

Consolidated financial statements of

**City of Kawartha Lakes**

December 31, 2008

## 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, 2008 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, 2008 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  
March 27, 2009

# City of Kawartha Lakes

December 31, 2008

## Table of contents

### City of Kawartha Lakes

Auditors' Report..... 1

Consolidated statement of financial position..... 2

Consolidated statement of financial activities ..... 3

Consolidated statement of changes in financial position ..... 4

Notes to the consolidated financial statements .....5-21

Consolidated schedule of operating fund operations – Schedule 1 .....22

Consolidated schedule of capital fund operations – Schedule 2 .....23

Consolidated schedule of reserves and reserve funds – Schedule 3 .....24

Consolidated schedule of segmented disclosure – Schedule 4 ..... 25-26

### Trust funds

Auditors' Report.....27

Statement of financial activities .....28

Statement of financial position.....29

Notes to the financial statements ..... 30-31

### Public Library Board

Schedule of operating fund operations .....32

Schedule of capital fund operations .....33

# City of Kawartha Lakes

## Consolidated statement of financial position

### as at December 31, 2008

	2008	2007
	\$	\$
<b>Assets</b>		
Financial assets		
Cash and cash equivalents (Note 4)	70,966,898	70,705,054
Taxes receivable	8,109,892	6,841,008
Accounts receivable (Note 5)	14,372,975	12,648,473
Other current assets	32,926	21,378
Long-term receivables (Note 6)	568,917	604,905
	<b>94,051,608</b>	<b>90,820,818</b>
<b>Liabilities and municipal position</b>		
Liabilities		
Accounts payable and accrued liabilities	14,127,409	15,197,538
Deferred revenue (Note 7)	55,950,684	44,614,552
Other liabilities	2,285,583	1,383,193
Accrued interest on long term liabilities	354,478	364,112
Employee future benefits payable (Note 8)	5,410,783	4,516,863
Landfill closure and post closure accrual (Note 9)	4,998,394	4,950,889
General tax related debt (Note 10)	18,869,538	21,446,937
Water and sewer user rated debt (Note 10)	22,451,391	24,635,193
Kawartha Lakes Haliburton housing debt	14,048,684	14,701,330
Other debt (Note 10)	556,962	1,036,910
	<b>139,053,906</b>	<b>132,847,517</b>
Net financial liabilities	<b>(45,002,298)</b>	<b>(42,026,699)</b>
Non-financial assets		
Inventory and prepaids	1,845,593	1,967,133
	<b>(43,156,705)</b>	<b>(40,059,566)</b>
Contingencies and commitments (Note 13)		
Municipal position		
Operating fund - Schedule 1 (Note 11)	(418,143)	1,340,288
Capital fund - Schedule 2 (Note 11)	(3,300,942)	2,524,031
Reserves and reserve funds - Schedule 3	27,291,263	27,782,998
Fund balances	23,572,178	31,647,317
Amounts to be recovered from		
future revenues (Note 12)	66,728,883	(71,706,883)
	<b>(43,156,705)</b>	<b>(40,059,566)</b>

# City of Kawartha Lakes

## Consolidated statement of financial activities

### year ended December 31, 2008

		2008	2007
	Budget (unaudited) (Note 14)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxes levied for own purposes	72,603,582	<b>73,471,504</b>	70,658,375
Payments in lieu from other governments	397,574	<b>383,556</b>	400,617
Net taxation	73,001,156	<b>73,855,060</b>	71,058,992
User charges, licenses and fines (Note 16)	30,169,405	<b>27,455,522</b>	29,334,076
Grants			
Government of Canada	1,247,877	<b>744,946</b>	1,110,044
Province of Ontario	39,661,874	<b>40,617,350</b>	31,437,518
Other Municipalities	3,131,361	<b>2,984,285</b>	3,149,834
Other			
Investment income	1,291,932	<b>1,576,711</b>	1,613,412
Sale of land and capital assets	976,300	<b>529,704</b>	326,742
Penalties and interest on taxes	1,090,000	<b>1,280,913</b>	1,149,673
Restricted amounts earned (Note 7)	1,339,014	<b>4,508,197</b>	4,694,978
Donations and other	927,971	<b>1,107,955</b>	900,240
	152,836,890	<b>154,660,643</b>	144,775,509
<b>Expenditures (Note 15)</b>			
General government	15,840,668	<b>18,154,166</b>	15,561,392
Protection to persons and property	20,668,231	<b>22,183,425</b>	20,458,630
Transportation services	32,611,337	<b>27,237,604</b>	29,732,603
Environmental services	25,108,021	<b>27,269,353</b>	21,569,805
Health services	7,404,029	<b>7,384,534</b>	7,138,974
Social services	32,897,517	<b>35,035,481</b>	33,125,346
Housing services	8,760,842	<b>7,678,301</b>	7,776,425
Recreational and cultural services	11,085,330	<b>10,296,176</b>	9,821,756
Planning and development	2,995,152	<b>2,397,202</b>	2,546,920
	157,371,127	<b>157,636,242</b>	147,731,851
<b>Net expenditures</b>	<b>(4,534,237)</b>	<b>(2,975,599)</b>	<b>(2,956,342)</b>
<b>Financing</b>			
New general tax rated debt	4,347,146	<b>64,200</b>	9,215,626
New water and sewer debt	5,328,435	-	-
General tax rated debt repaid	(2,611,219)	<b>(2,577,399)</b>	
Water and sewer debt repaid	(2,573,109)	<b>(2,183,802)</b>	
Kawartha Lakes Haliburton housing debt repaid	(639,355)	<b>(652,646)</b>	
Other debt repaid	(494,920)	<b>(560,144)</b>	
Employee future benefits	-	<b>893,920</b>	507,564
Accrued interest on debt	-	<b>(9,634)</b>	(36,745)
Landfill closure and post-closure accrual	-	<b>47,505</b>	(30,450)
Increase (decrease) in amounts to be recovered from future revenues	3,356,978	<b>(4,978,000)</b>	9,655,995
Increase (decrease) in inventory and prepaids	-	<b>(121,540)</b>	209,442
<b>Change in fund balances</b>	<b>(1,177,259)</b>	<b>(8,075,139)</b>	6,909,095

