

# **The Corporation of the City of Kawartha Lakes**

## **Amended Agenda**

### **Special Council Meeting**

**CC2019-16**

**Tuesday, June 11, 2019**

**Open Session Commencing at 9:00 a.m.**

**Council Chambers**

**City Hall**

**26 Francis Street, Lindsay, Ontario K9V 5R8**

#### **Members:**

**Mayor Andy Letham**

**Deputy Mayor Doug Elmslie**

**Councillor Ron Ashmore**

**Councillor Pat Dunn**

**Councillor Patrick O'Reilly**

**Councillor Tracy Richardson**

**Councillor Kathleen Seymour-Fagan**

**Councillor Andrew Veale**

**Councillor Emmett Yeo**

Accessible formats and communication supports are available upon request.

1.	Call to Order	
2.	Adoption of Agenda	
3.	Disclosure of Pecuniary Interest	
4.	Deputations	
5.	Correspondence	
5.1	CC2019-16.5.1	6 - 6
	<b>Request for Noise By-law Exemption</b>	
	Brenda Dainard, Ride for Sight and Fighting Blindness Canada	
	<b>That</b> the correspondence from Brenda Dainard, Ride for Sight and Fighting Blindness Canada, regarding a <b>Request for Noise By-law Exemption</b> , be received; and	
	<b>That</b> the exemption from the City's Noise By-law 2005-025, as amended, for the Ride for Sight Event being held at the Fenelon Falls Fairgrounds be approved for the following dates and times:	
	From 12:00 p.m. on Friday, June 14, 2019 to 12:30 a.m. on Saturday, June 15, 2019	
	From 12:00 p.m. on Saturday, June 15, 2019 to 12:30 a.m. on Sunday, June 16, 2019.	
6.	<b><i>Financial Overview</i></b>	
6.1	CC2019-16.6.1	7 - 22
	<b>Financial Overview Presentation</b>	
	Ron Taylor, Chief Administrative Officer	
	Jennifer Stover, Director of Corporate Services	
	<b>That</b> the presentation by Ron Taylor and Jennifer Stover, regarding the <b>Financial Overview</b> , be received.	
7.	<b>2018 Year End Position</b>	
7.1	CC2019-16.7.1	23 - 41
	<b>2018 Year End Position Presentation</b>	
	Carolyn Daynes, Treasurer	

**That** the presentation by Carolyn Daynes, regarding **2018 Year End Position**, be received.

7.2

CORP2019-021

42 - 93

**2018 Year End Position**

Carolyn Daynes, Treasurer

**That** Report CORP2019-021, **2018 Year End Position**, be received; and

**That** the auditor's report be received and the audited financial statements for 2018 be approved as circulated; and

**That** Council authorizes the transfer of the 2018 Surplus of \$2,879,995 to the following reserves

- \$600,000 to the Contingency Reserve for WSIB Rate Stabilization
- \$200,000 to the Lindsay Street Housing Project (953170501)
- \$2,079,995 to the Asset Management Plan Reserve for future capital.

7.3

CC2019-16.7.3

94 - 94

**Memorandum - 2019 Lifecycle Extension Budget**

Andy Letham, Mayor

**That** the Memorandum from Mayor Letham, regarding **2019 Lifecycle Extension Budget**, be received

**That** the Lifecycle Extension Budget for 2019 be increased, to an additional maximum of \$800,000.00, to be funded from the Asset Management Plan Reserve, and to accommodate additional priority roads that need immediate attention; and

**That** Staff report back to council with the list of roads included in the 2019 Lifecycle Extension program after the tender has been awarded.

8.

***Long Term Financial Plan Update***

8.1

CC2019-16.8.1

95 - 122

**Capital Related Outlook for 2019**

**Long Term Financial Plan Update Presentation**

Jennifer Stover, Director of Corporate Services

Adam Found, Manager of Corporate Assets

**That** the presentation by Jennifer Stover and Adam Found, regarding the **Capital Related Outlook for 2019 Long Term Financial Plan Update**, be received; and

**That** the Chief Administrative Officer be authorized to commit up to \$75,000.00 from the Contingency Reserve for initiatives that support the modernization of service delivery or result in reduced costs.

8.2

*CC2019-16.8.2*

123 - 123

**Memorandum - Federal Gas Tax**

Andy Letham, Mayor

**That** the Memorandum from Mayor Letham, regarding **Federal Gas Tax**, be received;

**That** up to \$2,000,000.00 of the additional Federal Gas Tax funds be committed to enhance the Roads Capital Program in 2020; and

**That** staff include up to an additional \$2,000,000.00 of roads projects in the proposed 2020 capital budget to accelerate our roads program for Council consideration.

9.

**Business Arising from Committee of the Whole Meeting of June 4, 2019**

9.1

CW2019-144

**That** the memorandum from Councillor Richardson, dated June 4th, 2019, regarding the conditions and adequacy of **Porter and Lifford Roads**, be received; and

**That** staff report back to Council with recommended improvements to Porter and Lifford Roads before the end of Q3, 2019 to inform future budget deliberations.

9.2

CW2019-145

**That** the memorandum from Councillor Dunn, regarding **St. James Street**, be received;

**That** staff review the condition of St. James Street and report back to Council with recommended improvements before the end of Q3, 2019; and

**That** the engineering of St. James Street be included in the 2020 Budget under the Urban and Rural Reconstruction Program as a Decision Unit.

<b>10.</b>	<b>2020 Budget Process</b>	
<b>10.1</b>	<i>CORP2019-016</i>	<b>124 - 140</b>
	<p><b>2020 Budget Process and Requests</b>  Jennifer Stover, Director of Corporate Services</p> <p><b>That</b> Report CORP2019-016, <b>2020 Budget Process and Requests</b>, be received.</p>	
<b>10.2</b>	<i>CC2019-16.10.2</i>	<b>141 - 141</b>
	<p><b>Memorandum - 2020 Budget Direction</b>  Andy Letham, Mayor</p> <p><b>That</b> the Memorandum from Mayor Letham, regarding <b>2020 Budget Direction</b>, be received;</p> <p><b>That</b> all external City Agencies and Boards, funded in whole or in part by the tax levy, be advised and notified that the City's funding level for 2020 will not exceed the 2019 contribution level; and</p> <p><b>That</b> staff be directed to bring forward 2 proposed budgets for 2020.</p> <ol style="list-style-type: none"> <li>1. As per the long term financial plan approved by council.</li> <li>2. 0% tax support operating budget increase over 2019 from each department.</li> </ol>	
<b>11.</b>	<b>Closed Session</b>	
<b>12.</b>	<b>Matters from Closed Session</b>	
<b>13.</b>	<b>Confirming By-Law</b>	
<b>13.1</b>	<i>CC2019-16.11.1</i>	<b>142 - 142</b>
	<p><b>A By-law to Confirm the Proceedings of a Special Meeting of Council, Tuesday, June 11, 2019</b></p>	
<b>14.</b>	<b>Adjournment</b>	



# Motorcyclists Fighting Blindness

**Always in support of  
Fighting Blindness Canada**



**FIGHTING  
BLINDNESS  
CANADA**

May 28, 2019

Mayor Andy Latham & Members of Council  
City of Kawartha Lakes  
26 Francis St, 1<sup>st</sup> Floor  
Lindsay, ON K9V 5R8

Dear Mayor Latham & Members of Council,

**Ref: Request for an Exemption to the Noise By-law for the Ride for Sight June 14<sup>th</sup> & 15<sup>th</sup> 2019**

On Friday June 14<sup>th</sup> to Sunday June 16<sup>th</sup> 2019 the Ride for Sight will return to Fenelon Falls Fairgrounds. You may be aware that Ride for Sight is celebrating it's 41st year of fundraising for vision research. What you may not know is that it is also a little bit of motorcycling history being made each year; as Ride for Sight is the only Motorcyclists driven fundraising initiative that has had this kind of longevity. But most importantly we raise money for Vision Research and the celebration at Fenelon Falls will be responsible for at least ½ of the donation dollars brought in to the 5 Celebrations across Canada this year.

We expect 350 Riders & Friends to join us at the Fairgrounds, bringing with them \$150,000 in donations for Fighting Blindness Canada (a name change for the Foundation this year).

As with the previous events at Fenelon Falls Fairgrounds, our Riders and Volunteers will begin arriving on Friday afternoon at 1:00pm and most will either camp onsite or stay at local hotels for the duration of the weekend. The participants are asked to leave the Fairgrounds by 10:00am on Sunday morning.

On the afternoons and evenings of June 14<sup>th</sup> and 15<sup>th</sup> we would like a noise by-law exemption as we intend to host live bands at the Fairgrounds on the outdoor stage. The performances will be scheduled to end before 12:30am each night.

Thank you for your consideration,  
and best regards,

Brenda Dainard  
Ride for Sight &  
Fighting Blindness Canada  
1-800-461-3331 Ext. 224  
c. 613-213-4860

# Financial Overview

Special Council Meeting  
June 11, 2019

# Financial Position

- 2016 the City undertook a Core Service Review
- 49 of the City's 200+ services were reviewed
- Savings of \$8 Million were achieved
- By the end of 2019, 170 staff will be trained in the Lean Six Sigma methodology

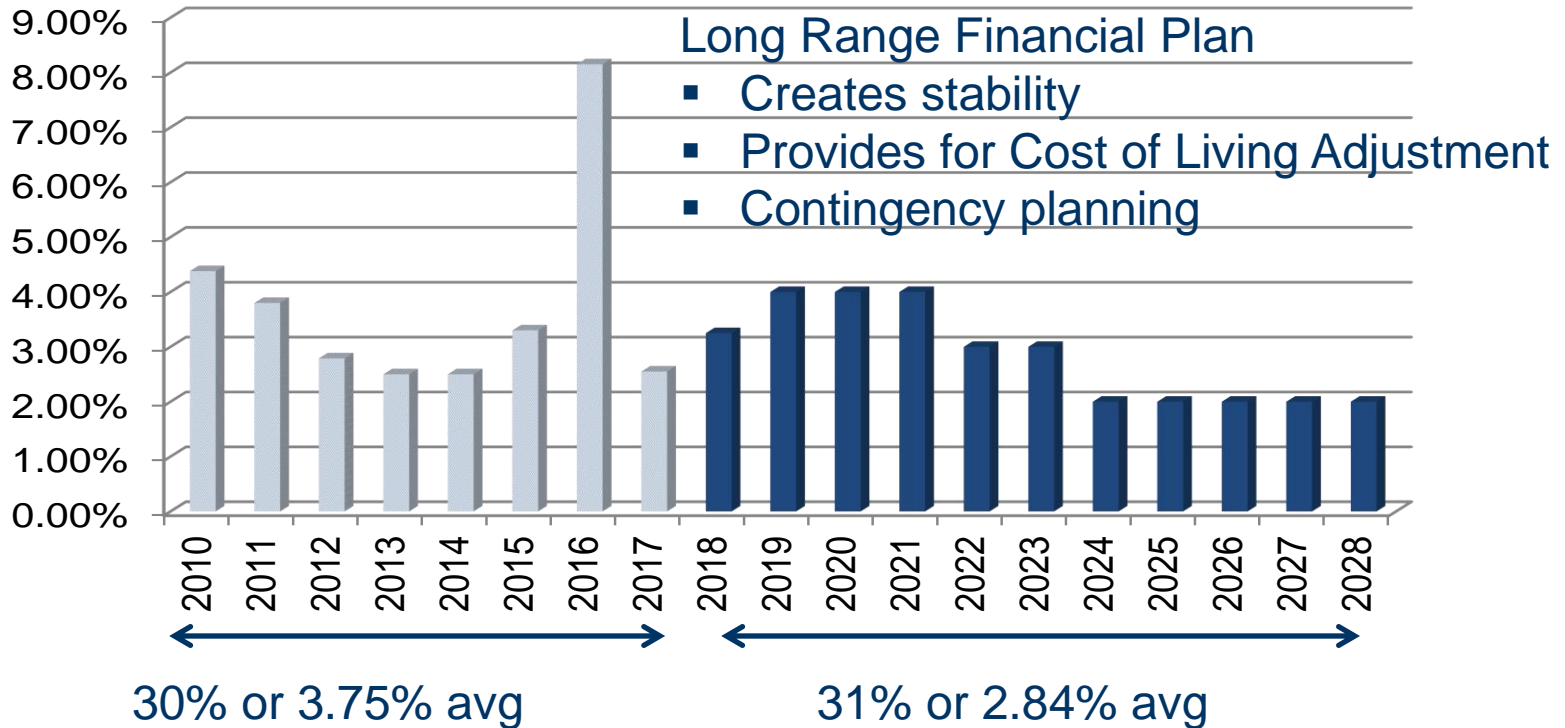


# Financial Position

- In 2017 the City adopted the 10-Year Financial Plan
- Framework for sustainable tax levy increases while building reserves and maintaining capital infrastructure
- Enables longer term decision making

