



Detailed Operational Review

The Corporation of the Town of Mattawa

Prepared by Baker Tilly SNT

March 1, 2021



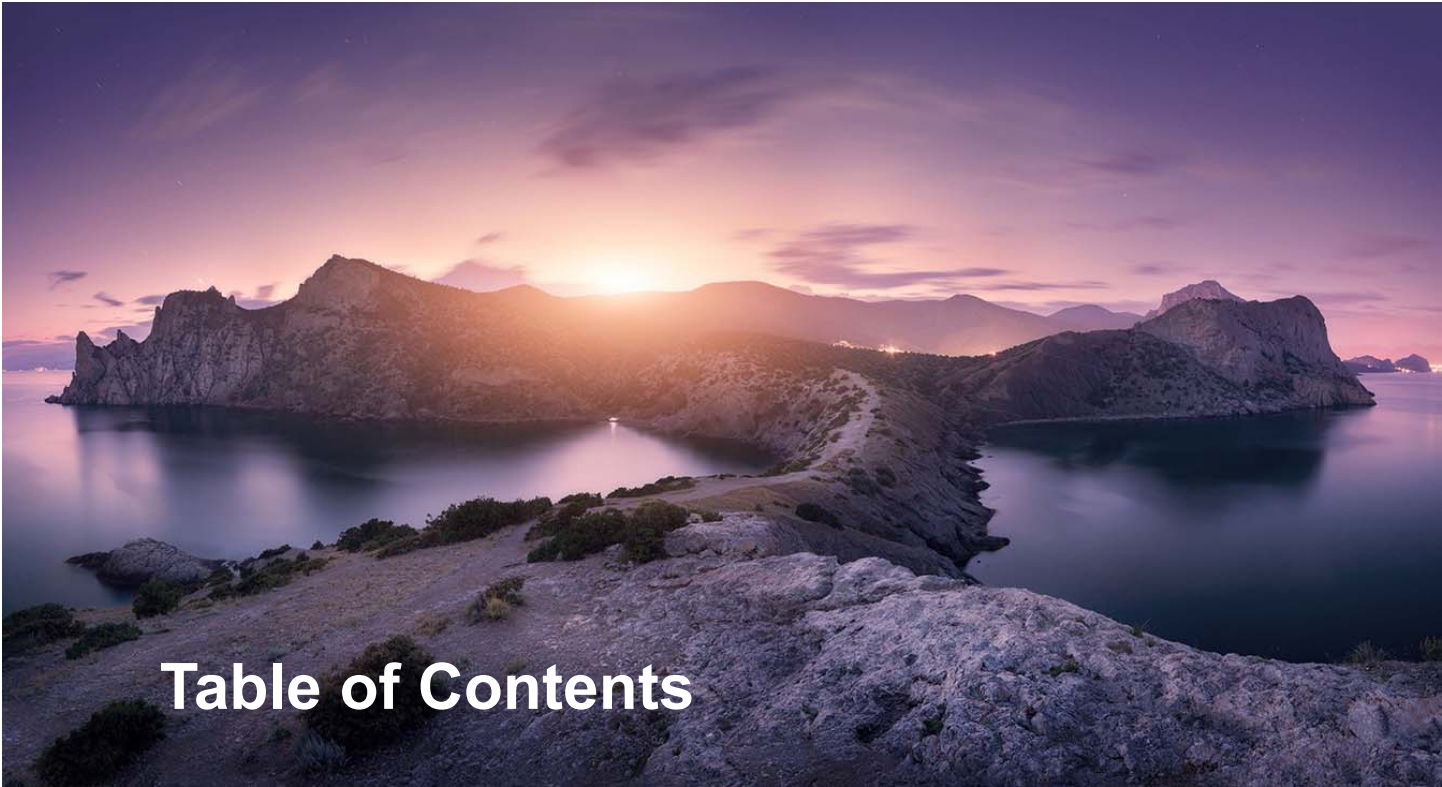


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Purpose of the report



To The Corporation of the Town of Mattawa:

We have been engaged to undertake a detailed operational review of The Corporation of the Town of Mattawa's (the "Town") organization and operations and provide recommendations on the overall management structure with a detailed review of departmental operations.

