

City of Kawartha Lakes

2020 Audited Financial Statements

June 15, 2021



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 June 15th, 2021
- Overall Annual Surplus is \$6,232,170 prior to Reserve Transfers
- Reserve Transfers prior to finalization of statements:

Area Rate	\$ 723,877
Water and Sewer	<u>\$ 835,785</u>
	<u>\$ 1,559,662</u>

2020 Overall Surplus

	2020 (Surplus)/ Deficit	2019 (Surplus)/ Deficit
General Tax Rate	\$(4,594,454)	\$(2,999,743)
Area Tax Rate	77,733	25,922
Water and Sewer	-	-
KLH HC	(155,787)	(258,725)
Overall Operating (Surplus)	\$(4,672,508)	\$(3,323,546)

2020 General Tax Rate Surplus

- Overall Surplus of \$4,594,454
- Reasons for Surplus:
 - Winter Control
 - Supplementary Taxes
 - WSIB Schedule 2 Payments
 - Cashflow Concerns

2020 Area Rate Surplus

Area Rate	2020 (Surplus)/Deficit	2019 (Surplus)/Deficit
Transit	\$22,888	\$25,922
Fire Area A	122,093	30,918
Fire Area C	(536,384)	(21,316)
Lindsay Parks	(78,648)	(35,357)
OPP	4,866	(9,363)
Kawartha Lakes Police	(10,242)	(291,553)
Streetlight	(170,717)	(200,426)
Area Rate (Surplus)	\$(646,144)	\$(501,175)

2020 Area Rate Surplus

- Total Overall Surplus of \$ 646,144
- All Surplus Areas were transferred to Rate Stabilization Reserves
- Transit Deficit and a portion of the Fire Area A deficit was raised in 2021 through an overall increase in their specific area rate tax levy of \$22,888 for Transit and \$54,128 for Fire Area A

Financial Indicator Review

- Provides Comparative Information from Prior Years and Other Municipalities

Ratios Analyzed:

- Tax Arrears vs Operating Revenue
- Reserve Ratio
- Debt Servicing Cost
- Annual Repayment Limit (ARL)

Tax Arrears vs Operating Revenue

2020 CKL Data and Ratio

2020 Tax Arrears \$ 10,196,490

2020 Tax Levy \$ 143,785,971

Ratio 7.09%

Low Risk Below 10%

Comparative Information

City History

2019 4.01%

2018 3.65%

South Single Tier

2019 5.20%

Reserve Ratio

2020 CKL Data and Ratio

2020 Reserves \$ 47,416,862

2020 Expenses \$221,202,071

Ratio 21.44%

Low Risk More than 20%

Comparative Information

City History

2019 16.48%

2018 19.70%

South Single Tier

2019 44.6%

Debt Servicing Ratio

2020 CKL Data and Ratio

2020 Debt Pmts
\$
15,529,402

2020 Revenue
\$
252,821,621

Ratio
6.14%

Moderate Risk
5% to 10%

Comparative Information

City History

2019	6.5%
2018	6.2%

South Single Tier
4.7%

Annual Repayment Limit (ARL)

2020 CKL Data and ARL

Principle and Interest Payments

Revenue \$ 163,148,421

25% of Rev \$ 41,042,474

2020 P and I \$ (15,529,402)

2021 ARL \$ 25,304,663

Level of Debt

2020 Debt \$ 135,507,586

Available Debt based on ARL

10 years@3.5% \$236,495,851

20 years@3.5% \$396,263,975

Balance Sheet Analysis

- North West Trunk Receivable
- Long Term Debt – Note 7 – Page 13 & 14
- Development Charge Reserve – Note 4-Page 10 & 11
- Accumulated Surplus – Note 8 – Page 15

North West Trunk Receivable

- 2020 payment of \$425,336
- Outstanding 2020 Accounts Receivable is \$19,651,876
- Annual indexing applied each year
- Update to developers as to amounts owing will go out in 2021

Long Term Debt

Description	2020	2019
General Tax Rate Debt	\$ 30,433,238	\$ 20,884,689
Water and Sewer User Debt	42,833,923	40,935,305
DC Debit Debt	24,164,535	16,494,573
North West Trunk Debt	10,003,186	10,670,285
Housing Debt	10,579,430	11,764,697
Municipal Drainage	244,518	222,998
10 Year Plan Debt	17,248,755	19,593,266
Total Debt	\$ 135,507,585	\$120,565,813

Development Charge (DC) Reserve Fund

- Borrowed \$8 Million to bring DC Reserve to 0 in 2020
- Issue in 2021 still remains due to large Water and Sewer Project that is funded by DC Reserve from 2020 Budget
- 2021 Current balance is \$20 Million in a deficit
- History of DC Revenue not keeping pace with growth project expenditures

DC Reserve Collections

DC Reserve Collection History

2017	\$ 3,674,105
2018	\$ 4,862,067
2019	\$ 409,759
2020	\$ 5,107,380
2021	\$14,000,000

DC Study Projections

2020	\$ 18,920,918
2021	\$ 19,488,546
2022	\$ 20,073,202
2023	\$ 20,675,398
2024	\$ 21,295,530

- Follow Provincial Growth Plan

Accumulated Surplus

Description	2020	2019
Operating Fund Surplus	\$ 4,672,507	\$ 3,258,468
Capital Fund Surplus (Deficit)	15,281,076	(576,162)
Employee Future Benefits	(20,167,727)	(20,978,957)
Post Closure Landfill Costs	(13,413,608)	(10,176,972)
Accrued Interest on LTD	(356,275)	(361,693)
Long Term Debt (LTD)	(125,504,397)	(109,895,527)
Reserves	47,416,863	33,558,581
Tangible Capital Assets	556,720,549	540,072,290
Accumulated Surplus	\$464,648,988	\$ 434,900,028

Resolution from CORP2021-011

That Council authorize the transfer of the 2020 Surplus as follows:

- The Winter Control surplus of \$1,000,000 be transferred to the General Contingency Reserve committed to Winter Control; and
- The Workman's Safety and Insurance Board (WSIB) claims surplus of \$300,000 be transferred to the General Contingency Reserve committed to WSIB; and
- That the remainder of the 2020 Surplus of \$3,294,454 be transferred to the Asset Management Reserve (formerly the Capital Reserve).

End of Presentation

Questions?