# City of Kawartha Lakes

## Consolidated statement of changes in financial position year ended December 31, 2008

	2008	2007
	\$	\$
<b>Operating</b>		
Cash flows from operating activities		
Net expenditures	<b>(2,975,599)</b>	(2,956,342)
Uses:		
Increase in taxes receivable	<b>(1,268,884)</b>	(784,528)
Increase in accounts receivable	<b>(1,724,502)</b>	-
Increase in other current assets	<b>(11,548)</b>	(1,442)
Decrease in accounts payable and accrued liabilities	<b>(1,070,129)</b>	-
Decrease in other liabilities	-	(176,896)
	<b>(4,075,063)</b>	(962,866)
Sources:		
Decrease in accounts receivable	-	1,942,127
Increase in accounts payable and accrued liabilities	-	2,419,733
Increase in other liabilities	<b>902,390</b>	-
Increase in deferred revenue	<b>11,336,132</b>	5,636,346
	<b>12,238,522</b>	9,998,206
Net increase in cash from operations	<b>5,187,860</b>	6,078,998
<b>Investing</b>		
Decrease in long-term investments	<b>35,988</b>	(104,460)
Decrease in debt held internally	<b>15,996</b>	55,416
	<b>51,984</b>	(49,044)
<b>Financing</b>		
Municipal debt issued (Note 10)	<b>64,200</b>	9,215,626
General tax rated debt repaid	<b>(2,577,399)</b>	(1,764,142)
Water and sewer debt repaid	<b>(2,183,802)</b>	(1,686,146)
Kawartha Lakes Haliburton housing debt repaid	<b>(652,646)</b>	(612,421)
Other debt repaid	<b>(560,144)</b>	(522,321)
Decrease in accrued interest	<b>(9,634)</b>	(36,745)
Increase in employee future benefits liability	<b>893,920</b>	507,564
Increase (decrease) in Landfill closure and post closure accrual	<b>47,505</b>	(30,450)
	<b>(4,978,000)</b>	5,070,965
Net change in cash position	<b>261,844</b>	11,100,919
Cash and cash equivalents, beginning of year	<b>70,705,054</b>	59,604,135
<b>Cash and cash equivalents, end of year</b>	<b>70,966,898</b>	70,705,054

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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, 2008

### 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:

	<b>2008</b>	<b>2007</b>
	\$	\$
Requisitions of School Boards		
English public	<b>23,282,213</b>	23,099,612
French public	<b>33,677</b>	33,309
English separate	<b>2,761,376</b>	2,784,175
French separate	<b>53,189</b>	55,206
	<b>26,130,455</b>	25,972,302

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 3. Restricted assets

	2008	2007
	\$	\$
Cash (Note 4)	3,217,337	4,852,826
Short-term investments	31,207,656	33,034,645
Interest receivable (Note 5)	128,117	303,862
Due from own municipality	7,354,400	91,692
Municipal debt held by own reserve funds (Note 10)	4,850	10,850
	<b>41,912,360</b>	<b>38,293,875</b>
Consists of:		
Obligatory funds in deferred revenue (Note7)	40,889,091	36,812,871
Reserve funds (Schedule 3)	1,023,269	1,481,004
	<b>41,912,360</b>	<b>38,293,875</b>

### 4. Cash and cash equivalents

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

	2008	2007
	\$	\$
Unrestricted		
Cash	29,183,500	17,506,020
Short-term investments		
- Government investment certificates	7,358,405	15,311,563
Restricted		
Cash	3,217,337	4,852,826
Short-term investments		
- T-bills	23,655,356	23,625,092
- marketable securities	7,552,300	9,409,553
	<b>70,966,898</b>	<b>70,705,054</b>

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 1.25% to 5.375% (2007 - 2.4% to 5.5%). The costs listed are approximate fair values.

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 5. Accounts receivable

	2008	2007
	\$	\$
Unrestricted		
Canada	775,523	889,785
Ontario	4,078,721	4,186,139
Other municipalities and school board	2,812,457	779,505
Water and sewer charges		
Billed	1,679,883	1,647,559
Unbilled	1,331,228	1,592,886
Other user charges and recoveries	4,173,103	3,638,917
Allowance for doubtful accounts	(606,057)	(390,180)
	<b>14,244,858</b>	<b>12,344,611</b>
Restricted - accrued interest (Note 3)	128,117	303,862
	<b>14,372,975</b>	<b>12,648,473</b>

### 6. Long-term receivables

	2008	2007
	\$	\$
Local improvements receivable - 8% and 15% interest, repayable \$15,675 blended payments of principal and interest annually, due 2009 to 2015	21,699	32,726
Due from developers and others for servicing - will be enforceable by future land development agreements	432,807	432,548
Parking agreements - 0%, repayable 2008 and 2009	-	6,000
Drainage Loans - 4.3% interest, repayable \$1,767 and \$625 blended payments of principal and interest annually, due 2014	6,915	8,131
Water System loans - 5.5%, repayable \$16,812 and \$5,145 blended payments of principal and interest annually, due 2015 and 2016	107,496	125,500
	<b>568,917</b>	<b>604,905</b>

