

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)
Overall Operating Surplus	\$ (3,181,381)	\$ 88,900

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)
Area Rate (Surplus) Deficit	\$ (588,297)	\$ 340,905

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
<i>Total Debt</i>	\$ 116,889,083	\$ 115,455,070

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
ACCUMULATED SURPLUS	\$ 406,710,161	\$ 384,079,511