This report is confidential and is intended solely for the information and use of The Corporation of the Town of Mattawa. No responsibility for loss or damages, if any, to any third party is accepted as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purposes.

Yours very truly,

Baker Tilly SNT LLP

Baker Tilly SNT LLP

Chartered Professional Accountants, Licensed Public Accountants

We look forward to discussing the contents of this report and answering any questions you may have.

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Terms of Reference

Baker Tilly SNT was appointed by the Town to undertake a detailed Operational Review of the Town's organization and operations and provide recommendations on the overall management structure with a detailed review of departmental operations. Overall scope of work will include an overview and evaluation of the Town's operations, staffing and service levels, an evaluation of the Town's operating effectiveness and efficiency and an inventory of services provided by the Town in general, and by department, to identify resources applied to each service.

METHODOLOGY

Project Initiation	Information Collection and Analysis	Draft Analysis and Validation	Reporting
<ul style="list-style-type: none"> ➤ Plan an initial meeting with the Town's management to set a work schedule and establish the delivery date ➤ Plan a meeting with the BTSNT staff to assign the different sections of the review and discuss the required deliverables ➤ Work commenced on August 30, 2020 	<ul style="list-style-type: none"> ➤ Conduct interviews with the mayor, the municipal CAO, the municipal administration staff and the municipal department managers to obtain comments and observations about current operations ➤ Compile and review background information about the Town ➤ Collect benchmarking data with respect to departments in other municipalities to identify trends and patterns in service delivery 	<ul style="list-style-type: none"> ➤ Analyze results of consultations and identify patterns, trends and overlap of efforts and provide recommendations ➤ Analyze the background information collected to identify key patterns and trends ➤ Analyze benchmarking data collected to identify improvements that can be applied ➤ Analyze data collected to identify potential opportunities and the associated costs/savings for changes that will maintain adequate service levels 	<ul style="list-style-type: none"> ➤ Prepare, provide and present preliminary findings and key issues requiring consideration that will be included in the report to mayor and municipal CAO on or before February 17, 2021 ➤ Prepare, provide and present draft report to Council, CAO and department managers on or before March 1, 2021 ➤ Prepare final report, incorporating any changes from review of drafts on or before March 2, 2021



Executive Summary

The Town of Mattawa (the Town) is similar to other smaller resource based communities in Northern Ontario. As was the case with these rural municipalities, the Town's prosperity was heavily dependant on the forestry sector.

The Town experienced the effects of this dependence when the Tembec sawmill operation was closed in 2009. Tembec was by far the largest employer in the community employing in excess of 500 people.

This was a significant event for the Town. Not only did it reduce it's only major commercial assessment base, it contributed to the decrease in property assessment values. The Town was forced to change its focus from a resource based economy to a more service and residential base.

The Town's rich cultural and historic heritage of being the focal point on the historic voyageur route between Montreal and the Great Lakes now presents many challenges as it strives to remain relevant and sustainable for its ratepayers.

Challenges

Land Base

The Town is significantly smaller then most municipalities. With a land area of 3.66 km², there are only 10 municipalities in the province with less of land mass. This is a significant barrier for future growth and economic development.

- Land area impacts the operating costs to deliver services. A higher land area typically means more infrastructure to deliver the same service, and therefore more operating costs.



Executive Summary (Continued)

Demography

The Town has a population of about 1,993 people residing in 979 private households. Average household income of \$61,211 is comparably low – about \$15,000 less than the average for the Nipissing district. The average population age of 47.1 is 3 years older than the average for the Nipissing district.

- Average household income impacts the ability to levy taxes. Lower taxes as a percentage of average household income typically means that there is more flexibility to increase taxes, as residents should have more ability to pay.

Assessment Base

With the exit of Tembec in the community, the Town is left with a very small commercial and industrial assessment base which limits the Town's ability to increase taxation revenues.

- Commercial and industrial assessment impacts the ability to levy taxes. A low commercial and industrial assessment typically means that there are more limited options for increasing taxes, as residential taxpayers will bear a higher proportion of any tax increase.

Corporate Information Systems

Our review has indicated there is an immediate need to address how information is accumulated, stored and shared.



Executive Summary (Continued)

Corporate Information Systems (continued)

Information systems are the cornerstone of proper decision making. Making improvements in this area will assist everyone to understand how decisions should be made and evaluated. This includes all aspects of decision making from budgeting to human resources.