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 7. Deferred revenue

	2008	2007
	\$	\$
Obligatory reserve funds		
Recreational land (Planning Act)	1,726,620	1,488,311
Development Charges Act	9,029,629	7,862,734
Federal and Provincial Gas Tax Reserves	3,929,636	2,504,641
Parking revenues (Municipal Act)	91,147	280,939
Other	2,421,048	178,640
Reserve funds restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	23,691,011	24,497,606
	<b>40,889,091</b>	<b>36,812,871</b>
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	820,769	850,395
	<b>41,709,860</b>	<b>37,663,266</b>
Other deferred revenue		
Unearned grants	13,738,779	6,430,922
Other unearned revenue	502,045	520,364
	<b>55,950,684</b>	<b>44,614,552</b>

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

					2008	2007
	Parkland levies and development charges	Parking revenues	Gas Tax Reserves and Other	Amounts restricted by amalgamation legislation	Total	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	9,351,045	280,939	2,683,281	25,348,001	37,663,266	35,831,171
Restricted funds received	2,140,848	-	5,302,615	8,651	7,452,114	5,205,161
Hydro sale costs	-	-	-	-	-	(1,465)
Interest earned	342,643	1,624	151,144	607,266	1,102,677	1,323,377
Revenue recognize	(1,078,288)	(191,415)	(1,786,355)	(1,452,139)	(4,508,197)	(4,694,978)
Balance, end of year	<b>10,756,248</b>	<b>91,148</b>	<b>6,350,685</b>	<b>24,511,779</b>	<b>41,709,860</b>	<b>37,663,266</b>

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, 2008

### 8. Employee future benefits payable

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

	2008	2007
	\$	\$
Accrued payroll	1,522,213	1,238,176
Vacation and overtime payable	641,035	549,143
WSIB self-insured claims (Note 13a)	945,169	612,043
Post-employment benefits	2,302,366	2,117,501
<b>Total estimated liability</b>	<b>5,410,783</b>	<b>4,516,863</b>

(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 \$114,945 (2007- \$159,278).

Actuarial valuation for accounting purposes will be performed triennially using the projected benefit method prorated on service. The most recent actuarial valuation was completed as of December 31, 2008. The post-employment benefit liability at December 31 includes the following components:

	2008	2007
	\$	\$
Accrued benefit obligation	2,061,549	2,270,588
Actuarial gain (loss)	240,817	(153,087)
<b>Post-employment liability</b>	<b>2,302,366</b>	<b>2,117,501</b>

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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	7.0%
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:

	2008	2007
	\$	\$
Current service cost	<b>104,185</b>	86,350
Amortization of actuarial losses	<b>57,324</b>	47,750
Interest on post-employment benefit liability	<b>119,419</b>	132,196
<b>Total expense related to post-employment benefits</b>	<b>280,928</b>	266,296

#### (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 2008 was \$2,201,773 (2007 - \$2,227,572) 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	2008	2007
Eldon	40	<b>127,900</b>	131,300
Fenelon	19	<b>94,000</b>	100,880
Laxton/Digby/Longford	18	<b>20,450</b>	22,164
Somerville	32	<b>147,600</b>	149,186
Lindsay-Operations	26	<b>805,150</b>	841,136

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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.

	2008	2007
	\$	\$
Estimated total closure and post-closure costs	20,266,100	20,266,100
Discount rate	5%	5%
Estimated present value of costs at end of year	8,370,472	8,085,187
Less: Portion related to remaining available capacity	(2,679,441)	(2,744,197)
Expenditures paid	(692,637)	(390,101)
Liability for capacity already used	4,998,394	4,950,889
Net expenditure recognized in the year	350,040	359,651

### 10. Municipal debt

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

	2008	2007
	\$	\$
Total debt incurred and outstanding at December 31, 2008 to be financed from		
- General tax rates (see sinking fund below)	21,713,838	24,182,191
- Water and sewer user rates	22,451,391	24,635,193
- Benefiting landowners for local improvements and tile loans	524,103	620,777
- Debt retirement reserve fund (Note 10a)	71,512	470,782
- Housing corporations	14,048,684	14,701,330
	58,809,528	64,610,273
Less sinking funds accumulated to retire \$3,000,000 of debt in 2009	(2,748,718)	(2,566,368)
Less debt retirement recovery to retire a portion of annual debt costs related to 2002 hospital grant	(95,582)	(168,886)
Amount to be recovered from future revenues as at December 31, 2008	55,965,228	61,875,019
Less amount owed to operating fund	(33,803)	(43,799)
Less amount owed to reserve funds	(4,850)	(10,850)
Net municipal debt	55,926,575	61,820,370

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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:

	2009	2010	2011	2012	2013	Thereafter	Total
	\$	\$	\$	\$	\$		\$
Principal							
- municipal	5,621,933	2,704,094	2,829,557	2,689,068	2,156,634	6,308,167	22,309,453
- water and sewer	2,058,859	2,654,690	1,871,486	1,930,271	1,873,739	12,062,346	22,451,391
- housing	675,800	720,578	761,203	804,157	853,341	10,233,605	14,048,684
Sinking Funds	(2,802,748)	(32,830)	(9,810)	1,088	-	-	(2,844,300)
	5,553,844	6,046,532	5,452,436	5,424,584	4,883,714	28,604,118	55,965,228
Interest							
- municipal	1,151,265	712,751	580,028	445,846	329,786	906,465	4,126,141
- water and sewer	905,082	823,214	703,201	623,284	547,347	2,921,650	-
- housing	793,652	755,229	714,603	671,651	626,233	3,497,971	7,059,339
Total	8,403,843	8,337,726	7,450,268	7,165,365	6,387,080	35,930,204	67,150,708

