

Interim Update to Long-Term Financial Outlook

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Presentation outline

- Long-term financial plan fundamentals
- Interim update to long-term financial outlook
- Updating of the long-term financial plan

Adoption of inaugural long-term financial plan

- On July 11, 2017, Council adopted the City's first Long-term financial plan (2018 to 2027):
 - Implements the 2017 asset management plan
 - Achieves long-term financial sustainability on a phased basis
 - Addresses the 2018 to 2019 operating cost pressures
 - Places the city on a solid financial footing
 - Is a living and adaptable document

Function of the long-term financial plan

- Forecasts the City's financial course based on the Asset Management Plan (AMP) and overall financial circumstances
- Provides for a prudent, stable, affordable and flexible approach to achieving and maintaining long-term financial sustainability
- Provides a context in which short-term decisions can be made with appropriate consideration for the City's long-term financial health
- Provides a guiding framework for budget development and for achieving long-term financial sustainability
- Is a living document that balances adaptability with consistency
- To be reviewed and updated approximately annually for Council, typically ahead of budget season

Objectives and principles of the long-term financial plan

- Strategic objectives:
 - Align financial capacity with adopted/legislated service levels
 - Eliminate the infrastructure deficit
 - Build sustainable tax and utility rate support
 - Build robust capital and operating reserves
 - Rationalize and optimize capital and operating financing
 - Minimize service deficiencies
 - Manage asset-related risk
- Guiding principles:
 - Financial prudence
 - Ratepayer affordability
 - Tax and user rate stability
 - Consistency-adaptability balance

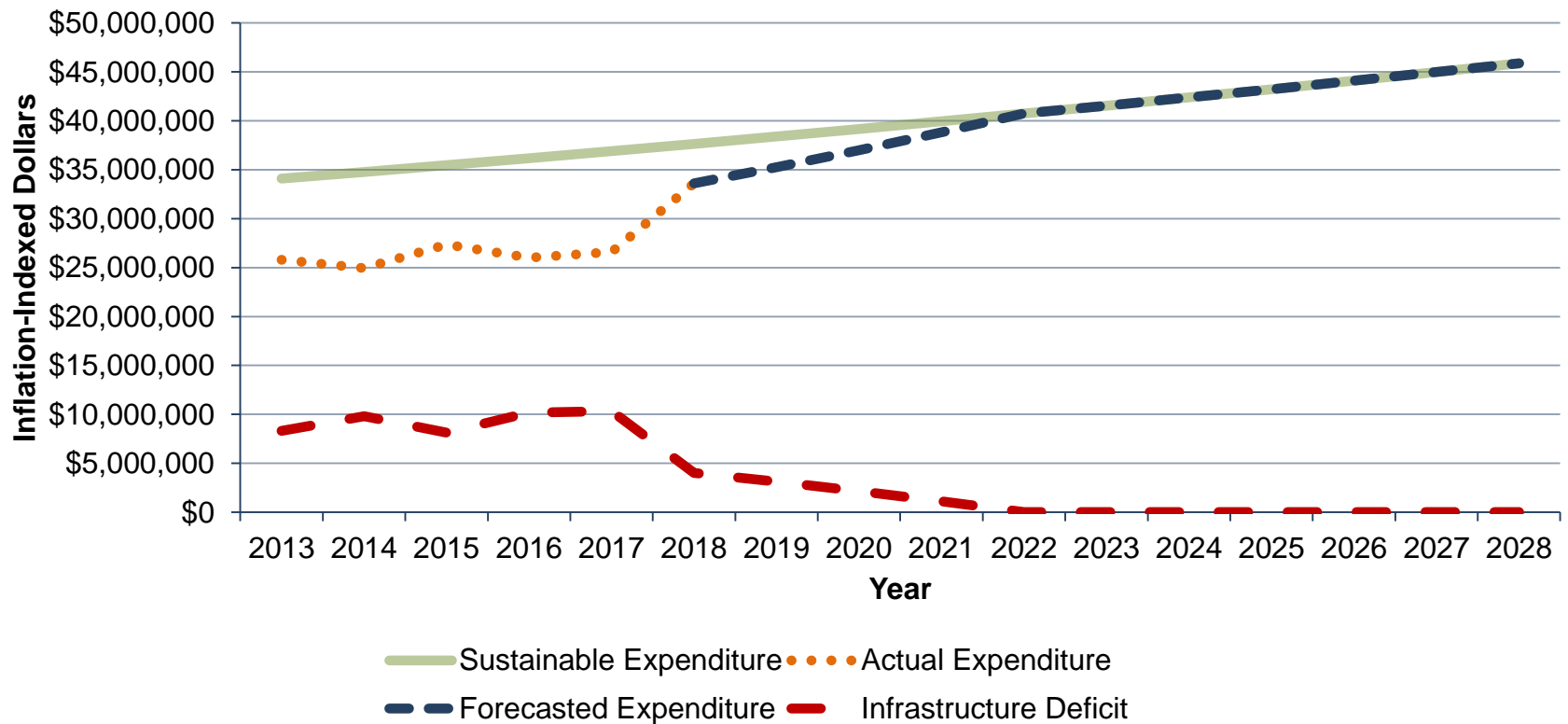
General strategies in the long-term financial plan

