

City of Kawartha Lakes

2017 Audited Financial Statements

Council Meeting on June 12, 2018



Agenda

- Results on the audit
- Review of financial statements
 - Overall surplus
 - High level variance
 - Financial indicator review
 - Balance sheet items

Results of the audit

- Audit report date may 31, 2018
- Overall annual surplus is \$1,544,967
- Management letter indicates a misstatement in the opening balance of accumulated depreciation on a housing asset – corrected within 2017

2017 overall surplus

	2017 (surplus)/deficit	2016 (surplus)/deficit
General Tax Rate	\$439,129	\$993,359
Area Tax Rate	(800,996)	340,905
Water and Sewer	(755,740)	(678,654)
KLH HC	(427,360)	(528,500)
Overall Operating Surplus	\$(1,544,967)	\$127,110

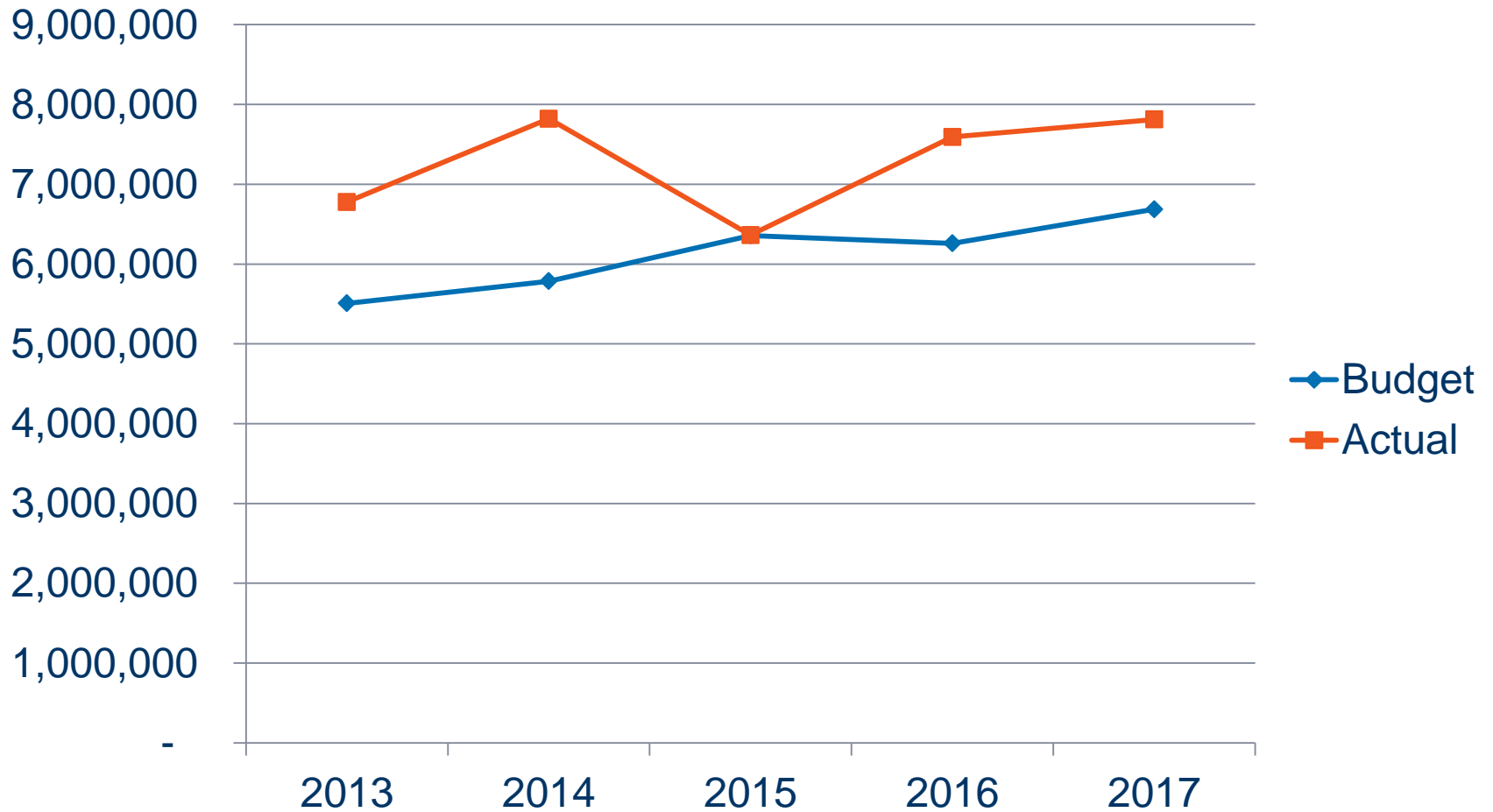
2017 general tax rate deficit

Deficit of \$439,129 to be funded by contingency reserve

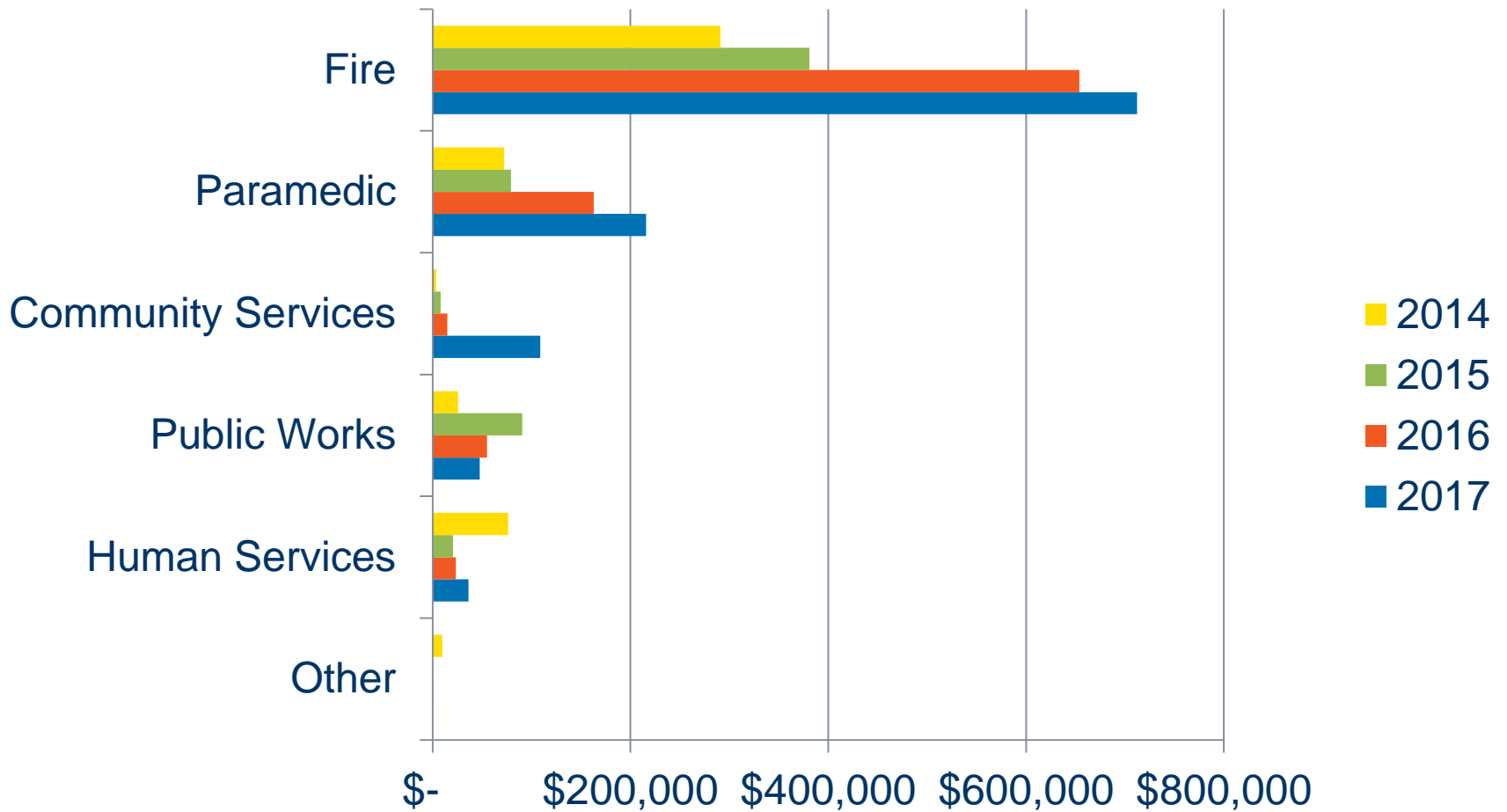
Reasons:

- 1) Winter control
- 2) WSIB claims
- 3) Land sales – funding of 2016 deficit
- 4) Supplementary taxes

History of winter control



W.S.I.B. claims



2017 area rate surplus

	2017 (surplus)/deficit	2016 (surplus)/deficit
Transit	\$54,282	\$182,860
Fire Area A	(166,639)	49,630
Fire Area C	(94,217)	247,790
Lindsay Parks	22,849	7,426
OPP	(291,872)	(185,574)
Kaw Lakes Police	(82,413)	51,282
Streetlight	(242,986)	(12,509)
Area Rate Surplus	\$(800,996)	\$340,905

2017 area rate surplus

- Total surplus of \$800,996
- All surplus areas were transferred to rate stabilization reserves
- Transit and Lindsay Parks deficit was raised in 2018 through an overall increase in tax levy of \$77,131

Financial indicator review

- Ministry of finance sends us an annual financial indicator review
 - Total taxes receivables less allowance as a % of total taxes levied
 - Total reserves as a % of operating expenses
 - Total cash as a % of current liabilities
 - Debt to reserve ratio

Taxes aras % of taxes levied

2017 taxes outstanding - \$4,707,683

2017 taxes levied - \$126,508,635

Ratio – low risk -<10%

2017-3.54%

2016-4.82% (taxes AR were \$6.1 million)

Average for single tier – 6.9%

Reserves as % of operating expenses

2017 reserves- \$46,970,075

2017 operating expenses - \$201,334,476

Ratio – low risk - >20%

2017-23.33%

2016-10.3 %

Average for single tier – 41.7%

Total cash as a % of current liabilities

2017 cash- \$17,510,990

2017 current liabilities- \$28,520,822

Ratio – low risk - >5%

2017-61.4%

2016-98.8 %

Average for single tier – 162.5%

Debt to reserve ratio

2017 general reserve-\$41,040,355

2017 general levy debt- \$44,970,955

Ratio

2017-1.1 to 1

2016-1.51 to 1

Average for single tier – 1.4 to 1

Balance sheet items

- North west trunk receivable-\$18.3 million
- Long term debt – note 7 – page 13
- Development charge reserve – note 4-
page 9
- Accumulated surplus – note 8 – page 15

Long term debt

Description	2017	2016
General Tax Rate Debt	\$20,875,379	\$24,906,747
Water and Sewer User Debt	41,651,236	45,029,847
DC Debit Debt	9,626,293	10,132,940
North West Trunk Debt	12,004,485	12,671,586
Housing Debt	6,962,138	7,975,694
Municipal Drainage	239,963	263,011
10 Year Plan Debt	24,095,576	-
Total debt	\$115,455,070	\$100,979,825

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 – 2017- \$13.6 million
 - ARL left - \$23.7 million
 - Equates to room of \$175-\$240 million debt

Debt servicing costs

Total debt costs as a % of operating revenue

Principle & interest payments - \$13,688,578

Total operating revenue – \$225,670,488

Debt servicing costs:

2017-6.07% - moderate – 5-10%

2016-5.50%

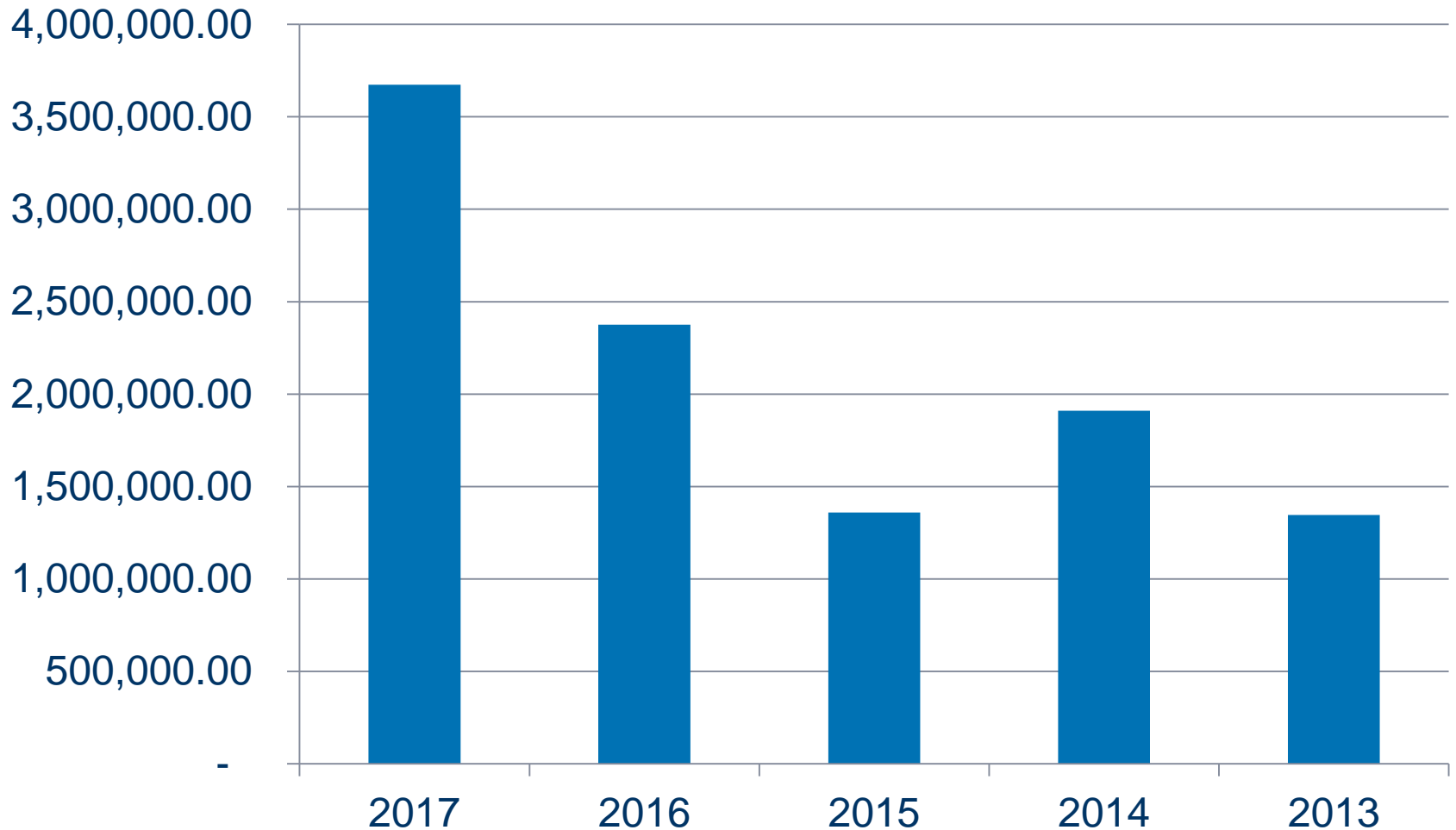
Average – 4.7%

Deferred revenue –dc reserve

- 2017 dc reserve finished with a balance of \$451,539
- Predicting that 2018 dc reserve will be in an approximately \$5 million deficit
- History of dc revenue not keeping pace with growth projects
- Working with engineering staff to better forecast revenues and expenditures

Deferred revenue –dc charge revenue

Development charge revenue



Accumulated surplus

Description	2017	2016
Operating fund deficit	\$ 88,899	\$ 665,959
Capital fund surplus	(644,860)	(4,048,869)
Employee future benefits	23,387,836	17,402,756
Post closure landfill costs	10,074,352	13,147,062
Accrued interest on LTD	369,282	365,242
Long term debt (LTD)	103,450,585	88,308,239
Reserves	(46,970,075)	(20,300,586)
Tangible capital assets	(473,835,530)	(455,283,302)
Accumulated surplus	\$ (384,079,511)	\$ (359,743,499)