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

	2008			2007
	Municipal	Water and sewer	Housing	Total
	\$	\$	\$	\$
Principal payments	3,137,542	2,183,802	652,647	5,973,991
Interest	1,324,305	1,054,569	785,573	3,164,447
	4,461,847	3,238,371	1,438,220	9,138,438

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 10. Municipal debt (continued)

- (e) Housing debentures totaling \$5,811,673 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 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 2008 in By-Law 2008-03. As at December 31, 2008 there was a balance outstanding of nil (2007 – nil).

### 11. Fund balances

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

	2008	2007
	\$	\$
Operating fund balance to be recovered from		
(for reduction of) taxes	(18,665)	1,095,247
Recovery from water and sewer user rate	(815,800)	-
Housing corporation operating fund balances	416,322	245,041
	<b>(418,143)</b>	<b>1,340,288</b>
Capital fund balance		
Unexpended capital financing for		
- general government	1,560,278	1,200,964
- protection	318,813	1,219,959
- transportation	7,201,840	4,509,811
- environmental	1,764,114	2,118,388
- social services and social housing	1,713,830	1,106,252
- parks, recreation and library	2,242,179	1,767,573
- other	152,417	161,889
Unfinanced capital expenditures		
- environmental to be financed by debt	(15,737,344)	(7,208,362)
- protection to be financed by debt	(751,871)	-
- municipal drains to be financed by landowners	(1,008,592)	(906,271)
- transportation to be financed by general taxation	(668,453)	(1,069,352)
- other to be financed by general taxation	(88,152)	(376,820)
	<b>(3,300,942)</b>	<b>2,524,031</b>

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 12. Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represent the outstanding principal portion of unmaturing 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.

	2008	2007
	\$	\$
Employee future benefits payable (Note 8)	5,410,783	4,516,863
Municipal debt (Note 10)	55,965,228	61,875,019
Accrued interest payable on long-term liabilities	354,478	364,112
Landfill post-closure accrual (Note 9)	4,998,394	4,950,889
	<b>66,728,883</b>	<b>71,706,883</b>

### 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 \$231,251 (2007 - \$304,490). The WSIB has estimated liability for future benefit costs as at December 31, 2008 to be \$945,169 (2007 - \$612,043) and this liability has been included in employee future benefits payable (Note 8). The municipality has \$250,000 set aside in a reserve for WSIB self insurance as at December 31, 2008.

#### (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 in the fiscal period in which 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 2009 is \$4,300,000.

	\$
2009	4,300,000
2010	4,429,000
2011	4,561,870
2012	4,698,726
2013	4,839,688

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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, 2008 the City had awarded contracts in the amount of \$16,273,005 (2007 - \$30,542,095) and has recorded \$10,649,943 of those awarded amounts. Therefore, the remaining contractual commitments of \$5,623,062 will be recorded 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 and use of funds from various discretionary and obligatory reserve funds.

### 14. Budget amounts

The operating budget was approved by Council on April 29, 2008 and the tax rate supported capital budget was approved by Council on April 29, 2008 to establish the tax rates for the year. In addition, the water and sewer operating and capital budgets were approved by Council on June 24, 2008. 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 2008 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

	2008	2007
	\$	\$
Salaries and wages	48,980,424	48,177,214
Materials, supplies and services	24,509,023	24,260,462
Contracted services	25,198,336	19,928,240
Rents and financial	1,462,790	1,070,832
Transfers to other entities	26,439,140	25,064,247
Tile drain loans advanced to landowners	64,200	144,500
Interest on net municipal debt	3,164,447	3,033,142
Capital expenditures	27,881,422	26,469,868
Other (recovery)	(63,540)	(416,654)
	<b>157,636,242</b>	<b>147,731,851</b>

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 16. User charges, licences and fines

	2008	2007
	\$	\$
General government	641,678	696,293
Protection to persons and property user fees	203,829	250,654
Provincial Offences Act (Note 18)	1,624,951	1,619,749
Building department	1,027,594	1,194,088
Roads, transit, parking and airport	816,421	1,391,161
Water and sewer consumption	11,293,980	12,270,223
Waste management	2,137,719	2,415,459
Victoria Manor	3,032,763	2,973,196
Parks and recreation	2,561,759	3,010,110
Housing	2,745,883	2,671,079
Social services	578,055	365,709
Other	790,890	476,355
	<b>27,455,522</b>	<b>29,334,076</b>

### 17. Trust funds

Trust funds administered by the City amounting to \$1,143,844 (2007 - \$1,130,355) 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:

	2008	2007
	\$	\$
Gross revenues	1,624,951	1,633,428
Operating costs	(956,886)	(1,020,274)
Amount transferred to Haliburton County	(109,024)	(120,448)
Net City revenue	<b>559,041</b>	<b>492,706</b>