- Employ a flexible and gradual approach to achieving long-term financial sustainability
- Bring financial capacity in line with service levels as adopted or legislated
- Integrate operating and capital sections of the overall financial picture
- Use reserves and debt responsibly to provide for long-term financial stability

Tax-supported baseline capital expenditure and infrastructure deficit

City of Kawartha Lakes tax-supported baseline capital expenditure and infrastructure deficit

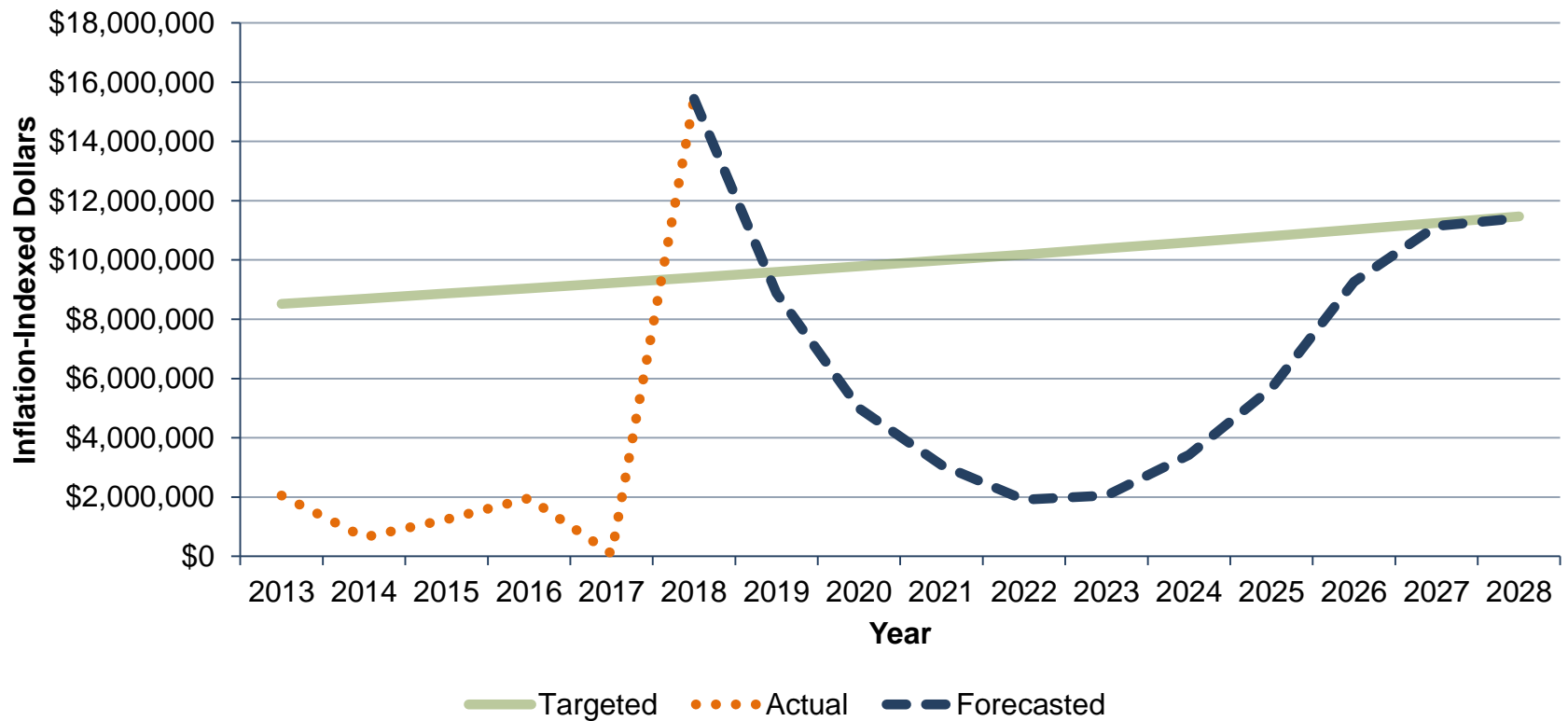
Sustainable, actual and forecasted figures for 2013-2028



