to each former municipal area. There may be some deviations with respect to application of fire service area rates which were applied to properties based on specific criteria instead of by former municipality location.

Former municipal area	Residential		Hospital	Residential		Residential	Residential		Commercial	Industrial
	general	area		total	education		education	education		
	rate	rate	levy	city rate	rate	rate	rate	rate	rate	rate
Lindsay	0.72682	0.38993	0.01129	1.12804	0.26400	1.55807	2.29235			
Ops	0.72682	0.21578	0.01129	0.95389	0.26400	1.55807	2.29235			
Mariposa	0.72682	0.11095	0.01129	0.84906	0.26400	1.55807	2.29235			
Woodville	0.72682	0.13532	0.01129	0.87343	0.26400	1.55807	2.29235			
Eldon	0.72682	0.11295	0.01129	0.85106	0.26400	1.55807	2.29235			
Fenelon	0.72682	0.11385	0.01129	0.85196	0.26400	1.55807	2.29235			
Carden/Dalton	0.72682	0.07087	0.01129	0.80898	0.26400	1.55807	2.29235			
Laxton, Digby and Longford	0.72682	0.11372	0.01129	0.85183	0.26400	1.55807	2.29235			
Bexley	0.72682	0.11483	0.01129	0.85294	0.26400	1.55807	2.29235			
Somerville	0.72682	0.11345	0.01129	0.85156	0.26400	1.55807	2.29235			
Bobcaygeon/Verulam	0.72682	0.15113	0.01129	0.88924	0.26400	1.55807	2.29235			
Fenelon Falls	0.72682	0.13532	0.01129	0.87343	0.26400	1.55807	2.29235			
Sturgeon Point	0.72682	0.13532	0.01129	0.87343	0.26400	1.55807	2.29235			
Emily	0.72682	0.12699	0.01129	0.86510	0.26400	1.55807	2.29235			
Omeme	0.72682	0.15147	0.01129	0.88958	0.26400	1.55807	2.29235			
Manvers	0.72682	0.08699	0.01129	0.82510	0.26400	1.55807	2.29235			
Verulam	0.72682	0.11469	0.01129	0.85280	0.26400	1.55807	2.29235			

City of Kawartha Lakes

Notes to the consolidated financial statements

December 31, 2007

22. Tax rate analysis (continued)

In order to determine the tax rates for the following property classes, the total taxation from the residential property class should be multiplied by the applicable tax ratio. Where the education tax rate is legislated, it is identified above. Qualifying commercial and industrial units/land that are vacant are eligible to apply for 30% to 35% reductions in tax, respectively.

<u>Tax class</u>	<u>Ratio to apply to residential rate</u>
Farmland	0.25000
Managed forest	0.25000
Commercial	1.27820
Industrial	1.78260
Multi-residential	1.99310

City of Kawartha Lakes

Consolidated schedule of operating fund operations - Schedule 1 year ended December 31, 2007