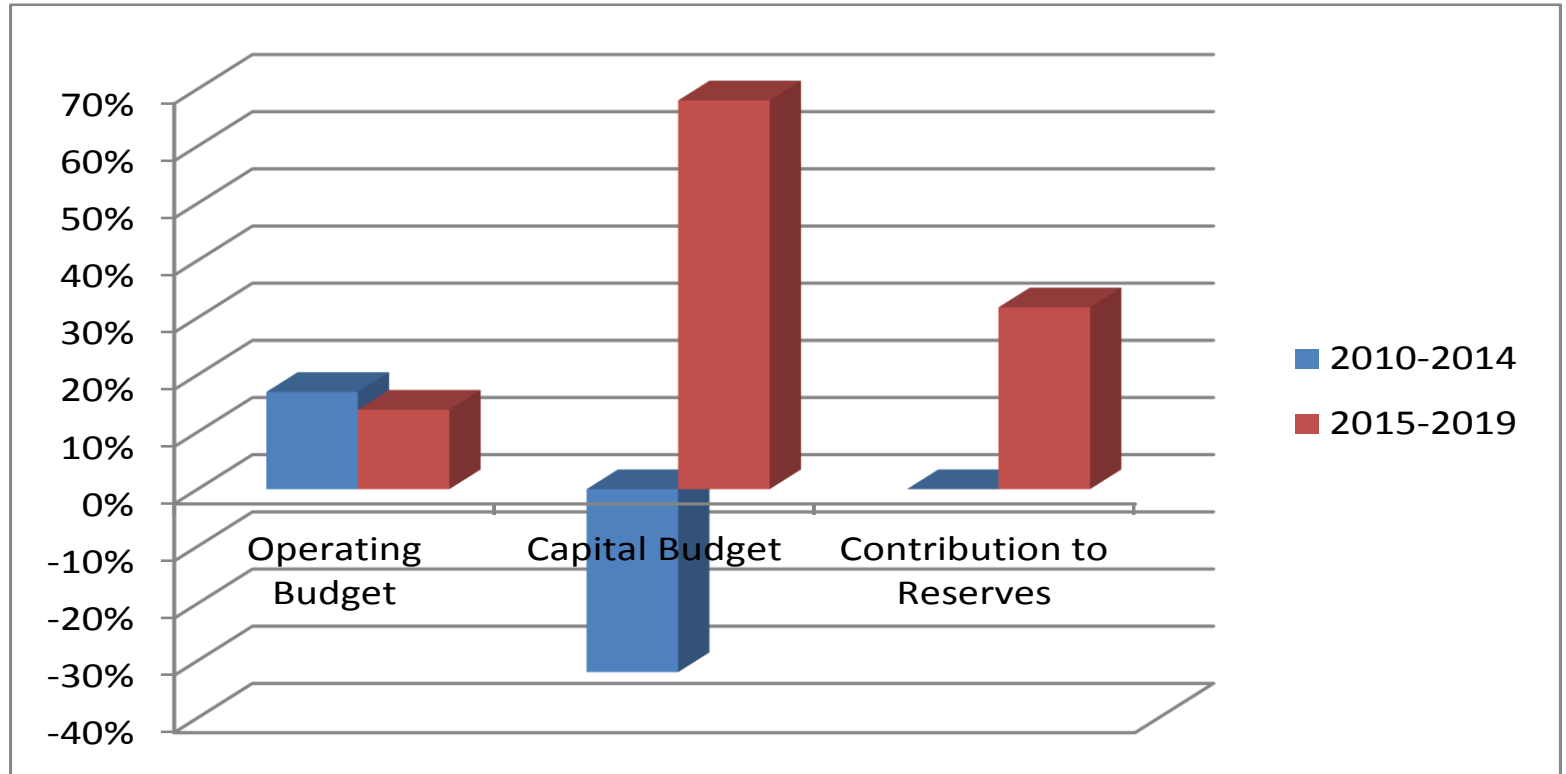
# Financial Position

## Tax Levy Increases



# Financial Position

## Investment Focus



# Local Landscape

Unknowns that will impact 2020 and future budgets:

- 7 Collective Agreements expired/expiring
- Impact of increasing weather related events
- Waste contract renewal

# Local Landscape

Unknowns that will impact 2020 and future budgets:

- Water/wastewater contract expiring
- Recycling now a cost rather than a revenue
- Increasing fuel prices

# Provincial Landscape

## Ontario Municipal Partnership Fund (OMPF)

- The City received \$7.4 million in 2019
- Equivalent to ~ 7% tax levy increase
- Reduction in funding expected for 2020
- New funding levels are unknown

# Provincial Landscape

## Paramedic Services

- Province currently funds 50% of budgeted expenditures
- Province will be holding Paramedic funding to 2018 levels
- 2020 anticipated impact ~ \$400,000 shortfall

# Provincial Landscape

## Child Care

- 2020 Funding Reduction:
  - Operations –Reduction in base funding by \$256,000
  - Administration threshold from 10% to 5% and cost shared 50/50
  - Expansion from 100% to 80%
- 2020 anticipated impact ~ \$850,000 shortfall shared by the City and County of Haliburton



# Provincial Landscape

## Long Term Care

- Province has historically funded ~\$150,000 in Structural Compliance Funding to support capital initiatives
- Funding eliminated effective August 2019

# Provincial Landscape

## Ontario Works

- Changes to administration allocations and performance targets
- 2020 anticipated impact ~ \$340,000 shortfall shared by the City and County of Haliburton

# Provincial Landscape

## Library Services

- Reduced support for interlibrary loans
- 2020 anticipated impact ~ \$10,000 shortfall

# Provincial Landscape

## Health Unit

- Province current funds 75%
- Funding is decreasing to 70% in 2020
- 2020 anticipated impact ~ \$310,000 shortfall

# Provincial Landscape

## Total Impact of Reduced Provincial Funding

	Estimated Budget Impact
OMPF	TBD
Paramedic Services	\$400,000
Child Care Services	\$850,000
Long Term Care	\$150,000
Ontario Works	\$340,000
Library Services	\$10,000
Health Unit Services	<u>\$310,000</u>
<b>Minimum Budget Impact</b>	<b>\$2,060,000</b>
<b>Minimum Equivalent Tax Levy</b>	<b>1.9%</b>

# Summary

- The Core Service Review and Long Range Financial Plan position the City to better manage the unknowns however, Council will need to spend strategically until some of the uncertainties become known

# City of Kawartha Lakes

## 2018 Audited Financial Statements

June 11, 2019



# Agenda

- Results of the Audit
- Review of Financial Statements
  - Overall Surplus
  - High Level Variance
  - Financial Indicator Review
  - Balance Sheet Items
  - Note Disclosure



# Results of the Audit

- Audit Report date June 11, 2019
- Overall Annual Surplus is \$5,289,471, prior to reserve transfers
- Reserve Transfers done prior to finalization of statements:

Area Rate	\$ 836,026
Water and Sewer	<u>\$1,272,064</u>
	<u>\$2,108,090</u>

# 2018 Overall Surplus

	2018 (SURPLUS)/DEFICIT	2017 (SURPLUS)/DEFICIT
General Tax Rate	\$(2,879,995)	\$ 439,129
Area Tax Rate	247,729	77,131
Water and Sewer	-	-
KLH HC	(549,115)	(427,360)
<b>Overall Operating Surplus</b>	<b>\$ (3,181,381)</b>	<b>\$ 88,900</b>

# 2018 General Tax Rate Surplus

Overall Surplus of \$2,879,995

Reasons:

- 1) Employee Benefits
- 2) Winter Control
- 3) Revenue Over budget
- 4) Basic Income Pilot

# 2018 Area Rate Surplus

	2018 (SURPLUS)/DEFICIT	2017 (SURPLUS)/DEFICIT
Transit	\$ 26,615	\$ 54,282
Fire Area A	(138,791)	(166,639)
Fire Area C	181,602	(94,217)
Lindsay Parks	39,513	22,849
OPP	(121,124)	(291,872)
Kaw Lakes Police	(288,675)	(82,413)
Streetlight	(287,436)	(242,986)
<b>Area Rate (Surplus) Deficit</b>	<b>\$ (588,297)</b>	<b>\$ 340,905</b>

# 2018 Area Rate Surplus

- Total Surplus of \$588,297
- All Surplus Areas were transferred to Rate Stabilization Reserves
- Transit, Fire Area C and Lindsay Parks deficit was raised in 2019 through an overall increase in area rate tax levy of \$247,730

# Financial Indicator Review

- Annual Financial Indicator Review
  - Total Taxes Receivables as a % of Total Taxes Levied
  - Total Reserves as a % of Operating Expenses
  - Total Cash as a % of Current Liabilities
  - Debt to Reserve Ratio
  - Debt Servicing Cost

# Taxes Receivable as % of Taxes Levied

2018 Taxes Outstanding - \$4,893,273

2018 Taxes Levied - \$134,212,092

**RATIO – LOW RISK -<10%**

2018-3.64%

2017-3.54%

Average for Single Tier – 6.4%

# Reserves as % of Operating Expenses

2018 Reserves- \$41,167,355

2018 Operating Expenses - \$209,054,619

**Ratio** – Moderate Risk – 10-20%

2018-19.69%

2017-23.33 %

Average for Single Tier – 39.6%



# Total Cash as a % of Current Liabilities

2018 Cash- \$9,320,701

2018 Current Liabilities- \$31,313,420

**Ratio – Low Risk - >5%**

2018-29.76%

2017-61.4 %

Average for Single Tier – 178.1%

# Debt To Reserve Ratio

2018 General Reserve-\$32,410,182

2018 General Levy Debt- \$45,639,603

## Ratio

2018 -.71 to 1

2017-1.1 to 1

Average for Single Tier – 1.4 to 1

# Debt Servicing Cost

2018 Total Debt Payments-\$14,517,243

2018 Total Revenue- \$233,432,279

## Ratio

2018- 6.21%

2017- 6.10%

Average for Single Tier – 4.7%

# Balance Sheet Items

- North West Trunk Receivable-\$18.6 Million
- Long Term Debt – Note 7 – Page 14
- Development Charge Reserve – Note 4-  
Page 10
- Accumulated Surplus – Note 8 – Page 16

# Long Term Debt

Description	2018	2017
General Tax Rate Debt	\$ 21,003,361	\$ 20,875,379
Water and Sewer User Debt	45,063,894	41,651,236
DC Debit Debt	9,119,646	9,626,293
North West Trunk Debt	11,337,385	12,004,485
Housing Debt	8,296,185	6,962,138
Municipal Drainage	192,282	239,963
10 Year Plan Debt	21,876,330	24,095,576
<b><i>Total Debt</i></b>	<b>\$ 116,889,083</b>	<b>\$ 115,455,070</b>

# Debt Analysis

- Annual Repayment Limit
- Debt Servicing Costs as a % of Total Operating Revenue

# Annual Repayment Limit

## ➤ Annual Repayment Limit (ARL)

Relates to Principle and Interest Payments

Repayment Limit - \$37.3 Million

Total P and I – 2018- \$14.5 Million

ARL Left - \$22.8 Million

Equates to room of \$175-\$240 Million Debt

# Deferred Revenue –DC Reserve

- 2018 DC Reserve finished in a Debit balance of \$2,421,713
- Predicting that 2019 DC Reserve will be in an approximately \$10 Million Deficit
- History of DC revenue not keeping pace with growth projects
- Working with Engineering Staff to better forecast revenues and expenditures



# ACCUMULATED SURPLUS

Description	2018	2017
Operating Fund Surplus	\$ 3,181,380	\$ (88,899)
Capital Fund Surplus	226,883	644,860
Employee Future Benefits	(31,467,294)	(23,387,836)
Post Closure Landfill Costs	(10,127,570)	(10,074,352)
Accrued Interest on LTD	(367,199)	(369,282)
Long Term Debt (LTD)	(105,551,697)	(103,450,585)
Reserves	41,167,355	46,970,075
Tangible Capital Assets	509,648,303	473,835,530
<b>ACCUMULATED SURPLUS</b>	<b>\$ 406,710,161</b>	<b>\$ 384,079,511</b>

# **The Corporation of the City of Kawartha Lakes**

## **Council Report**

**Report Number CORP2019-021**

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**Date:** June 11, 2019  
**Time:** 9:00 AM  
**Place:** Council Chambers

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**Ward Community Identifier: All**

**Title:** 2018 Year End Position

**Author and Title:** Carolyn Daynes, Treasurer

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### **Recommendation(s):**

**That** Report CORP2019-021, 2018 Year End Position, be received; and

**That** the auditor's report be received and the audited financial statements for 2018 be approved as circulated; and

**That** Council authorizes the transfer of the 2018 Surplus of \$2,879,995 to the following reserves

- \$600,000 to the Contingency Reserve for WSIB Rate Stabilization
- \$200,000 to the Lindsay Street Housing Project (953170501)
- \$2,079,995 to the Asset Management Plan Reserve for future capital.

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## Background:

This report provides Council with an update on the 2018 financial position. The audited financial statements are included in this report as Attachment A. The 2018 year end and the final (Surplus) Deficit position is as follows:

	<b>(Surplus) Deficit</b>	<b>Transfer to Reserve</b>	<b>(Surplus) Deficit</b>
General Rated Tax Surplus	\$(2,879,995)	\$ -	\$(2,879,995)
Area Rated Tax (Surplus)Deficit	(588,297)	836,026	247,729
Water and Sewer (Surplus)	(1,272,064)	1,272,064	-
KLHHC (Surplus)	(549,115)		(549,115)
<b>Overall (Surplus)Deficit</b>	<b>\$(5,289,471)</b>	<b>\$ 2,108,090</b>	<b>\$(3,181,381)</b>

The City, prior to reserve transfers, has a 2018 surplus of \$5,289,471. This is a result of increased revenue in various areas of the City and reduced expenditures. This is compared to a deficit in the 2017 year of approximately \$450,000. The surplus, in the case of Area rates and Water and Sewer, is dealt with prior to year end. Council has resolved that surpluses in these areas will be transferred to the Rate Stabilization reserve in the case of Area Rate and Infrastructure Reserves in the case of Water and Sewer.

## Rationale:

### General Rated Tax Deficit:

The net surplus of \$2,879,995 was attributable to the following factors:

<b>Description</b>	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>(Surplus) Deficit Variance</b>
WSIB Premiums	\$ 950,000	\$ 535,968	\$ (414,032)
Winter Control	\$ 7,884,435	\$ 8,357,317	\$ 472,882
Landfill Revenue	\$ (3,894,692)	\$ (4,331,274)	\$ (436,582)
Greenshield Benefits	\$ -	\$ (638,117)	\$ (638,117)
Supplementals	\$ (600,000)	\$ (1,034,056)	\$ (434,056)
Basic Income Pilot	\$ -	\$ (401,977)	\$ (401,977)
Roads Projects	\$ 2,262,000	\$ 1,667,250	\$ (594,750)
Investment income	\$ (1,287,009)	\$ (1,489,900)	\$ (202,891)
Miscellaneous Items	\$ -	\$ (230,472)	\$ (230,472)
<b>TOTAL SURPLUS</b>			<b>\$ (2,879,995)</b>

### **Worker's Compensation (WSIB) Claims**

Council was made aware of the increased costs in the WSIB claim area throughout 2017 and 2018. The budget for 2018 was set at \$950,000 due to the claim experience in 2017 which exceeded \$1,000,000. The 2018 actual experience was only \$535,968 due to the fact that there were lower claims in this year. However this is not expected to be repeated in 2019 due to the inclusion of more presumptive legislation that has been added throughout 2017 and 2018. The 2019 budget has been set at \$950,000 and has been trending to at least match this budget amount up to the end of May 2019. This uncertainty is one of the reasons Staff is recommending the transfer of \$600,000 of the 2018 surplus to the Contingency Reserve to stabilize the WSIB uncertainty in future budget years.