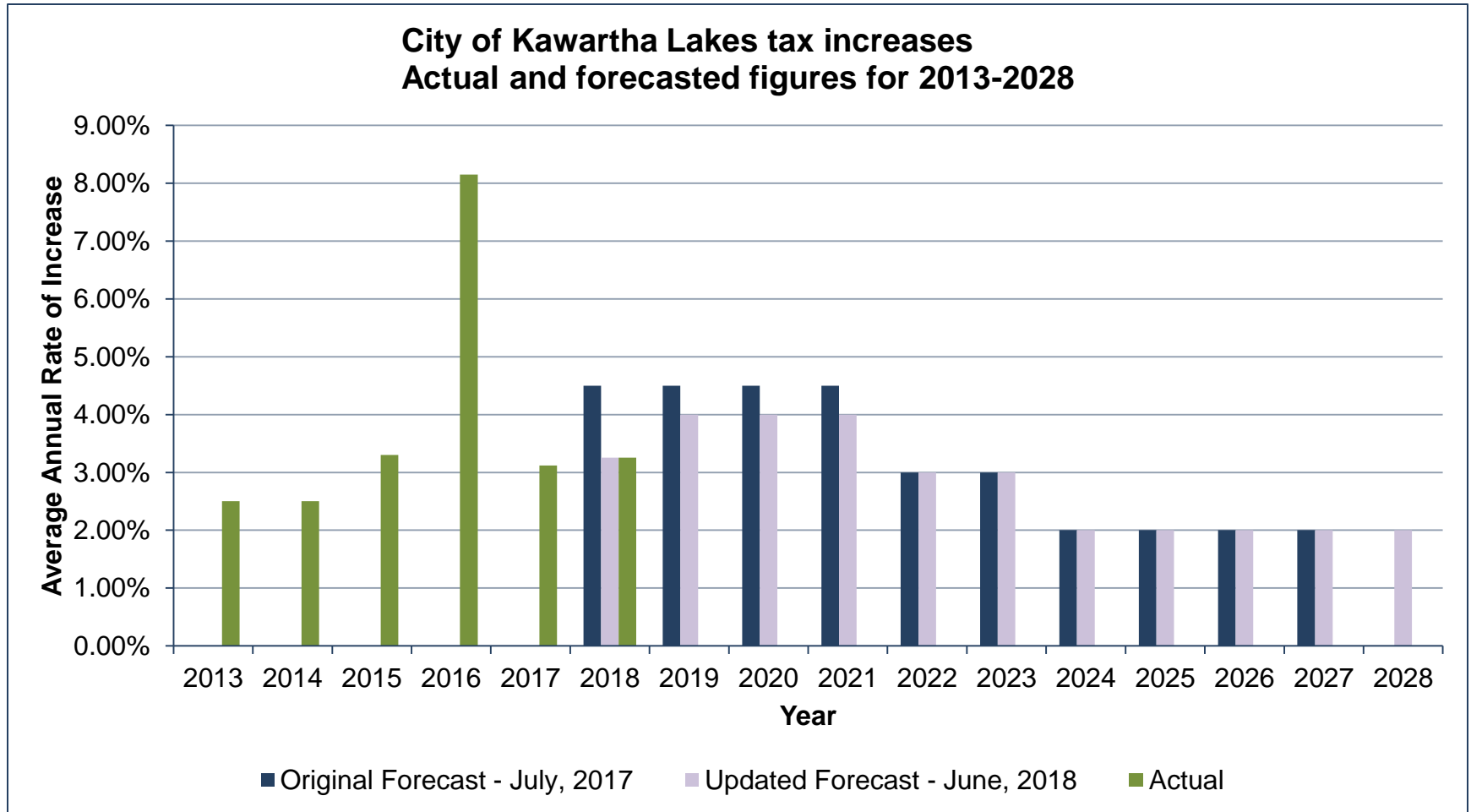
Tax-supported capital reserve

City of Kawartha Lakes tax-supported capital reserve uncommitted year-end closing balance