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, 2008

### 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.

	<b>2008</b>	2007
	\$	\$
Effect on municipal position		
Unrestricted financial assets	<b>3,095,709</b>	2,116,138
Restricted financial assets	<b>698,594</b>	1,123,424
Current liabilities	<b>(1,329,610)</b>	(1,359,109)
Debt and accrued interest on debt	<b>(14,081,707)</b>	(14,738,123)
Municipal position, end of year	<b>(11,617,014)</b>	(12,857,670)
Amounts to be recovered from future revenues	<b>14,081,707</b>	14,738,077
<b>Fund balances, end of year</b>	<b>2,464,693</b>	1,880,407
Effect on operations for the year		
Revenues	<b>3,831,250</b>	4,224,232
Operating expenditures	<b>(1,771,723)</b>	(2,056,693)
Capital expenditures in the normal course of operations	<b>(818,825)</b>	(1,526,317)
Net revenues	<b>1,240,702</b>	641,222
Decrease in amounts to be recovered from future revenues	<b>(656,416)</b>	(613,478)
<b>Net increase in fund balances</b>	<b>584,286</b>	27,744

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 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% "capping" by retaining a portion of the decrease experienced by properties that would have experienced tax decreases. A total of \$170,635 of decreases in Commercial, Industrial and Multi-Residential classes were retained in 2008 to fund the revenue shortfalls caused by capping.

### 21. Tangible capital assets

For fiscal years commencing on or 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. Commencing in 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, 2008 tangible capital expenditures incurred during the year are recorded as capital expenditures in the Consolidated Statement of Financial Activities.

### 22. Segmented information

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

Segmented information has been provided in Schedule 4 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 expenditures 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 expenditures have not been allocated to the other services but rather are shown separately.

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 23. 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 general rate	Residential area rate	Hospital levy	Residential total city rate	Residential education rate	Commercial education rate	Industrial education rate
Lindsay	0.74177	0.41071	0.01205	1.16453	0.26400	1.55807	2.06961
Ops	0.74177	0.29037	0.01205	1.04419	0.26400	1.55807	2.06961
Omeme	0.74177	0.16948	0.01205	0.92330	0.26400	1.55807	2.06961
Bobcaygeon/Verulam	0.74177	0.16915	0.01205	0.92297	0.26400	1.55807	2.06961
Emily	0.74177	0.14870	0.01205	0.90252	0.26400	1.55807	2.06961
Fenelon Falls	0.74177	0.12136	0.01205	0.87518	0.26400	1.55807	2.06961
Sturgeon Point	0.74177	0.12136	0.01205	0.87518	0.26400	1.55807	2.06961
Woodville	0.74177	0.12136	0.01205	0.87518	0.26400	1.55807	2.06961
Bexley	0.74177	0.10453	0.01205	0.85835	0.26400	1.55807	2.06961
Verulam	0.74177	0.10440	0.01205	0.85822	0.26400	1.55807	2.06961
Fenelon	0.74177	0.10357	0.01205	0.85739	0.26400	1.55807	2.06961
Laxton, Digby and Longford	0.74177	0.10344	0.01205	0.85726	0.26400	1.55807	2.06961
Somerville	0.74177	0.10318	0.01205	0.85700	0.26400	1.55807	2.06961
Eldon	0.74177	0.10266	0.01205	0.85648	0.26400	1.55807	2.06961
Mariposa	0.74177	0.10072	0.01205	0.85453	0.26400	1.55807	2.06961
Manvers	0.74177	0.07690	0.01205	0.83072	0.26400	1.55807	2.06961
Carden/Dalton	0.74177	0.06037	0.01205	0.81419	0.26400	1.55807	2.06961

# City of Kawartha Lakes

## Notes to the consolidated financial statements

December 31, 2008

### 23. 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.

Tax class	Ratio to apply to residential rate
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, 2008

		2008	2007
	Budget (unaudited) (Note 14)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Net taxation	73,001,156	<b>73,855,060</b>	71,058,992
User charges, licenses and fines (Note 16)	30,169,405	<b>27,455,522</b>	29,334,076
Grants			
Government of Canada	693,048	<b>691,516</b>	931,186
Province of Ontario	34,217,505	<b>36,623,262</b>	31,626,265
Other Municipalities	3,088,344	<b>2,904,746</b>	2,967,791
Other			
Investment income	1,291,932	<b>1,520,272</b>	1,541,295
Sale of land and capital assets	976,300	<b>510,857</b>	323,492
Penalties and interest on taxes	1,090,000	<b>1,280,913</b>	1,149,673
Restricted amounts earned (Note 7)	40,200	<b>326,772</b>	137,964
Donations and other	404,679	<b>321,367</b>	363,431
	<b>144,972,569</b>	<b>145,490,287</b>	139,434,165
<b>Expenditures</b>			
General government	14,630,168	<b>15,818,655</b>	13,894,837
Protection to persons and property	19,682,027	<b>19,335,758</b>	18,312,309
Transportation services	16,284,173	<b>18,240,513</b>	17,366,936
Environmental services	16,646,854	<b>17,144,066</b>	15,732,874
Health services	7,389,029	<b>7,358,458</b>	7,055,362
Social services	32,366,517	<b>34,594,359</b>	32,580,537
Housing services	6,892,018	<b>6,859,475</b>	6,250,109
Recreation and cultural services	7,992,754	<b>8,144,163</b>	7,813,019
Planning and development	2,955,152	<b>2,195,173</b>	2,111,500
	<b>124,838,692</b>	<b>129,690,620</b>	121,117,483
<b>Net revenues</b>	<b>20,133,877</b>	<b>15,799,667</b>	18,316,682
<b>Financing and transfers</b>			
General tax rated debt repaid	(2,611,219)	<b>(2,577,399)</b>	(1,764,142)
Water and sewer debt repaid	(2,573,109)	<b>(2,183,802)</b>	(1,686,146)
Kawartha Lakes Haliburton housing debt repaid	(639,355)	<b>(652,646)</b>	(612,421)
Other debt repaid	(494,920)	<b>(560,144)</b>	(522,321)
Employee future benefits	-	<b>893,920</b>	507,564
Accrued interest on long term liabilities	-	<b>(9,634)</b>	(36,745)
Landfill closure and post-closure accrual (Note 9)	-	<b>47,505</b>	(30,450)
Reserves and Reserve Funds	(3,415,946)	<b>(2,007,835)</b>	(3,540,430)
Capital Fund	(10,386,523)	<b>(10,386,523)</b>	(10,427,203)
	<b>(20,121,072)</b>	<b>(17,436,558)</b>	(18,112,294)
	12,805	<b>(1,636,891)</b>	204,388
Decrease (increase) in inventory and prepaids	-	<b>(121,540)</b>	209,442
Change in operating fund balance	12,805	<b>(1,758,431)</b>	413,830
Operating fund balance, beginning of year	-	<b>1,340,288</b>	926,458
<b>Operating fund balance, end of year (Note 11)</b>	<b>12,805</b>	<b>(418,143)</b>	1,340,288