The development and implementation of corporate information systems could commence immediately, recognizing that the process may require one to two years to complete.

While the majority of work involved in the development and implementation of corporate information systems could likely be undertaken internally, the Town may be required to seek additional support from its Human Resources provider for certain aspects of this opportunity including aspects pertaining to succession planning and performance management.

Policy Development

Through the course of our review, the majority of existing policies and/or by-laws are outdated and some are no longer relevant. Up to date policies are an indicator that the Town is applying the best practices available within the municipal sector.

They also encourage:

- effective planning, analysis and allocation of the Town's limited financial resources; and
- encourage long range planning for both operations and capital financing.



Executive Summary (Continued)

Policy Development (continued)

A priority for the Town should be to establish strong financial policies in the following areas:

- a budget policy (refer to Appendix H)
- a debt policy (refer to Appendix I)
- a capital financing policy (refer to Appendix I)

Shared Services

In light of the many challenges facing the Town, it is imperative that they continue to develop shared services opportunities. We have outlined some areas that the Town should consider developing shared services in order to obtain efficiencies and economies of scale.



About Baker Tilly Canada

With member firms from coast to coast, the Baker Tilly Canada Cooperative is one of the country's largest associations of chartered professional accounting firms. As an all-Canadian network, we have a longstanding reputation for value-added audit, tax and advisory solutions, due to the depth and breadth of our in-house skills, customized offerings and service excellence.

Through our strong network infrastructure, shared expertise, resources and offices across the country, our independent member firms provide clients ranging in size from large, publicly traded companies to owner-managed and emerging businesses with a full complement of professional services across every major industry sector. Find out more at bakertilly.ca

Globally connected

We are proud to be an independent member of Baker Tilly International, a network which extends across 145 territories, with 34,700 people working out of more than 746 offices. Our membership gives us significant global reach in addition to our national presence.

At Baker Tilly International, we believe in the power of great relationships, great conversations and great futures. They represent what we stand for and what we are working together to achieve. Find out more at bakertilly.global

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Baker Tilly SNT



Baker Tilly SNT is recognized as a leading full-service financial services provider. Through the depth and breadth of our in-house skills, customized offerings and service excellence, we have developed a reputation for quality and value-added financial advice.

Established in 1951, Baker Tilly SNT is an independent firm, which has been in public practice providing bilingual professional and consulting services to Northern Ontario organizations for over seventy years. Specializing in audit, tax and advisory services, we have developed a reputation for quality and value-added financial advice due to the depth and breadth of our in-house skills, customized offerings, commitment to excellence, as well as our national and international reach.

As a professional services firm, we are trusted advisors of many Northeastern Ontario businesses, institutions and organizations, and are partners in their successes. Our clients benefit from a firm, which has a community presence, local resources and autonomy while still being able to access resources on a national and an international basis. Our local leadership structure allows us to respond quickly and effectively to our clients' needs. We pride ourselves on open communication and working with our clients and their stakeholders - at all levels - and we understand the importance of preserving relationships, as well as building collaborations and partnerships, modelling these values in our work.

Clients and prospective clients recognize that we offer the national reach of our larger competitors but go beyond with service delivery, offering innovative and strategic solutions tailored to every client. As a member firm of Baker Tilly Canada, we can draw upon the resources and expertise of the entire network, ensuring we deliver value-driven advisory services. Specifically, clients benefit from:

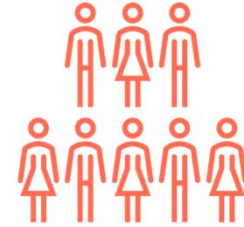
- Increased partner attention
- Strong responsiveness & service excellence
- Local knowledge, global reach
- A one-stop shop for audit, tax and business advisory
- Extensive technical expertise
- Industry specialization
- Specialty service offerings
- Pragmatic solutions & a growth-oriented mindset
- A highly collaborative culture

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Engagement Team



Daniel Longlade, FCPA, FCA – Partner

Dan Longlade started his career in Toronto, in late 1984, with Price Waterhouse. With a hearty starting point, Dan continued on to Collins Barrow in June 1986. His strong interpersonal skills and breadth of knowledge led him to spearhead the opening of the North Bay office in 1992. Dan became partner in 1994. Dan was a member of the Collins Barrow executive for a number of years. Ascending to the position of national chair from 2012-2014, Dan supported the network throughout its ongoing period of success, growth and long-term sustainability. Dan has extensive experience working with public sector entities, private enterprises in multiple industries, financial institutions, and health care professionals. With a focus on audits early in his career, he has specialized in municipalities, and a wide variety of non-profit organization group sectors.