Targeted, actual and forecasted figures for 2013-2028



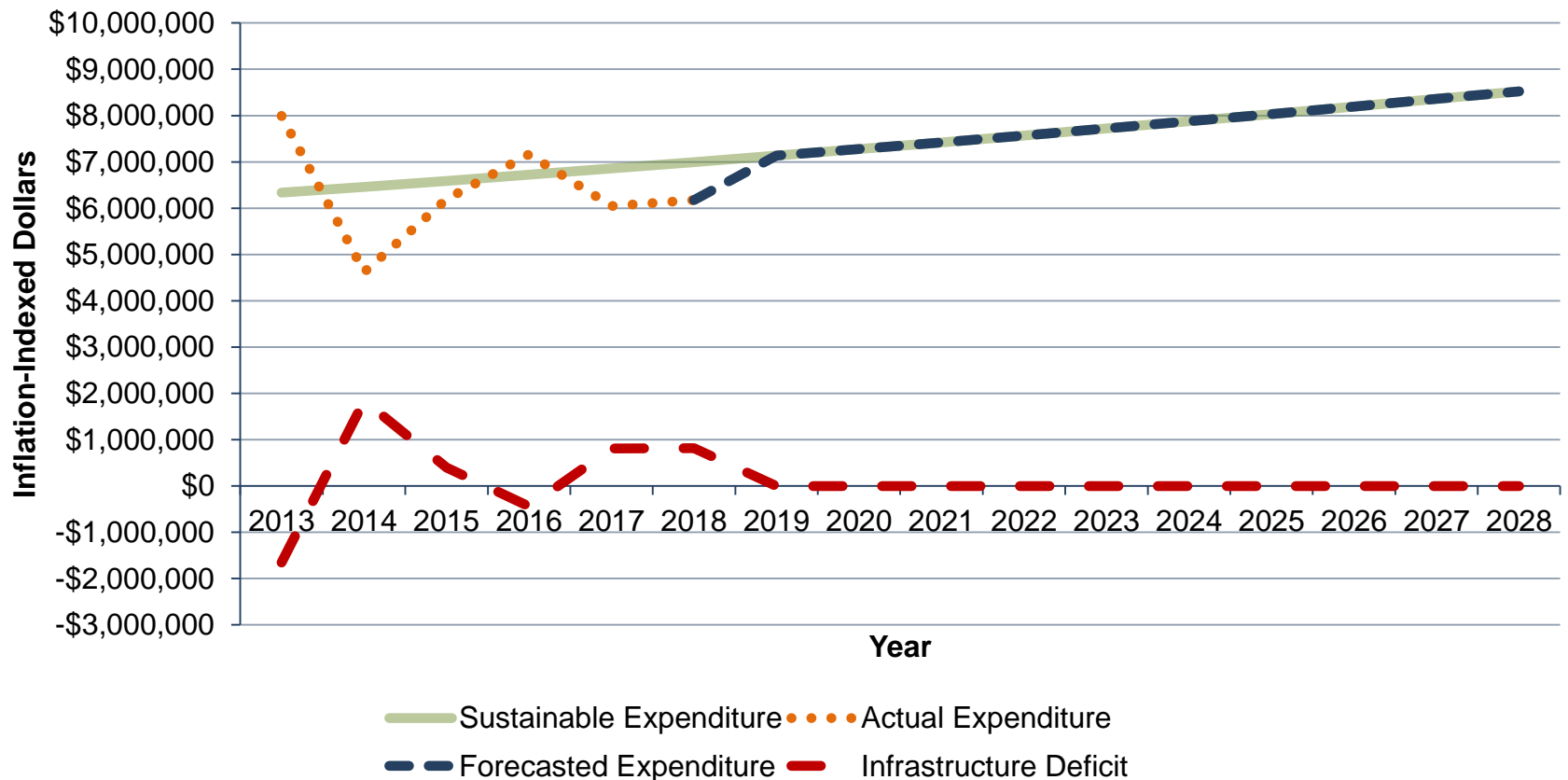
Tax increases



Water/wastewater baseline capital expenditure and infrastructure deficit

City of Kawartha Lakes water/wastewater baseline capital expenditure and infrastructure deficit