# City of Kawartha Lakes

## Consolidated schedule of capital fund operations - Schedule 2 year ended December 31, 2008

	Budget (unaudited) (Note 14)	2008  Actual	2007  Actual
	\$	\$	\$
<b>Revenues</b>			
Grants			
Government of Canada	554,829	<b>53,430</b>	178,858
Province of Ontario	5,444,369	<b>3,994,088</b>	(188,747)
Other Municipalities	43,017	<b>79,539</b>	182,043
Other			
Sale of land and capital assets	-	<b>18,847</b>	3,250
Restricted amounts earned (Note 7)	1,298,814	<b>4,181,425</b>	4,557,014
Donations and other	523,292	<b>786,588</b>	536,809
	<b>7,864,321</b>	<b>9,113,917</b>	5,269,227
<b>Expenditures</b>			
General government	1,210,500	<b>2,335,511</b>	1,666,555
Protection to persons and property	986,204	<b>2,847,667</b>	2,146,321
Transportation services	16,327,164	<b>8,997,091</b>	12,365,667
Environmental services	8,461,167	<b>10,125,287</b>	5,836,931
Health services	15,000	<b>26,076</b>	83,612
Social services	531,000	<b>441,122</b>	544,809
Housing services	1,868,824	<b>818,826</b>	1,526,316
Recreation and cultural services	3,092,576	<b>2,152,013</b>	2,008,737
Planning and development	40,000	<b>137,829</b>	290,920
Tile drains paid to ratepayers	-	<b>64,200</b>	144,500
	<b>32,532,435</b>	<b>27,945,622</b>	26,614,368
Net expenditures	(24,668,114)	<b>(18,831,705)</b>	(21,345,141)
<b>Financing and transfers from other funds</b>			
New debt issued and assumed	9,675,581	<b>64,200</b>	9,215,626
Operating Fund	10,386,523	<b>10,386,523</b>	10,427,203
Reserves and Reserve Funds	4,606,010	<b>2,556,009</b>	5,551,147
	<b>24,668,114</b>	<b>13,006,732</b>	25,193,976
Change in capital fund balance	-	<b>(5,824,973)</b>	3,848,835
Capital fund balance, beginning of year	-	<b>2,524,031</b>	(1,324,804)
<b>Capital fund balance, end of year (Note 11)</b>	-	<b>(3,300,942)</b>	2,524,031

# City of Kawartha Lakes

## Consolidated schedule of reserves and reserve funds - Schedule 3 year ended December 31, 2008

	Budget (unaudited) (Note 14)	2008 Actual	2007 Actual
	\$	\$	\$
<b>Revenues</b>			
Interest		<b>56,439</b>	72,117
Net transfers from (to) other funds			
Operating fund (Page 5)		<b>2,007,835</b>	3,540,430
Capital fund (Page 6)		<b>(2,556,009)</b>	(5,551,147)
	-	<b>(548,174)</b>	(2,010,717)
Change in reserves and reserve funds	-	<b>(491,735)</b>	(1,938,600)
Reserves and reserve funds, beginning of year	-	<b>27,782,998</b>	29,721,598
<b>Reserves and reserve funds, end of year</b>	-	<b>27,291,263</b>	27,782,998
<b>Consists of:</b>			
Reserves set aside at the discretion of Council			
for working funds and rate stabilization		<b>4,037,036</b>	4,167,007
for general contingency		<b>2,353,956</b>	2,647,263
for 2010 election		<b>210,756</b>	113,255
for OPP stabilization		<b>759,458</b>	662,230
for protection capital		<b>218,870</b>	190,888
for transportation capital		<b>2,191,527</b>	1,968,890
for parks and recreation		<b>565,711</b>	680,711
for development services		<b>1,168,365</b>	1,030,530
for water infrastructure and rate stabilization		<b>4,065,874</b>	4,090,874
for social housing		<b>775,891</b>	801,678
for sewer infrastructure and rate stabilization		<b>3,340,602</b>	3,365,602
for social service programs		<b>1,152,873</b>	1,152,873
for other		<b>5,427,075</b>	5,430,193
Total reserves		<b>26,267,994</b>	26,301,994
Reserve funds set aside at the discretion of Council			
for debt retirement		<b>424,917</b>	826,429
for housing corporations		<b>598,352</b>	654,575
Total reserve funds		<b>1,023,269</b>	1,481,004
<b>Total reserves and reserve funds</b>		<b>27,291,263</b>	27,782,998