Roxanne Gervais, CPA, CA – Partner

Laurentian University graduate, Roxanne Gervais, has been with Baker Tilly SNT since 1991. Having received her Honours of Commerce degree in 1991, she moved on to earn her CA designation in 1994. Displaying ethics of hard work, a strong knowledge of standards and professionalism, she was admitted to partnership in 2010, becoming Baker Tilly SNT's first female partner. Experienced in the public and not-for-profit sectors, Roxanne expresses a great respect for working with local community-minded organizations. Throughout the years, Roxanne has also specialized in the MUSH group sectors (municipalities, universities, schools and hospitals), as well as the construction and forestry sectors.

Jessica Dion, CPA, CA – Senior Manager

Jessica, a senior manager with our firm since 2011, has over 17 years of public accounting and auditing experience. Jessica graduated from Brock University with an Honours Bachelor of Accounting (Co-op) in 2005 and earned her CA designation in 2006. She has audit experience in the public sector (municipalities and school boards) as well as audit experience in the not-for-profit sector.

Marc Belanger, CPA, CA – Senior Manager

Marc is a senior manager with our firm since 2006 and has extensive public accounting and auditing experience. He is responsible for the management and supervision of the audit of many of our public and not-for-profit clients and is actively involved in audit decisions regarding these clients. Marc has received training in data analytics including the use of the Excel add-on ActiveData and TeamMate Analytics.

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Situation Analysis



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Situation Analysis

Objectives

Key objectives of the situation analysis are to:

- Provide relevant information on the Town's history, geography, demography and culture to give context to the review and help the reader better understand the analysis and recommendations.
- Provide an overview of the Town's operations, including the operating structure, responsibilities and services provided.
- Identify benchmarks which the Town's performance will be compared against, including the selection criteria, service levels and other factors which may impact comparability.
- Summarize the relevant opportunities and challenges of the Town and how they influence the approach to review the Town's operations.



Situation Analysis

About Mattawa

1.1 Geography

The Town of Mattawa (the 'Town') is located at the confluence of the Ottawa and Mattawa rivers in the Nipissing district of Northeastern Ontario. It is landlocked and surrounded by rural townships. The Town's immediate borders are the province of Quebec, which is just across the Ottawa river, and the townships of Mattawan and Papineau-Cameron. With a land area of just 3.66km², the Town is significantly smaller than most municipalities. Of the 444 municipalities in Ontario, just 10 have a smaller land area.

1.2 History

Mattawa is the oldest settlement in the Nipissing district. Situated on the historic voyageur route between Montreal and the Great Lakes, the area was an important route for indigenous people and voyageurs. Early settlers made their way to the Town in the 1820s. They typically earned a living through the fur trade. In the 1830s the Town became a hub for forestry. The river was used to transport logs to the sawmills. In 1881, a railway line was extended to the Town which provided a boost to the population and reduced dependence on the river.

1.3 Economy

The main industry in the area is forestry. The Town has a low commercial assessment which is comparable to most municipalities of equal population size. In 2004, recognizing that the Town must diversify away from forestry and build a sustainable local economy, The Town and four neighbouring municipalities formed the Mattawa Bonfield Economic Development Corporation (MBEDC) to focus on supporting common community and economic interests.



Situation Analysis

About Mattawa (Continued)

1.3 Economy (continued)

In 2009, the Tembec sawmill, formerly the largest employer in the area, was closed. The slowdown and eventual closure of the sawmill resulted in over 500 job losses. Since then, the MBEDC has undertaken many projects that focus on tourism, infrastructure development and stimulating small business. This includes constructing the hospital, developing the downtown and waterfront, upgrading the arena and developing trails. More recent projects it has supported include reopening the Antoine Mountain ski hill. In 2019 the MBEDC dissolved and is no longer in operation.

