

2025 Deficit Strategy and 2026 Pressures

Committee of the Whole

April 7, 2026

Agenda

1. 2025 Budget versus Actual Spend
2. 2025 Budget Pressures
3. 2026 Deficit Strategy
4. Reserve Utilization
5. 2026 Budget Pressures

1. 2025 Budget vs. Actual Spend

Department	Actual 2024	Budget 2025	Actual 2025 (Mar 30)	Actual Surplus (Deficit)
Summary Corporate Items	(133,880,608)	(142,029,500)	(138,312,513)	(3,716,987)
Summary Mayor and Council	642,032	688,262	652,340	35,922
Summary CAO	7,523,682	8,062,560	8,105,776	(43,216)
Summary Community Services	12,662,975	13,079,350	15,029,046	(1,949,696)
Summary Corporate Services	11,689,865	12,205,721	13,814,203	(1,608,482)
Summary Development Services	4,436,534	4,077,461	4,782,308	(704,847)
Summary Engineering and Corporate Assets	2,263,186	2,412,857	2,389,319	23,538
Summary Emergency Services - Fire	12,013,072	12,019,496	14,042,191	(2,022,695)
Summary Emergency Services - Paramedics	7,888,933	7,346,033	7,632,200	(286,167)
Summary Human Services	6,024,410	6,906,572	6,405,940	500,632
Summary Victoria Manor	1,582,529	2,598,882	2,617,552	(18,670)
Summary Public Works	39,386,825	41,461,262	49,153,237	(7,691,975)
Summary Agencies, Boards & Committees	28,906,039	31,171,044	32,064,883	(893,839)
Total	1,139,474	-	18,376,481	(18,376,481)

2. 2025 Budget Pressures

2025 Pressures	
Ice Storm	\$2.2M
Roads Operations – Winter Control netted with Summer surplus activity	\$5.5M
Interest Income shortfall	\$1.1M
Forest Fires and other fire pressures	\$2.0M
Shortfall in Supp taxes – Market and tariffs	\$1.1M
CUPE market adjustment accrual	\$3.5M
Contracted snow plowing – parking lots Comm Services	\$1.4M
Area Rate Deficits:	
Transit – to be raised on 2026 Tax bill (Lindsay)	\$0.6M
OPP – to be raised on 2026 Tax Bill and reserve (rural)	\$0.9M
2025 preliminary deficit – March 30, 2026	\$18.3M

Weather Events

- Frequency and scale of weather events is ever increasing annually
- Gross deficit of \$18.4 Million is comprised of approximately \$11 Million for unforeseen weather events
 - \$2.2 Million Ice Storm
 - \$1.1 Million Interest shortfall (cash outlay for Ice Storm)
 - \$0.7 Million for summer forest fires
 - \$5.5 Million roads for extreme winter events
 - \$1.4 Million contracted snow plowing
- CKL most thankful the Provincial government provided \$25.6 Million in relief for Ice Storm
- City has been disciplined in previous years to maintain and grow reserves, and able to address the 2025 deficit without the need for a City wide tax levy
- Cannot rely on this type of funding into the future for unforeseen weather events

3. 2025 Deficit Strategy

Strategy	Value
Special Levy 2026 Final Bill	
OPP Area Rate	\$ 921,295
Transit Area Rate	611,501
Ice Storm – One-time general levy	-
Reserves	16,849,979
Total Financing Required	18,376,481

4. Reserve Utilization

Infrastructure Reserves	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
32030 - Sewer Infrastructure Reserve	3,869,825	-	3,869,825
32045 - Asset Management Reserve			
00331187 - Reserves-Victoria Manor	240,400	-	240,400
00412430 - Uncommitted Amounts	142,000	(142,000)	-
32050 - Water Infrastructure Reserve	7,577,120		7,577,120
Expansionary Capital			
00415260 Uncommitted	500,000	(250,000)	250,000
00408827 - Reserves-Housing	1,500,000	-	1,500,000
32070 - Fleet Reserve			
00331184 - Reserves-Public Works	95,029	(95,029)	-
00331193 - Reserves-Fire	244,670	(144,670)	100,000
00343529 - Reserves-Paramedic	90,952	-	90,952
32248 - Capital Contingency Reserve			
00102808 - Aggregate Pits & Quarry Royalties (Gravel)	49,876	-	49,876
00331184 - Reserves-Public Works	60,709	-	60,709
00331185 - Reserves-Haul Routes (Agg Resources)	582,298	(482,298)	100,000
00354025 - 68 LSN	14,738	(14,738)	-
00408086 - Forestry and Trail	352,774	(352,774)	-
00412430 - Uncommitted Amounts	4,888,733	(3,781,917)	1,106,816
Total Infrastructure Reserves	20,209,125	(5,263,427)	14,945,698