# City of Kawartha Lakes

Consolidated schedule of segmented disclosure - Schedule 4  
year ended December 31, 2008

2008

	General Government	Protection to persons and property	Transportation services	Environmental services	Health and Social Services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenditure</b>								
Salaries and wages	6,987,374	11,285,624	6,936,438	2,385,914	15,635,525	4,504,437	1,245,112	48,980,424
Capital expenditures	2,335,511	2,847,668	8,997,091	10,125,286	1,286,024	2,152,013	202,029	27,945,622
Debt servicing costs	1,099,323	-	950	1,054,569	972,182	-	37,423	3,164,447
Other expenditures	7,731,958	8,050,133	11,303,125	13,703,584	32,204,585	3,639,726	912,638	77,545,749
	<b>18,154,166</b>	<b>22,183,425</b>	<b>27,237,604</b>	<b>27,269,353</b>	<b>50,098,316</b>	<b>10,296,176</b>	<b>2,397,202</b>	<b>157,636,242</b>
External tax revenues	(56,405,454)	(15,733,468)	(439,006)	(24,063)	(915,572)	(127,360)	(210,137)	(73,855,060)
External non-tax revenues	(12,795,640)	(2,528,125)	(4,854,413)	(15,220,547)	(35,644,472)	(4,447,815)	(806,376)	(76,297,388)
Restricted amounts earned	(1,478,764)	(309,118)	(2,024,302)	(92,544)	(56,833)	(455,255)	(91,381)	(4,508,197)
	<b>(70,679,858)</b>	<b>(18,570,711)</b>	<b>(7,317,721)</b>	<b>(15,337,154)</b>	<b>(36,616,877)</b>	<b>(5,030,430)</b>	<b>(1,107,894)</b>	<b>(154,660,645)</b>
<b>Net (surplus) deficit before transfers</b>	<b>(52,525,692)</b>	<b>3,612,714</b>	<b>19,919,883</b>	<b>11,932,199</b>	<b>13,481,439</b>	<b>5,265,746</b>	<b>1,289,308</b>	<b>2,975,597</b>

# City of Kawartha Lakes

## Consolidated schedule of segmented disclosure - Schedule 4 year ended December 31, 2007

2007

	General Government	Protection to persons and property	Transportation services	Enviromental services	Health and Social Services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenditure</b>								
Salaries and wages	6,831,196	10,959,062	7,264,400	2,419,887	15,041,275	4,330,709	1,330,685	48,177,214
Capital expenditures	1,666,556	2,146,321	12,365,667	5,836,931	2,154,736	2,008,737	435,420	26,614,368
Debt servicing costs	1,055,307	16,878	1,050	882,420	1,057,911	-	36,454	3,050,020
Other expenditures	6,008,333	7,336,369	10,101,486	12,430,567	29,786,823	3,482,310	744,361	69,890,249
	15,561,392	20,458,630	29,732,603	21,569,805	48,040,745	9,821,756	2,546,920	147,731,851
External tax revenues	(56,324,624)	(12,936,522)	(539,903)	(62,774)	(848,852)	(145,520)	(200,797)	(71,058,992)
External non-tax revenues	(10,681,002)	(2,446,035)	(1,780,305)	(14,856,657)	(33,128,622)	(4,861,759)	(1,267,159)	(69,021,539)
Restricted amounts earned	(1,115,955)	(62,641)	(2,355,015)	(604,709)	(51,635)	(474,193)	(30,830)	(4,694,978)
	(68,121,581)	(15,445,198)	(4,675,223)	(15,524,140)	(34,029,109)	(5,481,472)	(1,498,786)	(144,775,509)
<b>Net (surplus) deficit before transfers</b>	(52,560,189)	5,013,432	25,057,380	6,045,665	14,011,636	4,340,284	1,048,134	2,956,342

Financial statements of

**City of Kawartha Lakes**  
**Trust funds**

December 31, 2008

## 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, 2008 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, 2008 and the results of the operations and of cash flows of the trust funds for the year then in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
March 27, 2009

# City of Kawartha Lakes

## Trust funds

Statement of financial activities  
year ended December 31, 2008

	2008								2007	
	Home renewal program	Ontario 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>58,584</b>	<b>481,324</b>	<b>115,004</b>	<b>228,742</b>	<b>47,887</b>	<b>13,600</b>	<b>177,377</b>	<b>7,837</b>	<b>1,130,355</b>	1,175,178
Revenues										
Interest earned	2,525	18,043	5,481	8,225	2,745	1,343	11,456	1,038	50,856	46,512
Plot sales	-	35,198	-	-	-	-	-	-	35,198	16,042
Donations and other	-	-	375	-	-	-	-	-	375	12
Manor residents	-	-	-	-	87,071	-	-	-	87,071	99,125
	<b>2,525</b>	<b>53,241</b>	<b>5,856</b>	<b>8,225</b>	<b>89,816</b>	<b>1,343</b>	<b>11,456</b>	<b>1,038</b>	<b>173,500</b>	161,691
Expenditures										
Capital	-	-	-	-	-	2,186	30,329	-	32,515	31,537
Repayment to province	1,470	-	-	-	-	-	-	-	1,470	4,456
Manor residents	-	-	-	-	90,852	-	-	-	90,852	139,184
Disaster relief	-	-	8,956	-	-	-	-	-	8,956	7,039
Contributed to minor hockey	-	-	-	3,883	-	-	-	-	3,883	3,763
Contributed to figure skating	-	-	-	3,883	-	-	-	-	3,883	3,763
Paid to general operations	-	17,720	-	-	-	-	-	-	17,720	16,772
Other expenses	-	-	-	-	-	-	-	732	732	-
	<b>1,470</b>	<b>17,720</b>	<b>8,956</b>	<b>7,766</b>	<b>90,852</b>	<b>2,186</b>	<b>30,329</b>	<b>732</b>	<b>160,011</b>	206,514
<b>Balance, end of year</b>	<b>59,639</b>	<b>516,845</b>	<b>111,904</b>	<b>229,201</b>	<b>46,851</b>	<b>12,757</b>	<b>158,504</b>	<b>8,143</b>	<b>1,143,844</b>	1,130,355