1.4 Demography and culture

The Town has a population of about 1,993 people residing in 979 private households. Approximately 34% of the population is francophone. Average household income of \$61,211 is comparably low - about \$15,000 less than the average for the Nipissing district. This creates challenges for the Town, which are discussed in section 3.3. The average population age of 47.1 is 3 years older than the average for the Nipissing district.

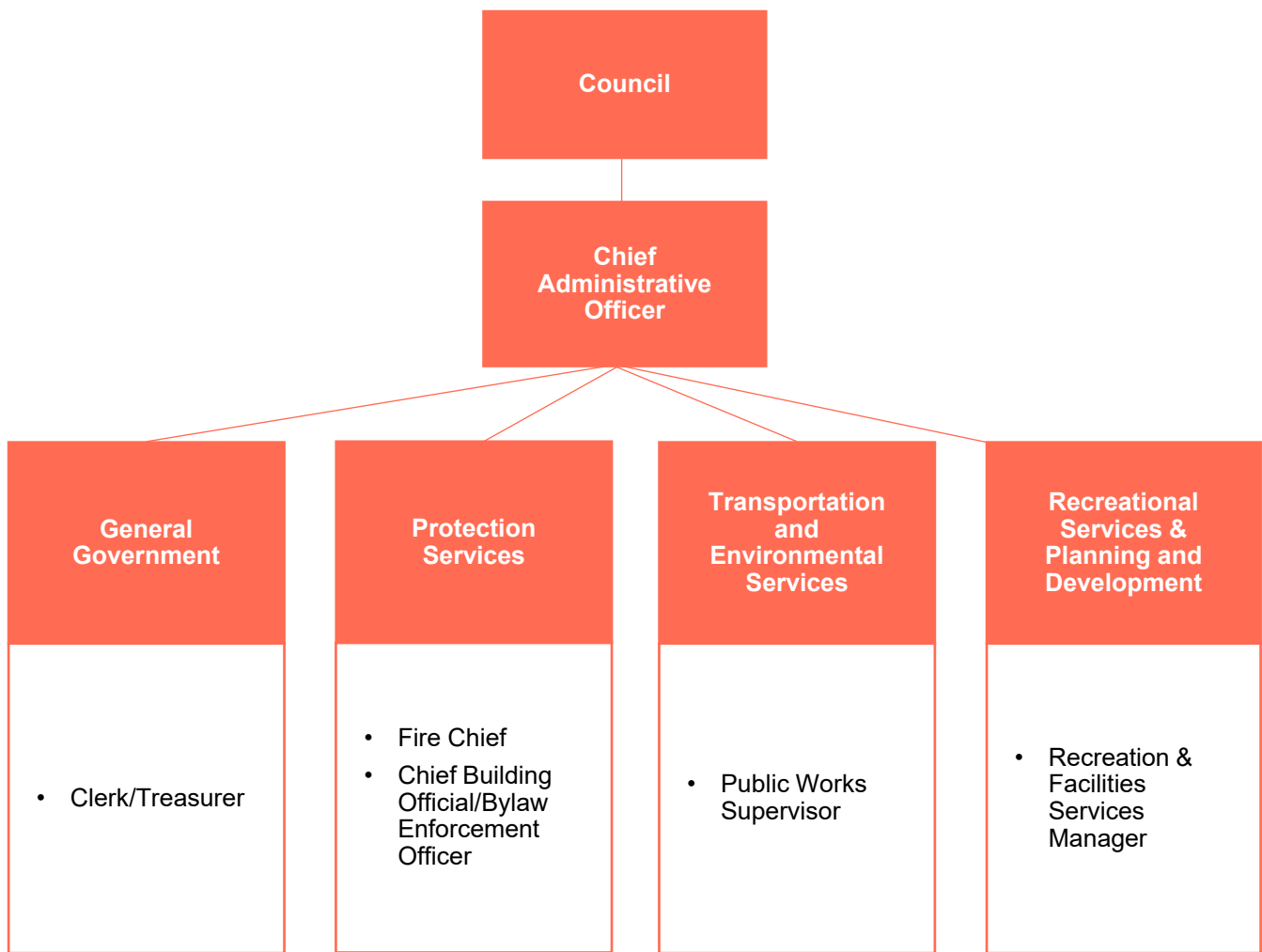
Canoe, portage and the lumberjack are an important part of the Town's heritage. French-Canadian culture is also present due to its proximity to Quebec and because many French-Canadian's permanently settled there after building the railway in the 1880's. This culture is on display at the Mattawa Voyageur Days Festival, which typically takes place every year in the last week of July. The festival features lumberjack competitions, canoe races, live music entertainment and a fireworks display.