### **Winter Control**

The winter control budget has historically been too low and in 2018 Staff increased the budget to \$7,884,435 compared to a 2017 budget of \$6,685,505. The actual experience for 2018 resulted in a total expenditure of \$8,357,318 compared to a 2017 expenditure of \$7,814,383. This increase in budget still resulted in an overage of \$472,882 for the 2018 year which was much less than the overage in 2017. Staff anticipates that winter control will continue to be a budget pressure in 2019 and have increased the budget to \$8,639,221. Up until the end of May 2019 the total expenditures in this area are trending to exceed this budget. The winter control 2019 actual will depend on the winter activity in the latter half of 2019.

### **Landfill Revenue**

Tipping fee revenue has exceeded budget and in particular in the Fenelon (\$82,000 over budget) and Lindsay landfill (\$137,000 over budget). In addition the Blue Box grant received was approximately \$107,000 more than budgeted. This program has been overhauled resulting in a larger grant to the City of Kawartha Lakes. Finally both Scrap Metal Sales and Tire Recycling revenue generated income that was approximately \$50,000 over the 2018 budgeted amount.

### **Greenshield Benefits**

The overall Greenshield benefits are reconciled to the City's actual experience and has resulted in a refund of approximately \$638,000. This has been adjusted to the various departments in the City.

### **Supplementary Taxes**

This is always a hard revenue line to predict and it fluctuates from year to year depending on the assessment appeals as well as new housing and commercial development. In 2018 the total Supplementary taxes were \$1,034,055 compared to an annual budget of \$600,000. This compares to an actual in 2017 of \$605,288.

### **Basic Income Pilot**

The Basic Income Pilot affected total expenses in the Ontario Works area as well as rent supplement expenses in the Housing division. Those programs that are income based experienced a decrease in expenses due to the increased income of the participants.

### **Road Projects**

Various roads projects were reduced or not started due to the hot, dry summer and the early winter. There was less grass cutting and weed spraying. The ditching projects were not completed due to an early winter. Several sweeping contracts were not initiated as a decision was made to use the City equipment rather than contracting out.

### **Investment Income**

Investment income was higher than budget due to the increased interest rate that the City was able to realize due to investment in a high interest saving account with the Municipal Finance Officer's Association's ONE fund. This saving account was open to municipalities even if other aspects of the ONE fund were not accessed, such as bond and stock trading.

### **Area Rated Surplus:**

The area rated surplus of \$588,297 can be broken down further but it is worth noting that Staff have already dealt with the majority of the 2018 Surplus positions by transferring these amounts to the Area Rate Stabilization Reserves during the year. In 2006 Council approved this treatment through the following resolution:

#### ***CR2016-164***

***On a go forward basis, Council support transferring surplus from area-rated services into an area-rated service rate stabilization/contingency reserve to be used to offset any future deficits and/or for other purposes specific to that future services area.***

The area rate overall (surplus) deficits and reserve treatment are as follows:

<b>Area Rate</b>	<b>Initial (Surplus)Deficit</b>	<b>To/(From) Reserve</b>	<b>Remaining (Surplus)Deficit</b>
Fire Area A	\$(138,791)	\$138,791	\$ -
Fire Area C	181,602		<b>181,602</b>
Lindsay Parks	39,513	-	<b>39,513</b>
OPP Area	(121,124)	121,124	-
Kawartha Lakes Police Area	(288,675)	288,675	-
Street-lighting Area	(287,436)	287,436	-
Transit Area	26,615	-	<b>26,615</b>
<b>TOTAL (SURPLUS) DEFICIT</b>	<b>(588,297)</b>	<b>\$836,026</b>	<b>\$247,729</b>

There are no reserves left in the Transit, Lindsay Parks or Fire Area C to draw down this deficit. The deficit in transit is due to lower than budgeted revenue, especially in the cash fares area. The Token sales for adults and seniors were over budget but the cash fares were under budget by approximately \$30,000. In regards to Lindsay Parks area revenues remained strong throughout the 2018 year and there were increased expenses in the fleet area that led to the approximate \$40,000 deficit. Overall the Fire Area C had an increased call volume that resulted in increased volunteer firefighter time as well as fleet fuel, material and repair.

#### **Water and Sewer Surplus:**

The Water and Sewer area had a surplus of \$1,272,064. This surplus, as per Council resolution, goes to the Water and Sewer Infrastructure Reserves to support the capital program in future years.

#### **Kawartha Lakes Haliburton Housing (KLHHC) Surplus:**

Any surplus in KLHHC will be transferred to the Operating Surplus reserve in that Corporation and will be handled through motions of their Board of Directors. The surplus has arisen due to lower than expected utility costs and increased rental revenue due to the Basic Income Pilot increase renter's income.

#### **Balance Sheet Accounts**

##### **Cash and Investments**

Cash has decreased and investments have decreased as well. There were a few large capital projects, namely the new Housing building that required

significant cash flow. Finance staff have moved around a portion of the City's investments into the higher interest savings account with the ONE Fund, as mentioned above to maximize the interest earned in the Corporation.

### **Taxes Receivable**

The balance in tax receivable stayed at a stable level of \$4.9 million as compared to a 2017 level of \$4.7 Million. This is down from the 2016 level of over \$6 Million and is a very low level of taxes owing compared to the total taxes billed at the City of over \$135 Million.

### **Accounts Receivable**

Accounts receivable has increased primarily by the various Housing grants for the new Housing building capital project. There are approximately \$3.6 Million in grants owing upon completion of the housing project. In addition there is the aggregate resource amount owing for 2018 which is at a higher amount than previous years due to the increase in rates for aggregate. In 2019, the receivable is \$1 Million whereas in 2017 the receivable was only \$490,000. The rest was normal increases for grants and receivables outstanding at year end.

### **North West Trunk (NWT) Receivable from Landowners**

Included in the Accounts receivable balance is approximately \$18,588,800 in amounts owing from landowners after the construction of the NWT. Council has passed resolutions that imposed a capital charge on these landowners and also built into the resolution that their amount was not due until time of "development permission". "Development Permission" is defined in the Capital Charge By-Law as "the permit or approval which is the earlier of the permit allowing connection of the Benefitting Owner's land to the Northwest Sanitary Sewer Works, the issuance of a Building Permit, or approval to create a residential lot pursuant to Sections 50, 51 or 52 of the Planning Act." In simple terms this means that the charge will primarily be paid at time of execution of a subdivision or site plan agreement. In addition to the portion of costs incurred to build the NWT Sewer infrastructure, for the landowner, Finance Staff are adding debenture interest costs and Cost of Living (COLA) increases to the receivable each year.

The external auditor has expressed concern that there have been no collections in 2017 or 2018 from any landowner currently owing money on the NWT Receivable. In 2016 the landowners, who started their development, paid approximately \$212,200 on this receivable. In 2017 there were no landowner payments. There is the potential for landowners to start their development in 2019 but nothing is committed at this point; however there is approval activity on various lots in Lindsay.

Council is aware that each of the properties that have not paid their capital charge, currently have a lien imposed on their property so that they can't subdivide or develop the property without paying the NWT capital charge, at the current value (including debenture interest and COLA). It is also important to note that the majority of the lots and development are contained within the three large parcels of land bounded by Colborne, Highway 35, Thunder Bridge and Angeline Streets. Once these three parcels of land start developing, the majority of the NWT capital charges will be collected. Staff will update Council on this receivable each year to ensure that Council members are aware of the balances.

Please note that the note above has been duplicated from the 2017 note, with only the balance and dates changed, as nothing significant has changed in this area over the 2018 year.

### **Long Term Debt**

#### **Note 7 – page 14 of the Financial Statements**

In Note 7 the level of Debt has increased from \$115 Million in 2017 to \$117 Million in 2018. The General tax levy debt has increased slightly indicating a larger debenture issuance than debt repayment. The Water and Wastewater debt has increased as older projects were finally completed and were financed by debentures. Overall the City Debt is within the prescribed City debt limits and the annual repayment limit prescribed by the Ministry.

### **Deferred Revenue**

Deferred Revenue has decreased by approximately \$3.2 Million. This is primarily in the Development Charge Reserve area as can be seen in Note 4 on page 10. Staff have advised Council on the actual DC revenue earned and the fact that it does not match the DC study estimated revenue. In 2017 the DC revenue earned was \$3,674,105 and in 2018 the DC revenue earned was \$4,862,067 which indicates a modest growth. The DC reserve is currently in a Debit position, which means that we have taken more out of it for capital and operating expenditures than we have collected in revenue. Staff are estimating that the City will have to go out for debenture towards the end of 2019 to offset a debit balance of approximately \$10,000,000. Finance staff are working with Engineering staff to forecast revenues and expenditures to understand future debenture requirements. A detailed listing of Deferred Revenue reserves is included in Attachment C of this report.

### **Reserves and Reserve Funds**

#### **Note 8 – page 16 of the Financial Statements**

Reserves and reserve funds have decreased from \$47 Million in 2017 to \$41 Million in 2018. This is primarily due to the use of a portion of the \$25 Million



debenture that was raised in 2017 for the 2018 capital program. A list of reserves at December 31<sup>st</sup>, 2018 is included in Attachment B.

### **Staff Recommendation for Surplus:**

Staff are recommending that the 2018 General Rated Surplus of \$2,879,995 be dispersed as follows:

Contingency Reserve – WSIB	\$ 600,000
Housing Project	200,000
Asset Management Plan Reserve	<u>2,079,995</u>
	<u>\$ 2,879,995</u>

The reasoning behind each transfer is described below.

### **Contingency Reserve - WSIB:**

The amount of presumptive legislation that is being added each year for the WSIB liability gives Staff cause for concern as to the level of WSIB payments that will be incurred in future years. Major claims are expected that could be retroactive to the year of occurrence as new legislation comes into play. The budget for WSIB claims in 2019 has stayed the same as 2018 however if a reserve is established that can be used in years where expenditures sky rocket then we can better smooth out the WSIB effect on the bottom line of the corporation. The under expenditure for 2018 was approximately \$600,000 and that is what is being recommended to be transferred to the Contingency Reserve to be committed to WSIB rate stabilization.

### **Housing Project:**

In 2016 the Housing Project on Lindsay Street was started. PUR2016-045 which was a Feasibility Study/Design for Affordable Housing and City Office Space was presented to Council with a request for funding of \$100,000 from the Property Development Reserve which was transferred in 2016 to the Capital Project. However included in that report was the operating funding of \$200,000 from the Building and Property Division Budget that was never transferred to the Capital Project. It is recommended that this \$200,000 be taken from the 2018 surplus and transferred to the Housing Project on Lindsay Street (Project # 953170501) in order to balance out their original budget allocation.

### **Asset Management Plan Reserve:**

By the end of 2019 the Asset Management Plan Reserve will have a balance of \$1,183,865 which is lower than predicted by the Long Term Financial Plan. This is the reserve that holds the money from the \$25 Million debenture. At the time

of the adoption of the Long Term Financial Plan in 2016 the balance in this reserve was predicted to be \$10.4 million at the end of 2019. Therefore Staff are recommending that the remainder of the surplus, or \$2,079,995, be transferred to the Asset Management Plan Reserve for use in future capital budgets.

The Capital reserve, which is used to fund deficits in current capital projects, has an estimated balance of \$1,607,742, which is sufficient for its purpose.

### **Other Alternatives Considered:**

Council could choose to transfer the overall surplus to other reserves however this is not recommended. Finance staff will be bringing out a long term reserve plan in the fall of 2019 and for the short-term the reserve balances are sufficient for the purposes of the 2019 budget, with the exception of the WSIB issue as well as the Asset Management Plan Reserve balance. The need to top up the financing for the Lindsay Street Housing project is only to bring the project up to the correct financing level. There are no other alternatives to consider.

### **Financial/Operation Impacts:**

The General Rated surplus of \$2,879,995 will be transferred to the areas mentioned above and will have no effect on the bottom line of the City for 2019. The deficit from the Area Rate Deficits will be financed by 2019 tax levy increases as per Council policy. The surpluses in Water and Wastewater will be transferred to the Sewer and Water Infrastructure Reserves. The KLHHC surplus will be transferred to the KLHHC Operating Reserves as per Council Policy.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

The 2018 Year End Position Report supports the strategic goal of responsible fiscal resource management. This report details the effective use of financial resources by departments working within budget constraints.

### **Consultations:**

Senior Management Team  
Executive Assistants

## **Attachments:**



ATTACHMENT A -  
CKL.pdf

### **Attachment A – 2018 Financial Statements**



ATTACHMENT A1 -  
TRUST.pdf



ATTACHMENT B.pdf

### **Attachment B – 2018 Auditor Communication**

### **Attachment C – 2018 Balance in Deferred Revenue Reserves**



ATTACHMENT C.pdf



ATTACHMENT\_D\_xls  
x.pdf

### **Attachment D – 2018 Balance in Reserves**

**Department Head E-Mail: [jstover@kawarthalakes.ca](mailto:jstover@kawarthalakes.ca)**

**Department Head: Jennifer Stover, Director of Corporate Services**

**Department File: Corporate Services**

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# Consolidated financial statements of City of Kawartha Lakes

December 31, 2018

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Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net debt	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-23
Schedule 1 – Consolidated schedule of segmented disclosure	24-25
Schedule 2 – Consolidated schedule of operations of the Public Library Board	26
Trust Funds	
Independent Auditor's Report	27-28
Statement of financial position	29
Statement of financial activities and fund balances	30
Statement of cash flows	31
Notes to the consolidated financial statements	32-33

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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of the Corporation of the City of Kawartha Lakes (the "City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
June 11, 2019

# City of Kawartha Lakes

## Consolidated statement of financial position

As at December 31, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Cash		9,320,701	17,510,990
Investments	3	63,666,886	68,720,897
Taxes receivable		4,893,273	4,707,683
Accounts receivable		40,307,026	34,913,240
Other current assets		16,768	21,323
		<b>118,204,654</b>	<b>125,874,133</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		26,920,537	28,151,540
Deferred revenue	4	34,694,675	37,992,703
Other liabilities		4,025,684	3,603,686
Accrued interest on long-term liabilities		367,199	369,282
Employee future benefits	5	31,467,294	23,387,836
Landfill closure and post closure accrual	6	10,127,570	10,074,352
Municipal debt	7	116,889,083	115,455,070
		<b>224,492,042</b>	<b>219,034,469</b>
Net debt		<b>(106,287,388)</b>	<b>(93,160,336)</b>
<b>Non-financial assets</b>			
Tangible capital assets	15	509,648,303	473,835,530
Inventory and prepaid expenses		3,349,246	3,404,317
		<b>512,997,549</b>	<b>477,239,847</b>
Contingencies and commitments	9		
<b>Accumulated surplus</b>	8	<b>406,710,161</b>	<b>384,079,511</b>