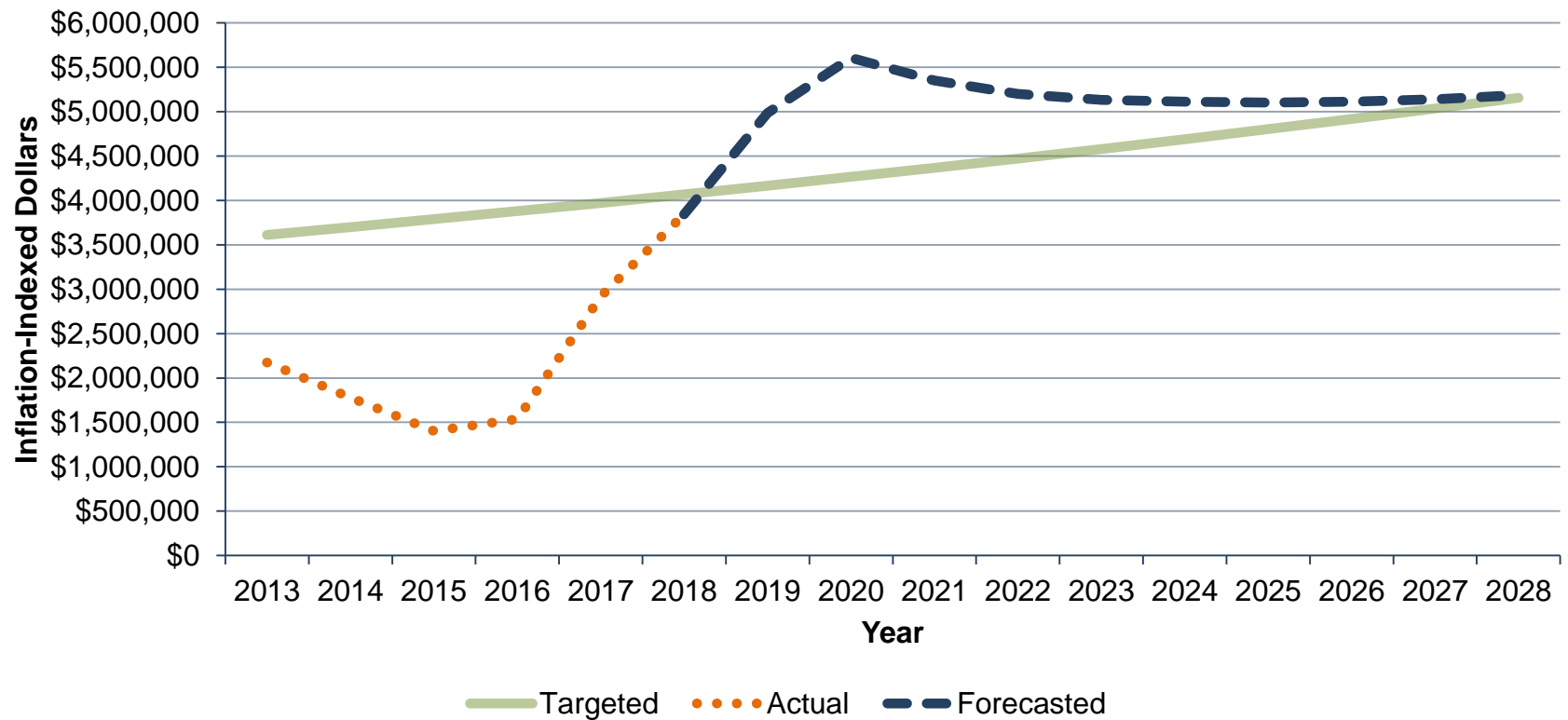
Sustainable, actual and forecasted figures for 2013-2028



