

City of Kawartha Lakes

2019 Audited Financial Statements

September 15, 2020



Agenda

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

Results of the Audit

- Audit Report date September 15th, 2020
- Overall Annual Surplus is \$4,917,815, prior to reserve transfers
- Reserve Transfers done prior to finalization of statements:

Area Rate	\$ 527,097
Water and Sewer	<u>\$1,158,172</u>
	<u>\$1,685,269</u>

2019 Overall Surplus

	2019 (Surplus)/Deficit	2018 (Surplus)/Deficit
General Tax Rate	\$(2,999,743)	\$ (2,879,995)
Area Tax Rate	25,922	247,729
Water and Sewer	-	-
KLH HC	(258,725)	(549,115)
Overall Operating Surplus	\$ (3,323,546)	\$(3,181,381)

2019 General Tax Rate Surplus

Overall Surplus of \$2,999,743

Reasons:

- 1) Investment Income
- 2) Special Projects
- 3) Winter Control
- 4) Roads and Streetlights

2019 Area Rate Surplus

	2019 (Surplus)/Deficit	2018 (Surplus)/Deficit
Transit	\$ 25,922	\$ 26,615
Fire Area A	30,918	(138,791)
Fire Area C	(21,316)	181,602
Lindsay Parks	(35,357)	39,513
OPP	(9,363)	(121,124)
Kaw Lakes Police	(291,553)	(288,675)
Streetlight	(200,426)	(287,436)
Area Rate (Surplus) Deficit	\$ (501,175)	\$ (588,297)

2019 Area Rate Surplus

- Total Surplus of \$501,175
- All Surplus Areas were transferred to Rate Stabilization Reserves
- Transit deficit was raised in 2020 through an overall increase in area rate tax levy of \$25,922

Financial Indicator Review

- Annual Financial Indicator Review
 - Tax Arrears vs Operating Revenue
 - Reserve Ratio
 - Cash/Current Ratio
 - Debt Servicing Cost

Taxes Arrears Vs Operating Revenue

2019 Taxes Outstanding - \$5,579,837

2019 Taxes Levied - \$139,092,236

Ratio – Low Risk -<10%

2019-4.01%

2018-3.65%

Average for Single Tier – 5.6%

Reserve Ratio

2019 Reserves- \$33,558,581

2019 Operating Expenses - \$203,691,972

Ratio – Moderate Risk – 10-20%

2019-16.48%

2018-19.70%

Average for Single Tier – 42.6%

Cash/Current Ratio

2019 Cash- \$16,733,120

2019 Current Liabilities- \$27,152,573

Ratio – Low Risk - $>.5\%$

2019-0.62%

2018-0.3%

Average for Single Tier – 1.85%

Debt Servicing Cost

2018 Total Debt Payments-\$15,508,988

2018 Total Revenue- \$233,899,677

Ratio

2019- 6.63%

2018- 6.20%

Average for Single Tier – 4.6%

Balance Sheet Items

- North West Trunk Receivable
- Long Term Debt – Note 7 – Page 14
- Development Charge Reserve – Note 4-
Page 10
- Accumulated Surplus – Note 8 – Page 15

North West Trunk Receivable

- No payments made on this receivable
- In 2018 the amount owed was \$18.6Million compared to \$19.6Million which was the result of annual index rate applied
- Need to send updates to developers

Long Term Debt

Description	2019	2018
General Tax Rate Debt	\$ 20,884,689	\$ 21,003,361
Water and Sewer User Debt	40,935,305	45,063,894
DC Debit Debt	16,494,573	9,119,646
North West Trunk Debt	10,670,285	11,337,385
Housing Debt	11,764,697	8,296,185
Municipal Drainage	222,998	192,282
10 Year Plan Debt	19,593,266	21,876,330
Total Debt	\$120,565,813	\$116,889,083

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 - \$39,961,830

Total P and I – 2019- \$15.5 Million

ARL Left - \$24.5 Million

Equates to room of \$145-\$443 Million Debt

Deferred Revenue – Dc Reserve

- In 2019 financed a DC shortfall of approximately \$7.8 Million
- Predicting that 2020 DC Reserve will be in a further \$10 Million Deficit
- History of DC revenue not keeping pace with growth projects

Accumulated Surplus

Description	2019	2018
Operating Fund Surplus	\$ 3,258,468	\$ 3,181,380
Capital Fund Surplus (Deficit)	(576,162)	226,883
Employee Future Benefits	(20,978,957)	(31,467,294)
Post Closure Landfill Costs	(10,176,972)	(10,127,570)
Accrued Interest on LTD	(361,693)	(367,199)
Long Term Debt (LTD)	(109,895,527)	(105,551,697)
Reserves	33,558,581	41,167,355
Tangible Capital Assets	540,072,290	509,648,303
<i>Accumulated Surplus</i>	\$ 434,900,028	\$ 406,710,161