	Budget (unaudited) (Note 14)	2007 Actual	2006 Actual
	\$	\$	\$
Revenues			
Net taxation	69,996,278	71,058,992	67,336,682
User charges, licenses and fines (Note 16)	28,355,015	29,334,076	28,152,811
Grants			
Government of Canada	2,809,750	931,186	2,185,079
Province of Ontario	30,593,776	31,626,265	35,046,822
Other Municipalities	3,107,505	2,967,791	2,769,137
Other			
Investment income	947,000	1,541,295	1,305,547
Sale of land and capital assets	561,650	323,492	630,922
Penalties and interest on taxes	1,120,000	1,149,673	1,170,189
Restricted amounts earned (Note 7)	25,200	137,964	118,151
Donations and other	359,294	363,431	485,171
	137,875,468	139,434,165	139,200,511
Expenditures			
General government	13,965,896	13,894,837	12,779,506
Protection to persons and property	18,744,182	18,312,309	17,069,494
Transportation services	14,900,054	17,366,936	15,846,007
Environmental services	16,531,083	15,732,874	15,027,355
Health services	7,098,833	7,055,362	7,072,453
Social services	31,017,071	32,580,537	30,270,986
Housing services	6,027,508	6,250,109	5,971,722
Recreation and cultural services	7,638,392	7,813,019	7,376,503
Planning and development	2,588,370	2,111,500	1,741,453
	118,511,389	121,117,483	113,155,479
Net revenues	19,364,079	18,316,682	26,045,032
Financing and transfers			
Debt principal repayment	(4,621,269)	(4,585,030)	(4,413,030)
Employee future benefits	-	507,564	106,976
Accrued interest on long term liabilities	-	(36,745)	(35,618)
Landfill closure and post-closure accrual (Note 9)	-	(30,450)	293,726
Reserves and Reserve Funds (Page 7)	(4,324,008)	(3,540,430)	(13,755,646)
Capital Fund (Page 6)	(10,427,203)	(10,427,203)	(9,838,730)
	(19,372,480)	(18,112,294)	(27,642,322)
	(8,401)	204,388	(1,597,290)
Decrease (increase) in inventory and prepaids	-	209,442	(58,410)
Change in operating fund balance	(8,401)	413,830	(1,655,700)
Operating fund balance, beginning of year	-	926,458	2,582,158
Operating fund balance, end of year (Note 11)	(8,401)	1,340,288	926,458

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

City of Kawartha Lakes

Consolidated schedule of capital fund operations - Schedule 2 year ended December 31, 2007

	Budget (unaudited) (Note 14)	2007 Actual	2006 Actual
	\$	\$	\$
Revenues			
Grants			
Government of Canada	58,829	178,858	(335,089)
Province of Ontario	1,701,900	(188,747)	1,914,010
Other Municipalities	98,273	182,043	16,200
Other			
Sale of land and capital assets	-	3,250	18,620
Restricted amounts earned (Note 7)	1,941,075	4,557,014	1,460,334
Donations and other	123,500	536,809	445,151
	3,923,577	5,269,227	3,519,226
Expenditures			
General government	576,000	1,666,555	1,343,148
Protection to persons and property	937,250	2,146,321	1,566,046
Transportation services	16,611,231	12,365,667	10,153,091
Environmental services	5,089,720	5,836,931	14,685,281
Health services	95,000	83,612	55,155
Social services	835,000	544,809	323,657
Housing services (Note 19)	1,368,000	1,526,316	989,803
Recreation and cultural services	2,174,000	2,008,737	1,747,616
Planning and development	60,000	290,920	477,605
Tile drains paid to ratepayers	-	144,500	37,400
	27,746,201	26,614,368	31,378,802
Net expenditures	(23,822,624)	(21,345,141)	(27,859,576)
Financing and transfers from other funds			
New debt issued and assumed	5,672,100	9,215,626	6,456,400
Operating Fund (Page 5)	10,427,203	10,427,203	9,838,730
Reserves and Reserve Funds (Page 7)	7,723,321	5,551,147	6,852,630
	23,822,624	25,193,976	23,147,760
Change in capital fund balance	-	3,848,835	(4,711,816)
Capital fund balance, beginning of year	-	(1,324,804)	3,387,012
Capital fund balance, end of year (Note 11)	-	2,524,031	(1,324,804)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

City of Kawartha Lakes

Consolidated schedule of reserves and reserve funds - Schedule 3 year ended December 31, 2007