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

Approved by Council

\_\_\_\_\_, Member

\_\_\_\_\_, Member



**City of Kawartha Lakes**  
**Consolidated statement of operations**  
Year ended December 31, 2018

	Notes	Budget \$	2018 Actual \$	2017 Actual \$
		(Note 10)		
<b>Revenue</b>				
Taxes levied for own purposes		108,102,444	109,083,360	106,613,134
Payments in lieu from other governments		474,725	508,416	487,918
Taxation		108,577,169	109,591,776	107,101,052
User charges, licenses and fines		49,863,497	42,677,109	39,240,543
Grants				
Government of Canada		1,370,257	2,676,499	2,031,747
Province of Ontario		47,220,607	55,417,464	53,922,991
Other municipalities		1,793,889	1,747,010	2,092,319
Other				
Investment income		1,314,009	1,504,939	894,817
Gain on disposal of tangible capital assets		675,000	1,255,347	809,693
Penalties and interest on taxes		1,107,000	1,210,713	1,124,020
Restricted amounts earned	4	9,627,098	15,169,905	12,221,606
Donations and other		762,092	1,342,576	780,823
Contributed tangible capital assets		—	838,941	5,450,877
		222,310,618	233,432,279	225,670,488
<b>Expenses</b>				
General government	11	23,450,177	26,129,721	23,738,437
Protection to persons and property		32,091,199	31,901,727	31,349,459
Transportation services		33,195,839	41,042,414	39,986,245
Environmental services		24,593,851	27,179,064	23,520,443
Health services		12,169,314	13,117,927	12,342,507
Social services		43,846,624	42,121,104	41,975,567
Housing services		11,586,167	10,228,030	10,902,169
Recreational and cultural services		16,698,467	14,943,183	13,831,157
Planning and development		4,360,989	4,138,459	3,688,492
		201,992,627	210,801,629	201,334,476
Annual surplus		20,317,991	22,630,650	24,336,012
Accumulated surplus, beginning of year		384,079,511	384,079,511	359,743,499
<b>Accumulated surplus, end of year</b>		<b>404,397,502</b>	<b>406,710,161</b>	<b>384,079,511</b>

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

# City of Kawartha Lakes

## Consolidated statement of change in net debt

Year ended December 31, 2018

	Budget \$ (Note 10)	2018 Actual \$	2017 Actual \$
<b>Annual surplus</b>	<b>20,317,991</b>	<b>22,630,650</b>	24,336,012
Acquisition of tangible capital assets	<b>(40,353,827)</b>	<b>(61,308,746)</b>	(44,045,791)
Amortization of tangible capital assets	<b>18,773,409</b>	<b>25,224,156</b>	23,795,976
Gain on disposal of tangible capital assets	—	<b>(1,255,347)</b>	(809,693)
Proceeds on disposal of tangible capital assets	—	<b>1,527,164</b>	2,507,280
	<b>(1,262,427)</b>	<b>(13,182,123)</b>	5,783,784
Change in prepaid expenses	—	<b>52,584</b>	1,220,239
Change in inventory	—	<b>2,487</b>	89,221
	<b>(1,262,427)</b>	<b>(13,127,052)</b>	7,093,244
Net debt, beginning of year	<b>(93,160,336)</b>	<b>(93,160,336)</b>	(100,253,580)
<b>Net debt, end of year</b>	<b>(94,422,763)</b>	<b>(106,287,388)</b>	(93,160,336)

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

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**City of Kawartha Lakes**  
**Consolidated statement of cash flows**  
Year ended December 31, 2018

	2018 \$	2017 \$
<b>Operating activities</b>		
Annual surplus	22,630,650	24,336,012
Items not involving cash		
Amortization	25,224,156	23,795,976
Gain on disposal of tangible capital assets	(1,255,347)	(809,693)
Contributed tangible capital assets recorded in revenue	(838,941)	(5,450,877)
Change in non-cash assets and liabilities		
Taxes receivable	(185,590)	1,392,455
Accounts receivable	(5,393,786)	(4,867,564)
Other current assets	4,555	3,458
Accounts payable and accrued liabilities	(1,231,003)	3,374,099
Deferred revenue	(3,298,028)	(2,213,282)
Other liabilities	421,998	(1,184,657)
Accrued interest on long-term liabilities	(2,083)	4,040
Employee future benefits	8,079,458	5,985,080
Landfill closure and post closure accrual	53,218	(3,072,710)
Inventory and prepaid expenses	55,071	1,309,460
	<b>44,264,328</b>	<b>42,601,797</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(60,469,805)	(38,594,914)
Proceeds on disposal of tangible capital assets	1,527,164	2,507,280
	<b>(58,942,641)</b>	<b>(36,087,634)</b>
<b>Investing activity</b>		
Decrease (increase) in investments	5,054,011	(28,330,102)
<b>Financing activities</b>		
Municipal debt issued	12,707,677	25,011,000
Municipal debt repaid	(11,273,664)	(10,535,755)
	<b>1,434,013</b>	<b>14,475,245</b>
Change in cash	<b>(8,190,289)</b>	<b>(7,340,694)</b>
Cash, beginning of year	<b>17,510,990</b>	<b>24,851,684</b>
<b>Cash, end of year</b>	<b>9,320,701</b>	<b>17,510,990</b>

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

## **Nature of business**

The City of Kawartha Lakes (the "City") was created on January 1, 2001 by a Restructuring Order under the Ontario Municipal Act. The City is a combination of the former County of Victoria and all 16 lower-tier municipalities along with their related local boards and police villages previously located within the county's boundaries.

## **1. Summary of significant accounting policies**

The consolidated financial statements of the City are the representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

### *(a) (i) Reporting entity*

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees controlled by the City, including the following:

Public Library Board  
Police Services Board including municipal and OPP services  
Lindsay Downtown Business Improvement Association  
Waterworks and Sewer Systems  
Cemetery Boards  
Parks, Recreation and Heritage Boards and Committees  
Community Centres  
Kawartha Lakes Haliburton Housing Corporation (Note 14)

All material inter-entity transactions and balances are eliminated on consolidation.

### *(ii) Accounting for school board transactions*

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

### *(iii) Trust funds*

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

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

Revenues and expenses are reported on the accrual basis of accounting with the exception of Provincial Offences Act fine revenues which are accounted for on a cash basis. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

### *Investments*

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

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

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

#### *Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets excluding land are amortized on a straight line basis over their estimated useful lives as follows:

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

One half of the amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### *Contribution of tangible capital assets*

Tangible capital assets received as contributions are recorded at their fair value as the date of receipt and also are recorded as revenue.

#### *Interest capitalization*

The City's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

#### *Intangible assets*

Intangible assets are not recognized as assets in the consolidated financial statements.

### *(ii) Deferred revenue*

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

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

### *(iii) Employee future benefits*

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of all employees covered.

### *(iv) Government transfers*

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

### *(v) Liability for Contaminated Sites*

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the City's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the consolidated financial statements. As at December 31, 2018 there is \$nil liability recorded in the consolidated financial statements (\$nil in 2017). The City will continue to review for potential contaminated sites on an annual basis.

### *(vi) Use of estimates*

The preparation of the periodic financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to taxes receivable, accounts receivable, accrued liabilities, employee future benefits, landfill closure and post-closure accrual, contaminated sites, and tangible capital assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

## 2. Taxation raised on behalf of others

Further to Note 1(a)(ii), requisitions were made by the School Boards requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	<b>2018</b>	2017
	\$	\$
Requisitions of School Boards		
English public	<b>23,374,925</b>	23,243,811
French public	<b>53,729</b>	50,836
English separate	<b>2,260,612</b>	2,251,856
French separate	<b>41,561</b>	39,358
	<b>25,730,827</b>	25,585,861

## 3. Investments

Investments are marketable securities which are comprised of corporate and government debt securities and investment certificates from chartered banks with effective interest rates from 1.15% to 6.00% (1.15% to 6.25% in 2017). The costs presented approximate fair value.

## 4. Deferred revenue

	<b>2018</b>	2017
	\$	\$
Obligatory reserve funds		
Recreational land (Planning Act)	<b>558,340</b>	340,870
Development Charges Act	<b>(2,421,713)</b>	451,539
Federal and Provincial Gas Tax Reserves	<b>2,278,727</b>	3,896,191
Other	<b>2,023,906</b>	2,087,746
Reserve funds restricted for specified purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	<b>22,773,593</b>	22,894,866
	<b>25,212,853</b>	29,671,212
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	<b>8,447</b>	8,353
	<b>25,221,300</b>	29,679,565
Other deferred revenue		
Unearned grants	<b>3,109,714</b>	956,240
Other unearned revenue	<b>6,363,661</b>	7,356,898
	<b>34,694,675</b>	37,992,703

#### 4. Deferred revenue (continued)

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

	<b>Parkland levies and development charges</b>	<b>Gas tax reserves and other</b>	<b>Amounts restricted by amalgamation legislation</b>	<b>2018 Total</b>	<b>2017 Total</b>
	\$	\$	\$	\$	\$
Balance, beginning of year	792,410	5,983,936	22,903,219	29,679,565	32,292,565
Restricted funds received	5,209,464	5,267,662	304,842	10,781,968	9,511,880
Interest earned	(103,022)	32,584	110	(70,328)	96,726
Revenue recognized	(7,762,225)	(6,981,549)	(426,131)	(15,169,905)	(12,221,606)
Balance, end of year	(1,863,373)	4,302,633	22,782,040	25,221,300	29,679,565

The City of Kawartha Lakes Act, 2001 required proceeds of sale of the six former municipal hydro systems to be set aside and used only for the benefit of residents in geographic areas served by each of the hydro systems. The net proceeds are included in restricted deferred revenue and will only be recognized as revenue in the consolidated statement of operations when qualifying expenses are incurred.

#### 5. Employee future benefits

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

	<b>2018</b>	<b>2017</b>
	\$	\$
Accrued payroll	2,957,328	2,226,533
Vacation and overtime payable	1,044,682	983,709
WSIB self-insured claims (Note 9)	21,253,784	14,878,994
Post-employment benefits	6,211,500	5,298,600
Employee future benefits payable	31,467,294	23,387,836

##### *Vacation pay and overtime liability*

The City budgets for payrolls and vacation and overtime banks based on timing of payment. The above liabilities for payrolls, vacation and overtime represent amounts earned by employees but not paid prior to year-end. The accrued balances will require funding in future periods, and are segregated in the accumulated surplus balance as disclosed in Note 8.



## 5. Employee future benefits (continued)

### *Post-employment benefit liability*

The City sponsors a defined benefit plan for post employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 64 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$207,628 (\$259,996 in 2017).

An actuarial valuation for accounting purposes is performed triennially using the projected benefit method prorated on service. The most recent actuarial valuation was completed as of December 31, 2017, with an extrapolation to December 31, 2018. The post-employment benefit liability at December 31 includes the following components:

	<b>2018</b>	2017
	\$	\$
Accrued benefit obligation	<b>7,346,700</b>	6,727,900
Actuarial loss	<b>(1,135,200)</b>	(1,429,300)
Post-employment benefits liability	<b>6,211,500</b>	5,298,600

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate		2.5%
Discount rate	<ul style="list-style-type: none"> <li>beginning of year</li> <li>end of year</li> </ul>	3.20% 3.20%
Medical cost increases	<ul style="list-style-type: none"> <li>first year</li> <li>second year</li> <li>decreasing over 10 years to</li> </ul>	6.80% 6.66% 4.00% plus CPI (assumed to be 2.5%)
Expected annual rate of dental cost increase		4.00% plus CPI (assumed to be 2.5%)

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

	<b>2018</b>	2017
	\$	\$
Current service cost	<b>413,400</b>	405,200
Amortization of actuarial gains	<b>294,100</b>	509,600
Interest on post-employment benefit liability	<b>228,100</b>	205,000
Total expense related to post-employment benefits	<b>935,600</b>	1,119,800

## 5. Employee future benefits (continued)

### *Pension agreement*

The City makes contributions to the Ontario Municipal Employees' Retirement Fund 'OMERS', which is a multi-employer plan, on behalf of 660 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the City contributed to OMERS for 2018 was \$4,852,186 (\$4,643,068 in 2017) for current service which is included as an expense in the consolidated statement of operations.

## 6. Landfill closure and post-closure liability

The City is required to account for the solid waste landfill closure and post-closure liabilities as the landfill sites are used. The City currently has 13 closed sites and 5 active solid waste sites. Details of the active sites are as follows:

	Estimated years to closure	Remaining capacity tonnes 2018
Eldon	40	71,996
Fenelon	8	60,204
Laxton/Digby/Longford	4	7,472
Somerville	18	117,564
Lindsay-Operations	18	593,305

Engineering consultants were engaged to prepare estimates of closure and post closure costs as at December 31, 2017, with an extrapolation prepared to December 31, 2018. 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.

	2018 \$	2017 \$
Estimated total closure and post-closure costs	43,601,327	43,862,140
Discount rate	3.20%	3.20%
Estimated present value of costs at end of year	14,932,835	14,730,616
Less		
Portion related to remaining available capacity	(4,805,265)	(4,656,264)
Expenses paid	—	—
Liability for capacity already used	10,127,570	10,074,352
Net expenses recognized in the year	53,218	(3,072,710)

## 7. Municipal debt

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

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Total debt incurred and outstanding at December 31, 2018 to be financed from		
General tax rates	<b>45,639,603</b>	45,474,955
Water and sewer	<b>54,183,540</b>	51,277,529
Northwest Trunk Developer Debt	<b>11,337,385</b>	12,004,485
Benefiting landowners for local improvements and tile loans	<b>192,282</b>	239,963
Kawartha Lakes Haliburton Housing	<b>5,536,273</b>	6,458,138
Net municipal debt	<b>116,889,083</b>	115,455,070

- (a) The municipal debt issued in the City's name and the names of amalgamated former municipalities have been approved by the Ontario Municipal Board or by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Housing.
- (b) The City entered into an agreement with Infrastructure Ontario to debenture funds to offset future developer contributions for the Northwest Trunk capital project in the amount of \$14,139,897 plus \$4,540,300 in interest for a twenty year period. These funds are to be recovered as they are received for development.