4. Reserve Utilization

Stabilization Reserves	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
32035 - Property Development Reserve			
00407713 - Agricultural Land Leases	139,968	(139,968)	-
00412430 - Uncommitted Amounts	751,138	-	751,138
32255 - Election Reserve	271,605		271,605
32265 - Area Rate Stabilization Reserve			
00331032 - OPP Area Levy	503,629	-	503,629
00331033 - KL Police Area Levy	156,862	-	156,862
32267 - Water & Sewer User Rate Reserve	1,229,604		1,229,604
32275 - City Heritage Reserve			
00408091 - Heritage Victoria	8,930	(8,930)	-
00408092 - Anne Langton	1,429	(1,429)	-
00408093 - Public Art	71,204	-	71,204
00409067 - Somerville Heritage	8,540	(8,540)	-
32277 - Environmental Disaster Recover	200,000	-	200,000
32278 - Primary Care Recruitment & Ren	475,000	-	475,000
32282 - Short Term Rental Reserve	230,674	(130,674)	100,000
32285 - General Tax Rate Stabilization			-
00331182 - Reserves-Economic Development	347,295	(247,295)	100,000
00331184 - Reserves-Public Works	2,131,473	(2,131,473)	-
00408080 - Social Services Programs	37,833	(37,833)	-
00408081 - Human Services	2,339,197	(1,989,197)	350,000
00412430 - Uncommitted Amounts	4,888,033	(4,388,033)	500,000
32296 - Special Projects Reserve			
00412430 - Uncommitted Amounts	174,227	(325,773)	(151,546)
00423586 - Library - Reserves	300,187	-	300,187
	14,266,828	(9,409,146)	4,857,683

4. Reserve Utilization

General Contingency Reserve	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
32090 - General Contingency Reserve			
00331191 - Reserves-Insurance	3,274,079	-	3,274,079
00331192 - Reserves-Planning	176,135	(176,135)	-
00407709 - CFDC Loan Program	80,000	-	80,000
00407710 - WSIB Contingency	900,000	-	900,000
00407712 - Cultural Grant Program	200,000	-	200,000
00410997 - Local Economic Development (2025)	136,096	(136,096)	-
00412430 - Uncommitted Amounts	2,315,577	(1,815,577)	500,000
Total General Contingency Reserves	7,081,887	(2,127,808)	4,954,079

4. Reserve Utilization

Obligatory Reserves	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
24055 - Bobcaygeon H Wilkinson Library	1,650	(1,650)	-
24070 - Subdivider for Water - Emily	13,455	(13,455)	-
24090 - Woodville M.Cronin Estate Rese	232	(232)	-
24095 - Grand Island Reserve-Fen Twp	34,262	(34,262)	-
24110 - Canada Commuity-Building Fund	9,284		9,284
24115 - Transit Gas Tax	401,443		401,443
24135 - City Parkland in Lieu	374,813		374,813
24140 - DC - City of Kawartha Lakes	(8,618,633)		(8,618,633)
32205 - Building Reserve	3,337,488		3,337,488
32272 - Tree Canopy Reserve Fund	449,472		449,472
Total Obligatory Reserves	(3,996,535)	(49,599)	(4,046,133)

4. Reserve Utilization

Other Reserves	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
32065 - Fenelon Falls Powerlink Fund	1,527,346	-	1,527,346
32247 - Norland Dam Reserve	14,192	-	14,192
32100 - KLH Capital Reserve CKL/COH	621,219	-	621,219
32105 - KLH Capital Reserve CKL Only	1,259,854	-	1,259,854
32110 - KLH Operating Surplus Reserve	479,531	-	479,531
Total Other Reserves	3,902,142	-	3,902,142

CHEST Funds	Available Reserve	To be used for 2025 deficit	Remaining Reserve Balance
24310 - Lindsay Legacy CHEST Reserve	20,972,264	-	20,972,264
24320 - Bob Legacy CHEST Reserve	2,987,252	-	2,987,252
24330 - Woodville Legacy CHEST Reserve	110,594	-	110,594
24340 - Omemee Legacy CHEST Reserve	2,161	-	2,161
24360 - Kirkfield Legacy CHEST Reserve	416	-	416
Total CHEST Funds	24,072,688	-	24,072,688

5. 2026 Budget Pressures

- 85-90% of 2026 \$12 Million winter control budget utilized between January and April resulting from:
 - Operational costs associated with continuous winter weather response
 - Province wide salt shortage requiring increased salt shipping costs
- Increased oil prices resulting in:
 - Higher costs for fuel, asphalt, and construction
- Uncertainty of housing market slowing growth
- Increased policing costs

5. 2026 Response Actions

- Increased monitoring of 2026 Actuals "in real time"
- Continue modernizing to reflect timely updates to Financial position in 2026
- Reviewing and assessing all opportunities arising from the Provincial Budget announced late March
- Council imposed \$7.5M efficiency savings target in 2026 budget is currently being monitored
- Prioritizing replenishment of environmental disaster recovery reserve to allow City to be better positioned to respond to future major weather events
- Line by line review of winter control budget
- Analyze current hybrid service models to be balanced with more in house opportunities
- 2025 Ice Storm financing advancing and with Loan proceeds for Summit Wellness Centre, these funds will be invested and aid in achieving Interest Income target

Conclusion

- Progressing on update to City's Long Term Financial Plan (Quarter Two 2026)
- Included will be a reserve and debenture strategy
- Reserve strategy to include City wide rationalization of reserves with recommended balances and a strategy to build these reserves
- Reserve strategy will focus on building emergency preparedness and weather event response and recovery