		2007	2006
	Budget (unaudited) (Note 14)	Actual	Actual
	\$	\$	\$
Revenues			
Interest		72,117	76,873
Net transfers from (to) other funds			
Operating fund (Page 5)	4,324,008	3,540,430	13,755,646
Capital fund (Page 6)	(7,723,321)	(5,551,147)	(6,852,630)
	(3,399,313)	(2,010,717)	6,903,016
Change in reserves and reserve funds	(3,399,313)	(1,938,600)	6,979,889
Reserves and reserve funds, beginning of year	-	29,721,598	22,741,709
Reserves and reserve funds, end of year	(3,399,313)	27,782,998	29,721,598
Consists of:			
Reserves set aside at the discretion of Council			
for working funds and rate stabilization		4,167,007	6,713,713
for general contingency		2,647,263	1,249,233
for 2010 election		113,255	13,255
for OPP stabilization		662,230	357,060
for protection capital		190,888	220,250
for transportation capital		1,968,890	1,748,890
for parks and recreation		680,711	523,343
for development services		1,030,530	1,062,373
for water infrastructure and rate stabilization		4,090,874	3,096,923
for social housing		801,678	788,884
for sewer infrastructure and rate stabilization		3,365,602	2,621,651
for social service programs		1,152,873	1,152,873
for other		5,430,193	8,301,863
Total reserves		26,301,994	27,850,311
Reserve funds set aside at the discretion of Council			
for debt retirement		826,429	1,251,739
for housing corporations		654,575	619,548
Total reserve funds		1,481,004	1,871,287
Total reserves and reserve funds		27,782,998	29,721,598

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Financial statements of

**City of Kawartha Lakes
Trust funds**

December 31, 2007

Auditors' Report

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

We have audited the statement of financial position of the trust funds of the City of Kawartha Lakes as at December 31, 2007 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the City of Kawartha Lakes as at December 31, 2007 and the results of the operations of the trust funds for the year then in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 27, 2008

City of Kawartha Lakes Trust funds

Statement of financial activities
year ended December 31, 2007

	Ontario							2007	2006
	Home renewal program	Home cemetery perpetual care trusts	Disaster relief fund	Forbest estate bequest	Aged comfort trust	Treasurer's maintenance trust	Building donation fund	Other trusts	Total trusts
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	60,708	465,281	117,196	228,487	84,020	23,961	187,879	7,646	1,175,178
Revenues									
Interest earned	2,332	16,773	4,835	7,781	3,926	919	9,755	191	46,512
Plot sales	-	16,042	-	-	-	-	-	-	16,042
Donations and other	-	-	12	-	-	-	-	-	12
Manor residents	-	-	-	-	99,125	-	-	-	99,125
	2,332	32,815	4,847	7,781	103,051	919	9,755	191	161,691
Expenditures									
Capital	-	-	-	-	-	11,280	20,257	-	31,537
Repayment to province	4,456	-	-	-	-	-	-	-	4,456
Manor residents	-	-	-	-	139,184	-	-	-	139,184
Disaster relief	-	-	7,039	-	-	-	-	-	7,039
Contributed to minor hockey	-	-	-	3,763	-	-	-	-	3,763
Contributed to figure skating	-	-	-	3,763	-	-	-	-	3,763
Paid to general operations	-	16,772	-	-	-	-	-	-	16,772
Other expenses	-	-	-	-	-	-	-	-	-
	4,456	16,772	7,039	7,526	139,184	11,280	20,257	-	206,514
Balance, end of year	58,584	481,324	115,004	228,742	47,887	13,600	177,377	7,837	1,130,355
									1,175,178

City of Kawartha Lakes Trust funds

Statement of financial position
as at December 31, 2007

	Ontario										2007	2006
	Home renewal program	Home cemetery perpetual care trusts	Disaster relief fund	Forbert estate bequest	Aged comfort trust	Treasurer's maintenance trust	Building donation fund	Other trusts	Total trusts	Total Trusts		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets												
Cash	(997)	48,395	(11,009)	3,105	64,802	2,230	17,692	2,324	126,542	160,260		
Investments	36,448	424,915	124,910	226,876	-	25,520	217,935	5,429	1,062,033	1,048,952		
Accrued interest	554	6,034	1,103	6,287	-	390	3,330	84	17,782	13,435		
Loans receivable	21,613	-	-	-	-	-	-	-	21,613	26,304		
Due from City of Kawartha Lakes	5,422	1,980	-	-	-	-	-	-	7,402	-		
	63,040	481,324	115,004	236,268	64,802	28,140	238,957	7,837	1,235,372	1,248,951		
Liabilities and fund balance												
Accounts payable	4,456	-	-	7,526	16,915	14,540	61,580	-	105,017	73,773		
Fund balances capital	58,584	481,324	115,004	228,742	47,887	13,600	177,377	7,837	1,130,355	1,175,178		
	63,040	481,324	115,004	236,268	64,802	28,140	238,957	7,837	1,235,372	1,248,951		