# City of Kawartha Lakes

## Trust funds

Statement of financial position  
as at December 31, 2008

	2008								2007	
	Home renewal program	Ontario 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>										
Cash	-	75,840	2,700	3,371	57,786	2,253	17,880	2,347	162,177	126,542
Investments	38,296	430,065	114,352	227,210		26,834	229,160	5,708	1,071,625	1,062,033
Accrued interest	559	5,362	1,568	6,385	92	396	3,373	88	17,823	17,782
Loans receivable	20,065	-	-	-	-	-	-	-	20,065	21,613
Due from City of Kawartha Lakes	2,382	5,578	(6,716)	(7,765)	(11,027)	(16,726)	(91,909)	-	(126,183)	7,402
	<b>61,302</b>	<b>516,845</b>	<b>111,904</b>	<b>229,201</b>	<b>46,851</b>	<b>12,757</b>	<b>158,504</b>	<b>8,143</b>	<b>1,145,507</b>	<b>1,235,372</b>
<b>Liabilities and fund balance</b>										
Accounts payable	1,663	-	-	-	-	-	-	-	1,663	105,017
Fund balances										
capital	59,639	516,845	111,904	229,201	46,851	12,757	158,504	8,143	1,143,844	1,130,355
	<b>61,302</b>	<b>516,845</b>	<b>111,904</b>	<b>229,201</b>	<b>46,851</b>	<b>12,757</b>	<b>158,504</b>	<b>8,143</b>	<b>1,145,507</b>	<b>1,235,372</b>

# City of Kawartha Lakes

## Trust funds

### Notes to the financial statements

December 31, 2008

#### 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, 2008 comprise repayable loans of \$20,065 (2007 - \$21,613). 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, 2008

**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, 2008

# City of Kawartha Lakes

## Public Library Board

Schedule of operating fund operations  
year ended December 31, 2008

		2008	2007
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Contribution from municipal tax revenues	1,359,625	<b>1,359,625</b>	1,310,896
Grants - Province of Ontario	178,733	<b>178,733</b>	178,733
Grants - Federal Government			-
User fees	23,165	<b>18,549</b>	26,060
Fines and penalties	17,920	<b>18,341</b>	22,519
Donations	1,000	<b>371</b>	6,726
	<b>1,580,443</b>	<b>1,575,619</b>	1,544,934
<b>Expenditures</b>			
Administration and board			
Software	7,400	<b>7,594</b>	7,363
Salaries and benefits	303,849	<b>283,599</b>	297,690
Office and general	89,525	<b>77,748</b>	80,961
Equipment maintenance and rental	6,500	<b>6,443</b>	7,527
Utilities and maintenance	4,000	<b>6,346</b>	7,500
Training and development	6,000	<b>7,272</b>	3,675
Vehicle and travel	12,000	<b>8,922</b>	8,024
Advertising and promotion	7,000	<b>5,251</b>	7,232
Capital expenses under \$10,000	21,000	<b>22,299</b>	-
Books, periodicals purchases and processing	222,000	<b>219,708</b>	183,479
Library branches			
Wages and benefits	629,503	<b>629,491</b>	606,645
Building maintenance and utilities	159,941	<b>157,436</b>	147,925
Office and general	14,175	<b>9,868</b>	10,727
Telephone	27,550	<b>27,581</b>	26,909
	<b>1,510,443</b>	<b>1,469,558</b>	1,395,657
Net revenues	70,000	<b>106,061</b>	149,277
Transfers			
Capital fund	(70,000)	<b>(70,000)</b>	(123,018)
Transfer from Reserves	-	<b>67,311</b>	-
Change in operating fund balance	-	<b>36,061</b>	26,259
Operating fund balance, beginning of year	-	<b>74,370</b>	48,111
<b>Operating fund balance, end of year</b>	-	<b>110,431</b>	74,370

# City of Kawartha Lakes

## Public Library Board

Schedule of capital fund operations  
year ended December 31, 2008

		2008	2007
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Grants - Province of Ontario	-	<b>42,061</b>	46,139
Restricted funds earned	-	<b>501</b>	86,539
	-	<b>42,562</b>	132,678
<b>Expenditures</b>			
Equipment and furniture	35,000	<b>33,289</b>	46,788
Computer and information systems	-	<b>6,902</b>	16,617
Building renovations	35,000	<b>43,002</b>	124,386
	70,000	<b>83,193</b>	187,791
Net expenditures	(70,000)	<b>(40,631)</b>	(55,113)
<b>Transfers from (to) other funds</b>			
Operating fund	70,000	<b>70,000</b>	123,018
Reserves and reserve funds		<b>(5,469)</b>	(15,261)
	70,000	<b>64,531</b>	107,757
Change in capital fund balance	-	<b>23,900</b>	52,644
Capital fund balance, beginning of year	-	<b>70,480</b>	17,836
<b>Capital fund balance, end of year</b>	-	<b>94,380</b>	70,480