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## 7. Municipal debt (continued)

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

	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	Thereafter \$	Total \$
Principal							
Municipal	6,099,899	5,852,408	5,503,207	5,374,662	5,004,457	17,804,970	45,639,603
Water and sewer	4,111,633	3,927,835	3,958,440	4,044,091	3,758,013	34,383,528	54,183,540
Northwest Trunk Developer Debt	667,100	667,100	667,100	667,100	667,100	8,001,885	11,337,385
Tile Drain	27,414	29,059	26,577	28,171	24,929	56,132	192,282
Kawartha Lakes Haliburton Housing	942,179	951,022	925,963	846,060	701,451	1,169,598	5,536,273
	11,848,225	11,427,424	11,081,287	10,960,084	10,155,950	61,416,113	116,889,083
Interest							
Municipal	1,234,790	1,056,386	904,439	762,527	617,654	1,756,605	6,332,401
Water and sewer	1,962,297	1,811,409	1,652,455	1,494,322	1,341,155	6,738,504	15,000,142
Northwest Trunk Developer Debt	348,227	319,488	309,900	285,801	265,013	1,799,780	3,328,209
Tile Drain	11,512	9,867	8,124	6,529	4,869	8,475	49,376
Kawartha Lakes Haliburton Housing	278,149	233,779	187,844	153,654	108,535	180,898	1,142,859
	15,683,200	14,858,353	14,144,049	13,662,917	12,493,176	71,900,375	142,742,070

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

	2018					
	Municipal	Water and sewer	Tile drain	Kawartha Lakes Haliburton Housing	Northwest Trunk Developer Debt	Total
	\$	\$	\$	\$	\$	\$
Principal	5,870,532	3,746,486	67,681	921,865	667,100	11,273,664
Interest	1,239,707	1,848,608	14,712	140,552	365,857	3,609,436
	7,110,239	5,595,094	82,393	1,062,417	1,032,957	14,883,100

- (e) Kawartha Lakes Haliburton Housing debentures in the amount of \$2,442,570 (\$2,845,133 in 2017) are paid for by the Provincial government on behalf of the Housing corporation. The Province recovers this outlay by reducing subsidy payment cash flows.
- (f) The City has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$15 million via an overdraft or demand note. Any balance borrowed will bear interest at prime less .60% per year. Council authorized the temporary borrowing limit for 2018 in By-Law 2018-001. As at December 31, 2018, there was a balance outstanding of \$nil (\$nil in 2017).

## 8. Accumulated surplus

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Operating fund surplus (deficit)	3,181,380	(88,899)
Capital fund deficit - projects to be debentured	(9,545,400)	(6,326,518)
Capital fund deficit - municipal drain project	(585,974)	(530,803)
Capital fund surplus - all other projects	10,358,257	7,502,181
Unfunded employee future benefits	(31,467,294)	(23,387,836)
Post closure landfill costs	(10,127,570)	(10,074,352)
Accrued interest on long term debt	(367,199)	(369,282)
Long term debt	(105,551,697)	(103,450,585)
Reserve and reserve funds	41,167,355	46,970,075
Tangible capital assets	509,648,303	473,835,530
	<b>406,710,161</b>	<b>384,079,511</b>

## 9. Contingencies and commitments

### *Workplace Safety Insurance Board Self Insured – Schedule 2*

Following restructuring, the Workplace Safety Insurance Board ('WSIB') required the City to convert all operations to Schedule 2 to become one self-insured entity.

Outside coverage is in place for certain types of claims to limit any loss to \$250,000. Claims paid out during the year amounted to \$2,695,692 (\$2,061,507 in 2017). The WSIB has estimated liability for future benefit costs as at December 31, 2018 to be \$21,253,784 (\$14,878,994 in 2017) and this liability has been included in employee future benefits payable (Note 5). The City has \$nil set aside in a reserve for WSIB self insurance as at December 31, 2018 (\$525,000 in 2017).

### *Other contingencies*

Various legal actions and claims have been initiated against the City, some of which cannot be quantified. No provision has been made for any uninsured claims. It is management's opinion there will be no material uninsured liability arising from these claims. An expense will be recorded in the fiscal period in which a settlement becomes likely and measurable.

### *Commitment – water and sewer system operating agreements*

The City is committed to an agreement with the Ontario Clean Water Agency ('OCWA') for the operation of twenty Drinking Water Systems and six Wastewater Systems. In addition to the current agreement there is room for inflationary adjustments and other service items that are unusual and outside of the current agreement. The agreement with OCWA is for the period of March 1, 2014 to February 28, 2021.

### *Commitment – garbage and recycling collection contract*

On September 26, 2011, the City contracted out garbage and recycling collection services. The contract is for a seven year term with the option for two additional one year renewal terms. The contract requires the City to pay a base fee of \$3,585,963 for 2019 plus an annual fuel surcharge as well as an increase for new homes.

## 9. Contingencies and commitments (continued)

### *Commitments – capital projects*

The City has committed to many capital projects expected to be completed over several years including upgrades to the water and sewer treatment plants and the expansion of the Lindsay/Operations landfill site. As at December 31, 2018, the City had awarded contracts in the amount of \$36,180,020 (\$31,574,644 in 2017) and has recorded \$26,333,961 of those awarded amounts. Therefore, the remaining contractual commitments will be recorded in future years as the projects are completed.

Funding for the completion costs is expected to include the use of capital surplus carried forward, grants, debt proceeds and use of funds from various discretionary and obligatory reserve funds.

### *Commitments – Leases*

Under the terms of various operating leases in existence at December 31, 2018, the City is committed to future minimum annual payments as follows:

	\$
2019	468,958
2020	514,047
2021	429,000
2022	344,831
2023	271,476
Thereafter	519,663
	<u>2,547,975</u>

## 10. Budget amounts

The operating and tax rate supported capital budgets were approved by Council on December 13, 2017 to establish the tax rates for the year. In addition, the water and sewer operating and capital budgets were also approved by Council on October 31, 2017.

The budgets for Kawartha Lakes-Haliburton Housing Corporation were approved by the board individually, and only the net transfers to this entity were approved by Council. These budgets were not prepared on the same basis as these consolidated financial statements, and have been restated to conform to the requirements under PSAB accounting standards.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.

Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.

Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the consolidated statement of change in net debt.

## 11. Expenses by object

	<b>2018</b>	2017
	\$	\$
Salaries and wages	<b>80,888,300</b>	76,372,332
Materials, supplies and services	<b>21,201,012</b>	17,541,137
Contracted services	<b>33,346,528</b>	32,362,417
Rents and financial	<b>4,836,501</b>	5,324,784
Transfers to other entities	<b>41,048,497</b>	41,756,749
Tile drain loans and advanced to landowners	<b>20,000</b>	11,000
Interest on net municipal debt	<b>3,243,579</b>	3,152,923
Amortization expense	<b>25,224,156</b>	23,795,976
Other	<b>993,056</b>	1,017,158
	<b>210,801,629</b>	201,334,476

## 12. Trust funds

Trust funds administered by the City amounting to \$1,261,009 (\$1,253,279 in 2017) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 13. Provincial Offences Act

Under an operating agreement with the Province of Ontario, the City of Kawartha Lakes is responsible for operation of the Provincial Offences Office in Lindsay on behalf of the City and Haliburton County. Net revenues are to be allocated between the City and the County on a per capita basis. Revenues and expenses related to these operations have been reported as follows:

	<b>2018</b>	2017
	\$	\$
Gross revenues	<b>1,926,659</b>	2,131,733
Operating costs	<b>(1,323,093)</b>	(1,371,055)
Amount transferred to Haliburton County	<b>(120,076)</b>	(150,012)
Net City revenue	<b>483,490</b>	610,666

Revenue comprises payments received for certain types of fines and penalties resulting from charges laid in the Lindsay Court area. Since revenue has been recognized on a cash basis, accounts receivable balances for fines levied but not paid are not included as revenue.

#### 14. Supplementary information

##### *Social Housing downloading*

As part of Provincial local services realignment programs, the City assumed control and funding responsibility from the Province for the following housing corporations on January 1, 2001:

- Lindsay Non-Profit Housing Corporation 'LNPHC'
- Kawartha Lakes Haliburton Housing Corporation 'KLHHC'

Under the provisions of transfer orders prepared under authority of the Social Housing Reform Act, the Kawartha Lakes Haliburton Housing Corporation was the recipient on January 1, 2001 of assets, liabilities, rights and obligations previously owned by the Ontario Housing Corporation 'OHC' and located in the City of Kawartha Lakes and County of Haliburton.

On December 15, 2005, KLHHC entered into an amalgamation agreement with Lindsay Non-Profit Housing Corporation 'LNPHC'. Under the terms of the agreement KLHHC and LNPHC amalgamated to form a new corporation (also known as Kawartha Lakes-Haliburton Housing Corporation) which commenced operations on January 1, 2006. KLHHC is exempt from income taxes under the Income Tax Act. The City is the sole shareholder and KLHHC is engaged in the business of providing housing primarily for persons of low or modest income at rentals below the median current rental market in the area of the City and the County of Haliburton.

Effective January 1, 2016 the structure of the KLHHC was revised to combine three different divisions consisting of Local Housing Corporation ("LHC"), Non Profit ("NP") and Affordable Housing Project ("AHP") into one overall division with the base year subsidy established by taking the 2015 subsidy level and then year over year applying budget directions set by the City. The surplus and capital reserves have been merged into one surplus reserve to fund projects with the City.

The net assets now under control of the City were financed by assumption of debt, and the effect of the downloading and consolidation of these two entities in these consolidated financial statements is summarized below.

	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Effect on municipal position		
Unrestricted financial assets	<b>6,043,832</b>	5,578,783
Current liabilities	<b>6,517,225</b>	3,293,445
Debt and accrued interest on debt	<b>(5,547,463)</b>	(6,470,133)
Municipal position, end of year	<b>7,013,594</b>	2,402,095
Amounts to be recovered from future revenues	<b>5,547,463</b>	6,470,133
Fund balances, end of year	<b>12,561,057</b>	8,872,228
Effect on operations for the year		
Revenues	<b>6,003,326</b>	6,145,656
Operating expenditures	<b>(4,004,597)</b>	(3,813,548)
Non-tangible capital asset capital expenses	<b>155,592</b>	410,274
Net revenues	<b>2,154,321</b>	2,742,382
Decrease in amounts to be recovered from future revenues	<b>(922,670)</b>	(990,931)
Net increase in accumulated surplus	<b>1,231,651</b>	1,751,451



## **15. Tangible capital assets**

### *Tangible capital assets recognized at nominal value*

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

### *Works of art and historical treasures*

The City applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the consolidated financial statements. The acquisition or betterment of such assets is recognized in the consolidated financial statements as an operating expense.

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

							2018
	Land and land improvements	Building and building improvements	Vehicles, machinery and equipment	Water and sewer	Road infrastructure	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	34,206,497	142,786,982	79,642,048	222,796,757	366,459,235	53,105,558	898,997,077
Additions	4,088,641	25,013,249	1,810,394	35,304,612	55,636,631	61,308,746	183,162,273
Work in progress completed	(2,261,472)	(18,752,539)	(632,233)	(32,278,386)	(46,878,709)	—	(100,803,339)
Disposals/transfers	(8,094)	(151,744)	(2,254,047)	—	(2,217,156)	(21,050,188)	(25,681,229)
Balance, end of year	36,025,572	148,895,948	78,566,162	225,822,983	373,000,001	93,364,116	955,674,782
Accumulated amortization							
Balance, of year beginning	6,125,765	64,140,025	43,740,870	86,973,945	224,180,941	—	425,161,546
Disposals	—	(140,492)	(2,063,385)	—	(2,155,346)	—	(4,359,223)
Amortization expense	261,990	2,889,787	4,476,997	5,144,541	12,450,841	—	25,224,156
Balance, end of year	6,387,755	66,889,320	46,154,482	92,118,486	234,476,436	—	446,026,479
Net book value, end of year	29,637,817	82,006,628	32,411,680	133,704,497	138,523,565	93,364,116	509,648,303

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

							2017
	Land and land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Water and sewer \$	Road infrastructure \$	Work in progress \$	Total \$
<b>Cost</b>							
Balance, beginning of year	33,505,481	139,861,669	77,940,748	216,303,989	356,899,115	37,411,857	861,922,859
Additions	2,570,007	36,220,689	7,105,878	36,294,275	64,811,048	44,045,791	191,047,688
Work in progress completed	(1,572,172)	(32,985,276)	(3,372,798)	(29,580,506)	(51,139,055)	—	(118,649,807)
Disposals/transfers	(296,819)	(310,100)	(2,031,780)	(221,001)	(4,111,873)	(28,352,090)	(35,323,663)
Balance, end of year	34,206,497	142,786,982	79,642,048	222,796,757	366,459,235	53,105,558	898,997,077
<b>Accumulated amortization</b>							
Balance, of year beginning	6,305,212	61,641,417	40,979,318	82,109,007	215,604,603	—	406,639,557
Disposals	(6,835)	(232,526)	(880,526)	(185,857)	(3,968,242)	—	(5,273,986)
Amortization expense	(172,612)	2,731,134	3,642,078	5,050,795	12,544,581	—	23,795,976
Balance, end of year	6,125,765	64,140,025	43,740,870	86,973,945	224,180,942	—	425,161,547
Net book value, end of year	28,080,732	78,646,957	35,901,178	135,822,812	142,278,293	53,105,558	473,835,530

## **16. Segmented information**

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

Segmented information has been provided in Schedule 1 for the following City Services:

- General Government
- Protection to persons and property
- Transportation Services
- Environmental Services
- Health and Social Services
- Recreation and culture
- Planning and Development

Revenues and expenses directly attributable to each segment are reported by segment. Typically general government expenses are incurred in support of all services. Similarly general government revenues including taxes are used to finance all activities of the City. For purposes of segmented reporting general government revenues and expenses have not been allocated to the other services but rather are shown separately.

## **17. Comparative figures**

Certain prior year figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.