City of Kawartha Lakes

Trust funds

Notes to the financial statements

December 31, 2007

1. Significant accounting policies

The financial statements of the trust funds of The City of Kawartha Lakes are the representations of management prepared in accordance with Canadian generally accepted accounting standards 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.

Expenditures 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 generally accepted accounting principles, 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 expenditures 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.

Ontario Home Renewal Program loans receivable at December 31, 2007 comprise repayable loans of \$21,613 (2006 - \$26,303). 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.

- (b) 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 Municipality will continue to administer the collection of any outstanding loans and remit the proceeds, net of 5% administration fee.

3. Due to/from City of Kawartha Lakes

The amounts due to and from 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.

City of Kawartha Lakes

Trust funds

Notes to the financial statements

December 31, 2007

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.

6. Statement of cash flows

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

Schedule of operating fund and capital fund operations of

**City of Kawartha Lakes
Public Library Board**

December 31, 2007

City of Kawartha Lakes

Public Library Board

Schedule of operating fund operations

year ended December 31, 2007

		2007	2006
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Contribution from municipal tax revenues	1,310,896	1,310,896	1,132,007
Grants - Province of Ontario	178,733	178,733	187,733
Grants - Federal Government	-	-	-
User fees	22,525	26,060	26,019
Fines and penalties	18,240	22,519	19,257
Restricted funds earned	-	-	26,555
Donations	1,000	6,726	1,409
	1,531,394	1,544,934	1,392,980
Expenditures			
Administration and board			
Software	7,400	7,363	7,140
Salaries and benefits	298,768	297,690	295,187
Office and general	76,297	80,961	77,135
Equipment maintenance and rental	8,000	7,527	7,142
Utilities and maintenance	9,500	7,500	9,571
Training and development	3,000	3,675	4,894
Vehicle and travel	11,800	8,024	10,619
Advertising and promotion	7,000	7,232	7,489
Books, periodicals purchases and processing	185,150	183,479	180,765
Library branches			
Wages and benefits	610,570	606,645	564,749
Building maintenance and utilities	150,691	147,925	149,288
Office and general	20,300	10,727	13,148
Telephone	19,900	26,909	25,657
	1,408,376	1,395,657	1,352,784
Net revenues	123,018	149,277	40,196
Transfers			
Capital fund	(123,018)	(123,018)	(47,782)
Change in operating fund balance	-	26,259	(7,586)
Operating fund balance, beginning of year	-	48,111	55,697
Operating fund balance, end of year	-	74,370	48,111

City of Kawartha Lakes

Public Library Board

Schedule of capital fund operations
year ended December 31, 2007

		2007	2006
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Grants - Province of Ontario	79,200	46,139	-
Restricted funds earned	139,080	86,539	54,335
	218,280	132,678	54,335
Expenditures			
Equipment and furniture	52,000	46,788	25,376
Computer and information systems	36,000	16,617	4,452
Building renovations	253,298	124,386	88,510
	341,298	187,791	118,338
Net expenditures	(123,018)	(55,113)	(64,003)
Transfers from (to) other funds			
Operating fund	123,018	123,018	47,782
Reserves and reserve funds	-	(15,261)	(1,171)
	123,018	107,757	46,611
Change in capital fund balance	-	52,644	(17,392)
Capital fund balance, beginning of year	-	17,836	35,228
Capital fund balance, end of year	-	70,480	17,836