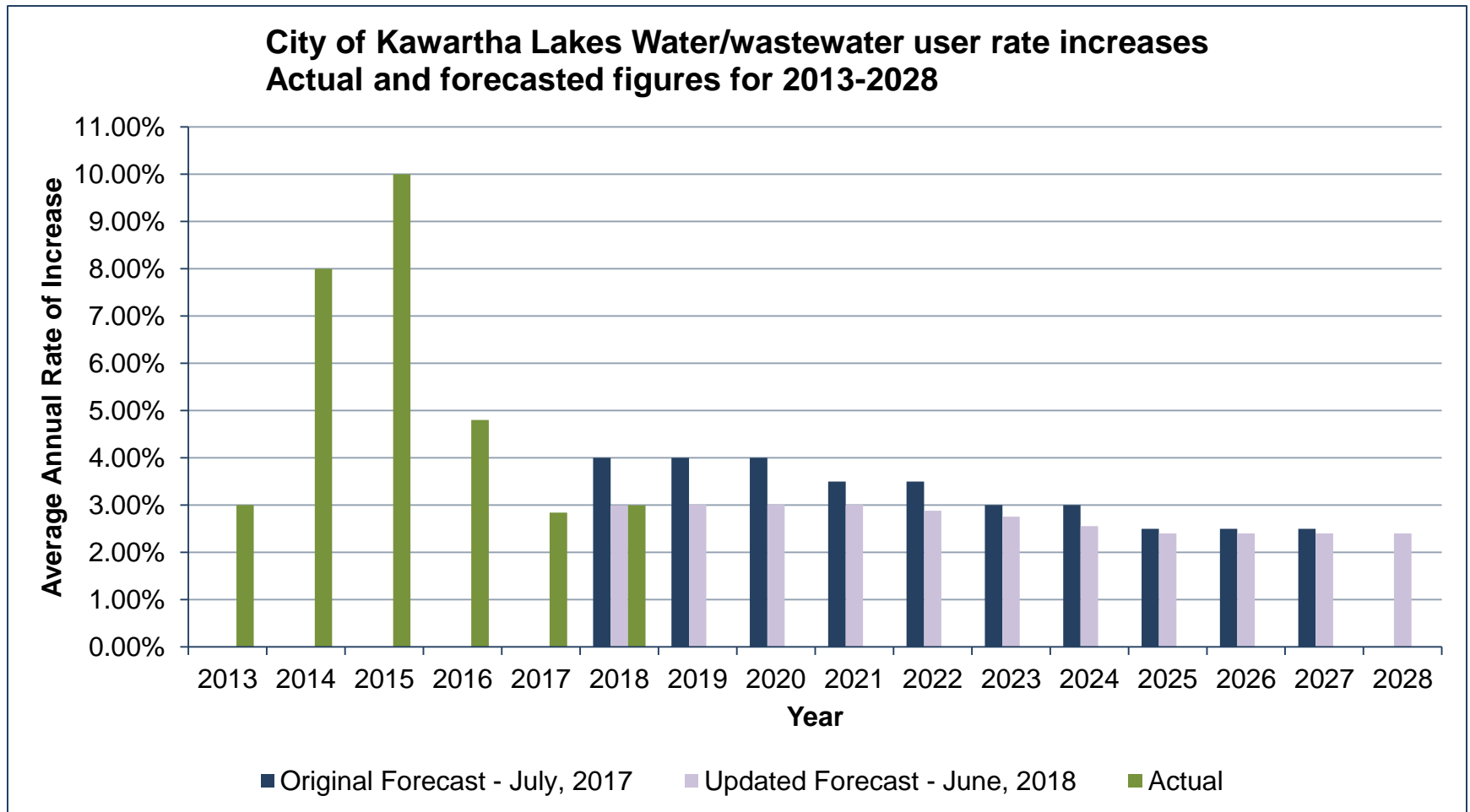
Water/wastewater reserve

City of Kawartha Lakes water/wastewater reserves uncommitted year-end closing balance

Targeted, actual and forecasted figures for 2013-2028



Water/wastewater utility rate increases



Updating of the long-term financial plan

- Current iteration of the Long-Term Financial Plan is relatively focused on capital rather than operating
- Corporate Services is developing a more detailed 5-year operating plan to ultimately be integrated into the Long-Term Financial Plan
- An updated Long-Term Financial Plan will be brought forward before or with proposed 2019 budgets