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**City of Kawartha Lakes**
**Schedule 1 – Consolidated schedule of segmented disclosure**

Year ended December 31, 2018

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health and social services \$	Recreation and culture \$	Planning and development \$	Consolidated \$
<b>Expenses</b>								
Salaries and wages	16,661,512	16,455,463	10,519,823	2,921,048	24,471,260	7,033,513	2,825,681	80,888,300
Minor capital	(52,584)	(37,678)	882,996	—	51,418	170,934	—	1,015,086
Interest costs	1,351,765	—	—	1,673,283	203,819	—	14,712	3,243,579
Other expenses	7,797,534	13,740,068	14,980,732	17,256,728	38,737,447	6,619,933	1,298,066	100,430,508
Amortization expense	371,494	1,743,874	14,658,863	5,328,005	2,003,117	1,118,803	—	25,224,156
	<b>26,129,721</b>	<b>31,901,727</b>	<b>41,042,414</b>	<b>27,179,064</b>	<b>65,467,061</b>	<b>14,943,183</b>	<b>4,138,459</b>	<b>210,801,629</b>
External tax revenues	(86,812,538)	(21,050,402)	(1,228,801)	(131,355)	—	(286,287)	(82,393)	(109,591,776)
External non-tax revenues	(20,382,933)	(4,431,300)	(1,280,748)	(24,486,027)	(51,586,530)	(4,181,586)	(1,066,127)	(107,415,251)
Restricted amounts earned	(12,943,903)	(163,623)	(541,598)	(924,556)	(106,167)	(490,058)	—	(15,169,905)
Loss (gain) on disposal of tangible capital assets	252,471	(13,680)	(59,371)	—	(950,052)	—	(484,715)	(1,255,347)
	<b>(119,886,903)</b>	<b>(25,659,005)</b>	<b>(3,110,518)</b>	<b>(25,541,938)</b>	<b>(52,642,749)</b>	<b>(4,957,931)</b>	<b>(1,633,235)</b>	<b>(233,432,279)</b>
<b>Annual (surplus) deficit</b>	<b>(93,757,182)</b>	<b>6,242,722</b>	<b>37,931,896</b>	<b>1,637,126</b>	<b>12,824,312</b>	<b>9,985,252</b>	<b>2,505,224</b>	<b>(22,630,650)</b>

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

**City of Kawartha Lakes**
**Schedule 1 – Consolidated schedule of segmented disclosure (continued)**

Year ended December 31, 2017

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

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

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

Year ended December 31, 2018

	<b>Budget</b>	<b>2018</b>	2017
	<b>\$</b>	<b>Actual</b>	Actual
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Contribution from municipal tax revenues	<b>1,853,131</b>	<b>1,853,131</b>	1,753,390
Grants – Province of Ontario	<b>214,133</b>	<b>214,877</b>	247,958
Grants – Federal	<b>—</b>		1,197
User fees	<b>200</b>	<b>2,495</b>	1,552
Fines and penalties	<b>18,500</b>	<b>20,631</b>	18,322
Transfer from Reserves	<b>63,000</b>	<b>63,000</b>	63,000
Donations and other	<b>21,020</b>	<b>36,405</b>	34,193
	<b>2,169,984</b>	<b>2,190,539</b>	2,119,612
<b>Expenses</b>			
Administration and Board			
Salaries and benefits	<b>501,534</b>	<b>460,575</b>	423,131
Office and general	<b>17,330</b>	<b>36,154</b>	19,898
Equipment maintenance and rental	<b>57,450</b>	<b>42,547</b>	37,384
Training and development	<b>25,100</b>	<b>18,973</b>	22,548
Vehicle and travel	<b>6,700</b>	<b>6,028</b>	4,575
Advertising and promotion	<b>29,300</b>	<b>30,870</b>	5,905
Transfer to reserves	<b>—</b>	<b>190,771</b>	167,118
Books, periodicals purchases and processing	<b>505,300</b>	<b>462,996</b>	487,626
Library branches			
Wages and benefits	<b>904,720</b>	<b>817,828</b>	845,718
Building maintenance and utilities	<b>56,000</b>	<b>75,538</b>	43,503
Equipment maintenance and rental	<b>14,370</b>	<b>3,844</b>	7,381
Office and telephone	<b>52,180</b>	<b>44,415</b>	54,825
	<b>2,169,984</b>	<b>2,190,539</b>	2,119,612
<b>Net revenue</b>	<b>—</b>	<b>—</b>	<b>—</b>

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# Financial statements of City of Kawartha Lakes Trust Funds

December 31, 2018

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For discussion purposes only



Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net debt	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-23
Schedule 1 – Consolidated schedule of segmented disclosure	24-25
Schedule 2 – Consolidated schedule of operations of the Public Library Board	26
Trust Funds	
Independent Auditor's Report	27-28
Statement of financial position	29
Statement of financial activities and fund balances	30
Statement of cash flows	31
Notes to the financial statements	32-33

## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of the trust funds of the Corporation of the City of Kawartha Lakes Trust Funds ("the Trust Funds"), which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

(To be signed Deloitte LLP)

Chartered Professional Accountants  
Licensed Public Accountants  
June 11, 2019

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

	2018								2017
	Ontario Home Renewal Program	Cemetery Perpetual Care Trusts	Disaster Trust Fund	Forbert Estate Bequests	Aged Comfort Trust	Treasurer's Maintenance Trust	Building Donation Fund	Other trusts	Total trusts
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>									
Cash	—	44,297	5,040	26,051	21,590	4,269	—	11,030	112,277
Accounts receivable	—	3,401	—	—	—	—	—	—	3,401
Investments	54,282	706,538	94,660	220,404	—	—	210,735	—	1,286,619
Accrued interest	—	17,650	1,290	3,534	—	—	—	—	22,474
	<b>54,282</b>	<b>771,886</b>	<b>100,990</b>	<b>249,989</b>	<b>21,590</b>	<b>4,269</b>	<b>210,735</b>	<b>11,030</b>	<b>1,424,771</b>
<b>Liabilities and fund balance</b>									
Accounts payable	—	—	—	4,436	—	—	—	—	4,436
Due to the City of Kawartha Lakes	1,144	(3,757)	2,758	16,067	(49)	1,010	142,153	—	159,326
	<b>1,144</b>	<b>(3,757)</b>	<b>2,758</b>	<b>20,503</b>	<b>(49)</b>	<b>1,010</b>	<b>142,153</b>	<b>—</b>	<b>163,762</b>
<b>Fund balances</b>	<b>53,138</b>	<b>775,643</b>	<b>98,232</b>	<b>229,486</b>	<b>21,639</b>	<b>3,259</b>	<b>68,582</b>	<b>11,030</b>	<b>1,261,009</b>
	<b>54,282</b>	<b>771,886</b>	<b>100,990</b>	<b>249,989</b>	<b>21,590</b>	<b>4,269</b>	<b>210,735</b>	<b>11,030</b>	<b>1,424,771</b>

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

**City of Kawartha Lakes Trust Funds**  
**Statement of financial activities and fund balances**  
Year ended December 31, 2018

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

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

**City of Kawartha Lakes Trust Funds**  
**Statement of cash flows**  
Year ended December 31, 2018

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

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

**1. Significant accounting policies**

The financial statements of the trust funds of the City of Kawartha Lakes (the "Trust Funds") are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

*Basis of accounting*

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

*Investments*

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

*Use of estimates*

The preparation of the periodic financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**2. Ontario Home Renewal Program**

- (a) The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.
- (b) Ontario Home Renewal Program loans receivable at December 31, 2018 comprise of repayable loans of nil (nil in 2017). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.
- (c) Ontario Regulation 641 has established procedures for the winding down of the Ontario Home Renewal Program. Under conditions stipulated in the Regulation, all Fund balances were remitted to the Ministry during 1994. The City of Kawartha Lakes will continue to administer the collection of any outstanding loans and resmit the proceeds, net of 5% administration fee.

**3. Due to City of Kawartha Lakes**

The amounts due to the City of Kawartha Lakes are non-interest bearing with no fixed terms of repayment.

**4. Cemetery perpetual care trusts**

Cemetery perpetual care trusts represent a portion of the burial fees and proceeds of sale of cemetery plots of various cemeteries. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries.

**5. Forbert trust**

This trust fund represents a bequest from the Estate of Ross and Helen Forbert. Investment income on the funds is distributed to promote figure skating and minor hockey in the Village of Bobcaygeon. The capital is to remain intact.

DRAFT



May 28, 2019

## **Private and confidential**

The Corporation of the City of Kawartha Lakes  
To the Members of the Executive Committee  
City of Kawartha Lakes  
26 Francis Street  
Lindsay ON K9V 5R8

## **Report on audited annual financial statements**

Dear Executive Committee Members:

We are pleased to submit our report on the status of our audit of the Corporation of the City of Kawartha Lakes ("the City") for the 2018 fiscal year.

1. We completed our audit with the following levels of responsibilities assumed

### **Our responsibilities**

We are responsible for performing an audit of the financial statements of the City for the year ended December 31, 2018 in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

### **Management's responsibilities**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards ("PSAS"), and for such internal control that management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

2. We expect to be in a position to render our audit opinion dated June 4, 2019 on the financial statements of the City following approval of the financial statements by the Executive Committee and the completion of the following outstanding procedures:
  - a. Receipt of signed management representation letter.
  - b. Receipt of legal letters.
  - c. Subsequent events update.
3. Materiality was set at on the basis of total expenses.
4. During the course of our audit, we:
  - a. Assessed the design and implementation of internal controls that we considered relevant to the audit to assist us in determining the risks of material misstatement.
  - b. Tailored our audit approach to specifically address significant audit risks identified, which were: the presumed risk of fraud related to management override of controls and revenue recognition.

- c. Completed the required procedures with respect to understanding the process to identify the risk of fraud in the City and the internal control that management has established to address this risk. This included for example, a discussion with you about your oversight over the processes established to mitigate the risk of fraud, as well as your knowledge of any known or suspected fraud. We did not become aware of any identified or suspected fraud during the course of our audit.
  - d. We did not become aware of any legal or regulatory compliance issues during the course of our audit. We discussed with you any knowledge that you have of legal or regulatory compliance issues affecting the City.
5. We evaluated the significant qualitative aspects of the City's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and they were determined to be appropriate.
- a. Significant areas requiring the use of management's estimates include taxes receivable, accounts receivable, accrued liabilities, employee future benefits, landfill closure and post-closure accrual, contaminated sites, and tangible capital assets.
  - b. There were external management specialists and experts that assisted in the audit to the extent we considered necessary. Those specialists and experts included: actuarial experts and engineers. These experts assisted in the determination of employee future benefits and landfill closure and post-closure liability.
  - c. During the audit, we did not become aware of significant deficiencies in internal control.
  - d. There were no disclosure misstatements.
  - e. There were no uncorrected quantitative misstatements discovered in the current year.
  - f. We confirm that we have complied with relevant ethical requirements regarding independence as communicated in our independence letter.
  - g. Management is responsible for assessing subsequent events up to the date of the approval of the City's financial statements. At the date of finalizing this letter, we are not aware of any significant post year-end events. We will complete audit procedures to update our subsequent events procedures up to the date of the Independent Auditor's Report.
  - h. We have not identified any related party transactions that are not in the normal course of operations or that involve significant judgments by management concerning measurement or disclosure.
  - i. This communication is intended solely for the use of the Executive Committee, management and others within the City to assist them in discharging their responsibilities with respect to financial statements of the City and is not intended for any other purpose.

Yours truly,

Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants

**CITY OF KAWARTHA LAKES  
DEFERRED REVENUE  
DECEMBER 31, 2018**

**CORP 2019-021 - ATTACHMENT C**

<b>Account Description</b>	<b>Closing Balance Dec 31, 2018</b>
Emily Park 5%	107,028.00
Ops Park 5%	18,986.00
Bexley Park 5%	31,793.00
City Wide Park 5%	400,533.00
City DC	(2,421,713.00)
Grant Island-Fenelon Twp	30,192.00
Subdivider for Water-Emily	11,857.00
Tree Levy-Lindsay	19,134.00
A Smith Memorial bequest - Arena garden Manvers	25,892.00
Cenotaph Fund - Manvers	14,146.00
M.Cronin Estate for Woodville comm. Hall	9,105.00
Infrastructure Dedicated Gas Tax	1,719,458.00
Transit Dedicated Gas Tax	559,269.00
DOOR Reserve	1,913,583.00
Lindsay Chest Fund	19,227,453.00
Bobcaygeon Chest Fund	2,843,587.00
Woodville Chest Fund	214,603.00
Omeme Chest Fund	286.00
Fenelon Falls Chest Fund	181,284.00
Kirkfield Chest Fund	118,220.00
BV-pool-Dike and Downey Estate	186,703.00
BV-H.Wilkinson Bobc Library don.	1,454.00
SM-Heritage Park	8,447.00
<b>DEFERRED REVENUE TOTAL-RESERVE FUNDS</b>	<b>25,221,300.00</b>
<b>OTHER DEFERRED REVENUE</b>	<b>9,473,375.00</b>
<b>TOTAL DEFERRED REVENUE</b>	<b>34,694,675.00</b>

**CITY OF KAWARTHA LAKES  
RESERVES AND RESERVE FUNDS  
DECEMBER 31, 2018**

**CORP 2019-021- ATTACHMENT D**

<b>Reserve Name</b>	<b>Balance Dec 31, 2018</b>
<b>INFRASTRUCTURE:</b>	
Capital projects reserve	2,867,476.00
Asset Management Plan Reserve	13,162,268.00
Pits and Quarries Gravel Reserve	313,317.00
Cemetery Capital Reserve	51,672.00
Forestry and Trail Reserve	74,552.00
Public Works Fleet Reserve	3,213,652.00
City Wide Parking Reserve	-
Sewer Infrastructure Renewal Reserve	2,561,848.00
Water Infrastructure Renewal Reserve	2,399,583.00
<b>RATE:</b>	
9-1-1 Atlas reserve	14,712.00
Election reserve	107,928.00
Kawartha Lakes Police Services Contingency R	501,018.00
OPP Rate Stabilization Reserve	598,570.00
Human Resource Rate Stabilization Rsv.	343,805.00
Employee Recognition Fund Reserve	30,206.00
Social Service Program Reserve	255,833.00
Area Rate Stabilizaiton Reserve	899,063.00
Doctor Recruitment Reserve	104,500.00
Children's Service Reserve	1,331,518.00
Building Reserve	602,673.00
Airport Surplus Reserve	-
Property Development Reserve	709,549.00
Library Reserve	357,888.00
<b>CONTINGENCY:</b>	
General Contingency Reserve	3,312,909.00

**ECONOMIC DEVELOPMENT:**

Tourism Info Centre reserve	100,000.00
Business Incubator reserve	205,813.00
Council Economic Development	597,055.00

**WORKING CAPITAL:**

City Working Capital reserve	2,705,630.00
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**OTHER:**

	-
Lindsay Heritage Reserve(LACAC)	8,833.00
Fenelon Falls Powerlinks Reserve	285,759.00
Anne Langton Reserve	1,429.00
Social Committee reserve	10,133.00
Social Housing staff benefits rsrv	216,283.00
Housing Haliburton\COKL Reserve	1,737,983.00
Housing Capital Reserve-CKL only	1,136,176.00
Local Housing (F8) Surplus	347,416.00
Amalgamation Debt Retirement Reserve	308.00

**TOTAL RESERVES**


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**41,167,358.00**


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**OVERALL SUMMARY BY CATEGORY**

Infrastructure	24,644,368.00
Rate	5,857,263.00
Contingency	3,312,909.00
EcDev	902,868.00
Working Capital	2,705,630.00
Other	3,744,320.00
	<hr/> 41,167,358.00



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: 2019 Lifecycle Extension Budget

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### **Recommendation;**

**That** the Memorandum from Mayor Letham, regarding **2019 Lifecycle Extension Budget**, be received;

**That** the Lifecycle Extension Budget for 2019 be increased, to an additional maximum of \$800,000.00, to be funded from the Asset Management Plan Reserve, and to accommodate additional priority roads that need immediate attention; and

**That** Staff report back to council with the list of roads included in the 2019 Lifecycle Extension program after the tender has been awarded.

### **Rationale ;**

This past winter along with an extremely wet spring has resulted in many of our roads being in a state of disrepair and unable to wait for the normally scheduled reconstruction and/or resurfacing. It is important we try to maintain our 5 year roads plan to rebuild our roads on a city wide basis. The lifecycle extension program is a tool staff has to extend the life of a road where possible to meet that 5 year schedule. It is impossible to move all roads up in the schedule as budgets and work plans don't allow it. We have finished 2018 with a surplus in our budget and it makes sense to utilize some of that surplus to repair some of our worst roads. This amount will fit within the work plan for 2019 (weather permitting) and allow engineering to repair most of the roads that public works have identified as needing more than pothole repair at this time. This will help to extend the life of these roads until proper resurfacing can be done according to the 5 year plan.

# Capital-Related Outlook for 2019 Long-Term Financial Plan Update

Adam Found, PhD PLE

Manager of Corporate Assets

June 11, 2019



# Presentation Themes

- Long-Term Financial Plan (2018-2027)
- Successes and Challenges Under the Long-Term Financial Plan
- Implications of Bill 108 (More Homes, More Choice Act)
- Update on Major Capital Grants



# Long-Term Financial Plan

- The Long-Term Financial Plan (LTFP) was adopted by Council on July 11, 2017 for a 10-year planning horizon.
- The LTFP is based on and informed by:
  - 2017 Asset Management Plan
  - 2015 Development Charges Study
  - Service Master Plans
  - Other Council Direction
  - General Operating Needs Forecast
- Aligned with the Corporate Strategic Plan, the LTFP is to guide the development of capital and operating budgets.

# Long-Term Financial Plan

- The LTFP is designed to:
  - Guide the City toward long-term financial independence and sustainability.
  - Phase in financial capacity expansion to meet established municipal service levels in a prudent and affordable manner.
  - Strategically allocate financial capacity across various capital and operating needs over the long term.
  - Serve as the financial strategy of the Asset Management Plan.
  - Eliminate the infrastructure deficit (i.e. chronic capital underfunding).

# Successes and Challenges Under the Long-Term Financial Plan

- Successes thus far include:
  - Management of major 2018-2019 operating pressures amounting to about \$10.8M/year by 2019.
  - Unprecedented levels of capital investment, especially in roads.
  - Better-than-forecasted assessment-related tax levy growth.
  - Better-than-forecasted water-wastewater revenue and user rate increases due to conservative forecasting.

# Successes and Challenges Under the Long-Term Financial Plan

- As with any such plan, deviations from the LTFP are expected:
  - LTFP provides a guiding framework, not an inflexible prescription.
  - Intent with LTFP is progress, not perfection.
- Progress, however, has faced some challenges thus far:
  - Under-estimation of 2019 operating pressures by about \$4.2M/year.
  - Unplanned capital projects (e.g. Bobcaygeon Beach Park, Ops Arena Renewal, Electronic Document and Records Management System etc.).
  - Sensitivity to the 4% tax increases planned for 2018-2021.

# Successes and Challenges Under the Long-Term Financial Plan

- These challenges have resulted in lower-than-planned contributions from the tax levy to the Capital Reserve:
  - A deficiency of about \$3.6M in the 2019 contribution.
  - A deficiency of about \$5.3M in the 2019 balance.
- The 2019 update to the LTFP, targeted for September, 2019, is expected to account for the foregoing through:
  - Enhancement to the operating needs forecast.
  - Delayed building of required capital reserve and capital financing capacity.
  - Levelling of planned tax increases to around the 3% mark.

# Implications of Bill 108

- Bill 108 (More Homes, More Choice Act) became law on June 6, 2019.
- Bill 108 amends the Planning Act and Development Charges (DC) Act, among other acts.
- Most relevant to municipal long-term financial planning, Bill 108:
  - Removes soft municipal services (e.g. parks, etc.) from the DC Act and places recovery of their growth-related capital costs under a new Community Benefits Charge (CBC) regime under the Planning Act.
  - Introduces measures restricting applicability of DC rates and delaying and compromising collection of DCs.

# Implications of Bill 108

- According to Watson & Associates, Bill 108 removes 20% of DC recoveries for the average single-tier municipality.
- Structure, adequacy and effectiveness of the new CBC is unclear:
  - New cost recovery regime is to be defined by future regulations under the Planning Act after consultations with municipalities.
- Rules for transitioning from soft service DCs to CBCs are expected in summer, 2019:
  - Further consultation with Watson & Associates required to determine precise impact on the City's 2019 DC by-law update and strategy.

# Implications of Bill 108

- Concern over Bill 108 from the municipal sector has been vocal:
  - *“Bill 108 will have a devastating impact on municipal finances and local land use planning control...growth will pay even less of the cost of growth, leaving taxpayers to make up the difference.”*

Marianne Meed Ward  
Mayor of Burlington

- “Cities will be forced to consider increasing taxes or fees, cutting services, raiding reserves, or deferring infrastructure and capital projects,”.

Cam Guthrie  
Chair of Large Urban Mayor’s Caucus of Ontario  
Mayor of Guelph



# Update on Major Capital Grants

- Ontario Community Infrastructure Fund (OCIF):
  - An allocation-based annual capital grant introduced in 2016, with funding increases phased in over 2017-2020.
  - City's 2019 allocation is \$1,804,566.
  - City's 2020 and beyond allocation was to be \$2,002,027, but will now be frozen at the 2019 level until further notice by Province.
  - City typically allocates the grant entirely to the Rural Resurfacing capital program.

# Update on Major Capital Grants

- Provincial Gas Tax Fund:
  - A transit-dedicated annual grant allocated based on transit ridership and population; eligible for operating and capital.
  - City's 2019 allocation is \$574,021.
  - City's allocation was expected to double over 2019-2022; current provincial government has announced this will not occur.
  - City typically allocates \$200-\$250K of the grant annually to capital (e.g. bus replacement, transit stop upgrades etc.).

# Update on Major Capital Grants

- Federal Gas Tax Fund:
  - An annual capital grant allocated based on population.
  - City's 2019 allocation is \$4,576,100; will increase to \$4,784,104 in 2021 and then \$4,992,109 in 2023.
  - Canada has doubled the 2019 allocation on a one-time basis; City has placed the unexpected \$4.6M in its Federal Gas Tax Reserve for future capital needs.
  - City typically allocates the grant entirely to the Urban/Rural Reconstruction capital program.

# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Rural Stream:
  - A one-time, competitive, application-based capital grant for northern and rural Ontario municipalities; released in early 2019.
  - Targeted toward transportation infrastructure, primarily roads and bridges.
  - Canada and Ontario will fund up to 83.33% of eligible capital project cost subject to a \$5M cap.
  - City has submitted the Colborne St. Bridge and Colborne St. W. Reconstruction (2020-2024) project for its 2019 application intake.

# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Transit Stream:
  - A one-time, allocative, application-based capital grant for Ontario municipalities receiving Provincial Gas Tax Funding; released in early 2019.
  - Targeted toward transit and active transportation infrastructure, facilities and equipment.
  - Canada and Ontario will fund up to 73.33% of eligible capital project cost subject to the City's maximum allocation of \$1,735,725.
  - City has submitted the Transit Improvement and Expansion (2020-2025) project for its 2019 application intake.

# Update on Major Capital Grants

- Ontario Connecting Links Program:
  - A one-time, competitive, application-based capital grant for Ontario municipalities with a connecting link between provincial highways.
  - Targeted toward improvements to municipal road sections defined as connecting links by the Province (relevant to 77 municipalities).
  - Ontario will fund up to 90% of eligible capital project cost subject to a \$3M cap.
  - City has submitted the King Street Resurfacing and Downtown Omemee Reconstruction (2019-2021) project (the only connection link the City has) for its 2019 application intake.

# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Forthcoming Streams:
  - Community, Culture and Recreation Stream.
  - Green Infrastructure Stream.
  - Release of both streams expected in Q3-Q4, 2019.
  - City plans to apply to both streams to the extent it is eligible.

# Federal and Provincial Funding

In 2019 the Federal and Provincial government made several announcements that provided additional one-time funding to the City totaling more than \$5.6 million.



# Federal Gas Tax

- The Federal Government provided all municipalities with a one-time infusion of Federal Gas Tax funding
- The City's allocation is anticipated to be \$4.66 million

# Federal Gas Tax

Gas Tax funding is restricted and can only be used for: local roads and bridges; regional and local airports; broadband connectivity; public transit; drinking water; wastewater; solid waste; brownfield redevelopment; sport; recreation; culture; tourism

# Federal Gas Tax

On April 23, 2019 Council approved

***That*** the one-time funding of approx. \$4.66 million, be transferred to the Federal Gas Tax reserve; and

***That*** staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds

CR2019-274

# Provincial Small and Rural Municipalities

- The Provincial Government provided all small and rural municipalities with a one-time infusion of funding to become more efficient and reduce expenditure growth in the longer term
- The City's allocation is \$725,000

# Provincial Small and Rural Municipalities

The funding is unconditional, but it is intended to help modernize service delivery and reduce costs through investment in projects such as:

- Service delivery reviews
- Development of shared services agreements
- Capital investments

# Provincial Small and Rural Municipalities

On April 23, 2019 Council approved

***That*** the one-time Provincial funding of \$725,000 be transferred to the Contingency reserve; and

***That*** staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds

CR2019-274

# Provincial Small and Rural Municipalities

Staff have identified several opportunities for these funds including, but not limited to:

- EOWC review of Paramedic Services
- Paramedic master plan
- Review of the financial impacts of Bill 108
- Audit of financial business processes

# Provincial Small and Rural Municipalities

The following recommendation is proposed to Council:

*That the Chief Administrative Officer be authorized to commit up to \$75,000 from the Contingency reserve for initiatives that support the modernization of service delivery or result in reduced costs*



# Provincial Cannabis

- The Provincial Government provided municipalities who opted to allow the sale of cannabis with funding to support: policing, by-law enforcement, public health, and paramedics
- The City's allocation is \$225,061

# Provincial Cannabis

On April 23, 2019 Council approved

***That** the Provincial cannabis funding be retained as a deferred revenue; and*

***That** staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds*

CR2019-274



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: Federal Gas Tax

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### Recommendation;

**That** the Memorandum from Mayor Letham, regarding **Federal Gas Tax**, be received;

**That** up to \$2,000,000.00 of the additional Federal Gas Tax funds be committed to enhance the Roads Capital Program in 2020; and

**That** staff include up to an additional \$2,000,000.00 of roads projects in the proposed 2020 capital budget to accelerate our roads program for Council consideration.

### Rationale;

The City has received an additional \$4.6 million in a one-time Federal Gas Tax payment. It is important to balance infrastructure needs against the possibility of Provincial downloads and funding reductions for next year. Until these amounts are finalized and budget pressures known, utilizing \$2 million for roads infrastructure acceleration and leaving the balance in the Capital Reserve is a wise business decision. This is a one-time funding allocation, and should be carefully utilized for maximum multi-year effect. Leaving the balance in the capital reserve leaves the city with ongoing future options.

# **The Corporation of the City of Kawartha Lakes**

## **Council Report**

**Report Number CORP2019-016**

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**Date:** June 11, 2019

**Time:** 9:00 a.m.

**Place:** Council Chambers

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**Ward Community Identifier:** all

**Title:** 2020 Budget Process and Requests

**Description:**

**Author and Title:** Jennifer Stover, Director Corporate Services

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### **Recommendation(s):**

**That** Report CORP2019-016, **2020 Budget Process and Requests**, be received;

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

During the 2019 budget deliberations there were improvements recommended for the 2020 budget. These included:

- enhanced level of detail on the capital project requests;
- explanation of how interfunctional adjustments work;
- the creation of a Special Projects budget for project specific expenditures currently included in the tax supported operating budget.

Additionally, a debrief of the 2018 budget process identified Council's desire to have input into the budget prior to the preparation of the draft budget. This process was introduced as part of the 2019 budget.

This report addresses the above items.

## **Rationale:**

The 2020 budget process has already commenced at the Staff level. The 2020 budget will include more detailed descriptions for each capital project. A special project budget is also being prepared separate and distinct from the tax supported operating budget.

The approved 2019 budget book is in final production. It includes a detailed explanation of how interfunctional adjustments work. Staff will include a similar explanation in the draft 2020 budget book.

Similar to the 2019 budget process, an email was sent to Council on May 21<sup>st</sup> requesting a list of any projects/initiatives that they wished to have considered in the 2020 draft budget. Appendix A is a list of the projects and program considerations submitted by Council members, along with staff comments, for Council to consider as decision units in the draft 2020 budget.

Also attached to this report, as Appendix B, is the proposed budget schedule. As in previous years, a budget presentation and department overviews are scheduled to occur in September. Boards and Agencies will present their budget in late October, followed by the distribution of the draft budget at the start of November.

## **Other Alternatives Considered:**

Should Council wish to approve a project or program addition for inclusion as a decision unit in the 2020 budget, then the following resolution(s) should be passed:

That project item (insert identification # and description) identified in Appendix A to Report CORP2019-016 be included as a decision unit in the draft 2020 budget for consideration.

### **Financial/Operation Impacts:**

Staff will review the projects that are approved for inclusion in the draft 2020 budget to establish a budget amount and identify an appropriate funding source.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

The 2020 budget process and requests supports the strategic goal of responsible fiscal resource management.

### **Consultations:**

Council  
Senior Management

### **Attachments:**

Appendix A – 2020 Council Budget Requests



Appendix B – 2020 Budget Schedule



**Department Head E-Mail:** [jstover@kawarthlakes.ca](mailto:jstover@kawarthlakes.ca)

**Department Head:** Jennifer Stover

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Included in or for consideration in the 2019 Budget</b>			
1	Councillor Richardson	Porter and Lifford Roads	Referred from June 4, 2019 Committee of the Whole
2	Councillor Dunn	St James Street	Referred from June 4, 2019 Committee of the Whole
3	Councillor Richardson	Parts of McGill Road – Janetville – Resurfacing	This road is not included in the 5 year plan. It has been indentified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
4	Councillor Richardson	Slalom Drive, Bethany – Resurfacing	This road is not included in the 5 year plan however, staff are currently working in the area under the 2019 Rural resurfacing program. There is a small length of road (approx 15m length) that can be funded under the 2019 Lifecycle extension program (localized asphalt paving)
5	Councillor O'Reilly	Tower Hill Road - Resurfacing	On 2019 gravel rehabilitation list. Short section is hard topped on hill
6	Deputy Mayor Elmslie	Patterson Road - Reconstruction	2019 capital budget is scheduled for hardtop resurfacing from CKL 30 to south end.
7	Deputy Mayor Elmslie	Fenelon Falls Prince's St. - Reconstruction (This was in 2018 budget)	It was in 2018 additions to Capital budget added in Life cycle program with caveat that Enbridge gas installation had to happen first. The scope for a resurfacing with asphalt . It has been carried over into 2019 through capital close process

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
8	Deputy Mayor Elmslie	Grey Road Sturgeon Point - Reconstruction	Decision unit in 2019 budget. As per Council direction (CR2019-054) it will be included in the 2019 Lifecycle extension program (localized asphalt paving).
9	Councillor Ashmore	Traceys Hill road reconstruction and resurface from Settlers Road to Centreline	In 5 year plan over two years (2021 to 2022). Section east of Heights Road was 2021 but has severely fail over winter and spring. A portion will be included in the 2019 Lifecycle extension program (localized asphalt paving).
10	Deputy Mayor Elmslie	Fenelon Falls bridge Rehabilitation	Design for bridge rehabilitation is currently in the 2019 Bridge capital program, tender for consultant to be issued in August 2019.
11	Deputy Mayor Elmslie	Jubb's Shore / Sackett Road remake with ditches and culverts	This section is a gravel road section. Public Works had a 2018 operational project for replacing culverts carried over into 2019. There is a capital project for gravel resurfacing in this section for 2019 but need to coordinate with Public Works
12	Deputy Mayor Elmslie	Fenelon Falls Colborne Street - Remake	Detail design in currently underway and scheduled to be completed in 2019.
13	Deputy Mayor Elmslie	Bass/Oriole/Redwing - Remake	Receiving capital gravel
14	Councillor Richardson	Slow Down and Pedestrian Signage for Local Calming Down Areas	This does not need to a special budget request. It can be reviewed by PW / Engineering Staff and if warranted, be implemented within the operating budget.



## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
15	Councillor Ashmore	Walmac shores road from Pigeon Lake road to McGregor Road	This project is not part of the 5 year plan, but it has been identified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
16	Councillor Ashmore	McGregor Drive from Walmac Shores Road to North end cul de sac	This project is not part of the 5 year plan, but it has been identified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
17	Councillor Yeo	Lake Dalrymple Rd North end	South end of road is approved in the 2019 Capital Program. The remaining north end will be proposed in the 2020 Capital Program.
18	Councillor Richardson	Outdoor Furniture - 2 trash cans in the downtown area of Bethany by the General Store and City Municipality Building.	Staff from various departments are reviewing the Street Furniture concept and process. There is already a bench and picnic table on the Bethany Municipal Building property. Bench is due for replacement in 2019/20. Questions remain on operational maintenance.
19	Councillor Richardson	Bench and Trash Can Near the Janetville Community Center.	Staff from various departments are reviewing the Street Furniture concept and process. Reviewing options for a garbage receptacle as operational questions remain on maintenance. Community Services will be providing a bench in either 2019/20.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
20	Councillor Ashmore	Thurstonia Park drainage repairs from ruptured culvert	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
21	Councillor Ashmore	Victoria Place drainage cleanout of Old Surrey Lane	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
22	Councillor Ashmore	Bluewater Avenue Snug Harbour - Drainage cleanout of ditches,	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
23	Councillor Ashmore	Kenhill Beach Road - Possible replacement of culverts and cleanout of ditches on southside	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
24	Councillor Ashmore	Alma Street in Omemee - Ditching between the east side of Alma St and Lady Eaton Elementary School.	Drainage improvements that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Proposed or for Consideration in the 2020 Budget</b>			
25	Councillor Richardson	Replacement Counters for the Serving areas in the upstairs bar area at the Manvers Arena.	To be completed by the summer of 2020. Currently in workplan.
26	Councillor Richardson	Waite Road West, Pontypool – Resurfacing □	This road is not included in the 5 year plan and it is not included in the 2019 Lifecycle extension program. The road has been evaluated and may be considered for 2020 Lifecycle extension program (local surface treatment) depending on priorities
27	Councillor Seymour-Fagan	Baseline road from Vivian to Sticky lane -Resurfacing	Proposed in 5 year plan in 2022, but will reevaluate for 2020
28	Deputy Mayor Elmslie	Hickory Beach Road - Reconstruction	This road was resurfaced in 2012. It will be a candidate for the 2020 Lifecycle extension program (local surface treatment)
29	Councillor Ashmore	Shamrock Road reconstruction and rural resurface from Centreline to Sturgeon	From CKL 10 to CKL 7 is scheduled in 2022. This road has failed severely. Staff recommends going back to gravel and moving up in priority to 2020.
30	Councillor Seymour-Fagan	Duke Street Reconstruction from Main Street to West Street	In 5 year plan for design for reconstruction for 2021. Staff has already discussed moving it up to 2020 for design , would be part of a larger drainage shed design for this area. Could look at hot mix overlay at locations of severe failure until section can be reconstructed.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
31	Deputy Mayor Elmslie	3 new Hot Boxes for use during the off season for road patching	Staff support this request and will be making a capital request for additional hot boxes in 2020.
32	Councillor Yeo	Baseline Rd in Coboconk	Staff Proposed in 5 year plan in 2022, but will re-evaluate it for 2020
33	Councillor Yeo	Portage Rd (Hwy 48)	Staff Proposed in 5 year plan in 2022, but will re-evaluate it for 2020
34	Councillor Yeo	Shadow Lake Rd 3	Proposed in the 5 year plan for 2020, from Hwy 35 to east end
35	Councillor Yeo	Balsam Lake Drive	Proposed in the 5 year plan for 2020, from CKL 48 to Parkside Drive

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Other</b>			
36	Councillor Yeo	Coboconk wharf	Staff will be replacing numerous boards prior to the Water Summit event in 2019. A thorough review of the wharf is being conducted in 2019, if a Capital project is required it will be part of the 2021 Capital Budget.
37	Councillor Richardson	Meadowview & Mount Nebo – Gravel Rehab, Crown Needed	These sections being referred to are gravel road sections that received gravel in 2016, review this in spring and found flat crown grade.
38	Deputy Mayor Elmslie	Kelly's Bay Road - Reconstruction	On 5 year plan for 2022 but will reevaluate.
39	Councillor Seymour-Fagan	Budget for street furnishing ie benches, flower hooks, garbage cans etc. Recommending \$75k budget	Staff are working towards preparing standards for street furniture (benches, waste receptacles, bike racks). There is a budget of \$12,000 added by Council within the 2019 budget.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
40	Councillor Yeo	Coboconk ball field infield and snack bar	Staff maintenance now is a drag of the facility as meets with the booked use. Currently no league of bookings for this facility. Therefore with no rentals and no rental income no such investment is warranted. If a league or regular bookings were to initiate cost would be \$25,000 for diamond re-surfacing and \$75,000 for snack bar needs. Only diamonds within the City that are regularly booked have received diamond re-surfacing.
41	Councillor Yeo	Norland ballpark infield	Staff maintenance now is a drag of the facility as meets with the booked use. Currently no league of bookings for this facility. Therefore with no rentals and no rental income no such investment is warranted. If a league or regular bookings were to initiate cost would be \$25,000 for diamond re-surfacing. Only diamonds within the City that are regularly booked have received diamond re-surfacing.
42	Councillor Ashmore	Bluewater Avenue Snug Harbour - Reconstruction	Public Works has been doing drainage works in this area
43	Councilor Yeo	Culvert at west bay road to city owned access to water	Consideration of a new culvert to facilitate drainage in the area. PW / Engineering Staff will need to review the area and where required, design and install an appropriately sized culvert.
44	Councillor Yeo	Side streets in Coboconk	More information is required to evaluate this request.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
45	Councillor Yeo	Turn around at Bolsover swing bridge	Bolsover Road (City owned) and the Swing Bridge (TSW owned) are both weight restricted, with appropriate signage. Additional signage to inform drivers of weight restrictions could be considered. Alternatively, there is a parcel of land owned by Environment Canada (just prior to the bridge) that has an existing entrance that is chained off. If chain was removed, this existing entrance could be used as a turn around.



## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
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### Currently Not Included in the 5 Year Plan, Require Staff Evaluation

46	Councillor Richardson	Corbett Drive, Pontypool North Subdivision – Resurfacing	
47	Councillor Richardson	Drum Road East, Pontypool – Resurfacing	
48	Councillor Richardson	Yelverton Road – Resurfacing	
49	Councillor Richardson	Wilson Drive & George Drive, Bethany – Resurfacing	
50	Councillor Seymour-Fagan	Park street from Sherwood to Mansfield - Resurfacing	
51	Councillor Seymour-Fagan	Northline from 35 to 3rd of Somerville - Resurfacing	
52	Councillor Seymour-Fagan	Crego St in Kinmount - Reconstruction and Resurfacing	
53	Councillor Seymour-Fagan	County Rd 30 from Hickory Beach to Cry Rd 8 - Resurfacing	
54	Councillor Ashmore	Grassy Road from Emily Park Road to Hawke Drive (joint Ward 6 & 8 road) - Resurfacing	
55	Councillor Ashmore	Hazel st from Pitts Cove to Thurstonia Road along lakeshore - Resurfacing	

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
56	Deputy Mayor Elmslie	Pott's Shore - Reconstruction	
57	Deputy Mayor Elmslie	Balsam Grove - Reconstruction	
58	Councillor Richardson	Marilyn & Cardinal Crescent – Emily – Road Edging	
59	Councillor Ashmore	Clearview Drive from Kenver street to Charlore Park drive	
60	Councillor Yeo	Pine Ridge Rd from Shadow Lake Rd 3 to Government Dock Rd	
61	Councillor Yeo	McCrackin Rd	
62	Councillor Yeo	Hillside Drive	
63	Councillor Yeo	Schoolhouse Rd	
64	Councillor Yeo	Mcnabb Rd	
65	Councillor Yeo	Laxton Digby Line	

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
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### Council Requests for Future Year Budgets

Councillor Ashmore	2021 - Wispi Shore road from Pigeon Lake to Raven St to far end of cul de sac.	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Beaver road resurface from Sturgeon to east end	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Beaver Road gravelling from Sturgeon to Esker road	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Scotch Line road from Highway 36 to County Road 24	Will evaluate during the 2021 budget process

**2020 Proposed Operating and Capital Budgets**

<b>Date</b>	<b>Action</b>
June 11	○ Presentation to Council on Financial matters (2018 surplus, long range plan, Provincial cuts etc)
June 21	○ Deadline to submit staffing requests
June 28	○ Deadline to communicate 2020 needs: ○ Capital ○ IT ○ Machinery, equipment and vehicles
August 2	○ Payroll changes to be complete in JDE
August 2	○ Capital, Operating and Special Project budgets due to Finance
September 17 (date to be confirmed)	○ Budget presentation and Department Overviews to Council
September 27	○ Deadline to receive Agency and Board budgets
October 29 (date to be confirmed)	○ Agency and Board presentations to Council
November 1	○ Budget and business plan provided to Council
November 12/20/26 (date to be confirmed)	○ Budget deliberations



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: 2020 Budget Direction

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### Recommendation;

**That** the Memorandum from Mayor Letham, regarding **2020 Budget Direction**, be received.

**That** all external City Agencies and Boards, funded in whole or in part by the tax levy, be advised and notified that the City's funding level for 2020 will not exceed the 2019 contribution level; and

**That** staff be directed to bring forward 2 proposed budgets for 2020.

- 1) As per the long term financial plan approved by council.
- 2) 0% tax support operating budget increase over 2019 from each department.

### Rationale ;

There are a lot of changes coming from the Province regarding the delivery of services and the funding models. Many of these are unknown at this time. It would be irresponsible to assume that next year's budget will be "business as usual". By giving this direction to our agencies and boards and our staff now, we are getting ahead of this and will have information and options available when budgets are discussed in the fall and more information is forthcoming. Change in how we do business, and how our services are delivered, is coming. Having as many options available as possible will enable council to make more informed decisions for 2020. This early notice will also give ample opportunity for everyone to plan and find efficiencies moving forward.

# **The Corporation of the City of Kawartha Lakes**

## **By-law 2019-XXX**

### **A By-Law to Confirm the Proceedings of a Special Meeting of Council, Tuesday, June 11, 2019**

#### **Recitals**

1. The Municipal Act, 2001, S.O. 2001 c. 25 as amended, provides that the powers of a municipal corporation are exercised by its Council.
2. The Municipal Act, also provides that the Council's powers must be exercised by by-law.
3. For these reasons, the proceedings of the Council of The Corporation of the City of Kawartha Lakes at this meeting should be confirmed and adopted by by-law.

**Accordingly, the Council of The Corporation of the City of Kawartha Lakes enacts this By-law 2019-XXX.**

#### **Section 1.00: Confirmation**

- 1.01 The actions of the Council at the following meeting:

##### **Tuesday, June 11, 2019, Open Session, Special Council Meeting**

and each motion, resolution and other action passed or taken by the Council at that meeting is, except where prior approval of the Ontario Municipal Board is required, adopted, ratified and confirmed as if all such proceedings had been expressly embodied in this By-law.

- 1.02 The Mayor and the proper officials of the City are authorized and directed to do all things necessary to give effect to the actions of the Council referred to in Section 1.01 of this By-law. In addition, the Clerk is authorized and directed to affix the corporate seal to any documents which require it.

#### **Section 2.00: General**

- 2.01 This By-law shall come into force on the date it is finally passed.

By-law read a first, second and third time, and finally passed, this 11 day of June, 2019.

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Andy Letham, Mayor

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Cathie Ritchie, City Clerk