Situation Analysis

Municipal Operations

2.1 Organizational chart



Situation Analysis

Municipal Operations (Continued)

2.2 Services provided

Segment	Service category	Key responsibilities
General Government	Governance (Council)	<ul style="list-style-type: none"> • Govern the Town • Represent public interests • Develop and assess programs and policies • Pass by-laws • Oversee financial integrity of the Town
	Corporate Management	<ul style="list-style-type: none"> • Administer programs and policies • Customer service • Levy and collect taxes • Financial management • Report to Council
Protection Services	Police	<ul style="list-style-type: none"> • Keep the Town safe by maintaining public order and enforcing the law • Police services are provided by the Ontario Provincial Police
	Fire	<ul style="list-style-type: none"> • Provide fire education and prevention programs • Firefight • Enforce the fire code • Fire services are predominantly provided by volunteer personnel
	Buildings	<ul style="list-style-type: none"> • Issue building permits, which minimize hazards to persons and property by ensuring compliance with municipal and provincial regulations
	Bylaws	<ul style="list-style-type: none"> • Enforce municipal bylaws, which keep the municipality safe and enhance quality of life

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Situation Analysis

Municipal Operations (Continued)

2.2 Services provided (continued)

Segment	Service category	Key responsibilities
Transportation Services		<ul style="list-style-type: none"> Maintain and repair roads, bridges and culverts Winter control, including ploughing of roads and sidewalks
Environmental Services	Water	<ul style="list-style-type: none"> Treat and distribute drinking water
	Waste	<ul style="list-style-type: none"> Treat and distribute wastewater Collect and process solid waste
Recreation	Arena	<ul style="list-style-type: none"> Provide indoor ice rink and associated facilities to the Town via the Mike Rodden arena
	Other recreation	<ul style="list-style-type: none"> Provide public library and museum facilities Maintain the waterfront and green spaces
Planning and Development	Information centre	<ul style="list-style-type: none"> Provide visitor information services Provide Service Ontario services
	Economic development	<ul style="list-style-type: none"> Organize the Voyageur Days Festival
	Planning and zoning	<ul style="list-style-type: none"> Provide information and guidance to the public on land use matters, such as land development and zoning



Situation Analysis

Benchmarking

Benchmark analysis involves making performance comparisons to municipalities with similar operations (benchmarks). This will be used to help assess the efficiency of the Town’s operations.

3.1 Benchmark criteria

Benchmarks were selected based on the criteria outlined below:

- Population: municipalities with a similar population should have comparable service needs, operating costs and residential taxes.
- Number of private households: same as above.
- Proximity to nearest city: municipalities in rural areas with a similar proximity to the nearest city should have comparable service needs. Closer proximity should mean greater access to alternative services.

Below is a table comparing key criteria for the Town to the municipalities selected as benchmarks.

Benchmark criteria	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls	Average
Population	1,993	2,438	2084	1,964	1,479	2,662	1,330	1,993
Number of Private Households	979	1,149	1,629	1,022	711	2,108	693	1,184
Proximity to nearest city (km)	61.9	68.5	182	200	44.2	88.7	104	107

From the table, we can make the following observations about the Town compared to comparable municipalities:

- Population and number of private households are within the average of comparable municipalities. Therefore, we expect operating costs and taxable assessment to be within the average range.

Situation Analysis

Benchmarking (Continued)

3.1 Benchmark criteria (continued)

- Proximity to the nearest city is closer than average. This may limit the Town’s ability to increase user fees for non-essential services such as the Mike Rodden arena, as users have more options close by to access services in other jurisdictions.

3.2 Service levels

Service levels should be the key driver of operating cost. Accordingly, we must consider service levels in order to make accurate performance comparisons between the Town and the comparable municipalities.

The most significant operating costs are in the three segments below¹.

1. Environmental Services (water and sewer services): operating cost is driven by megalitres of water and wastewater distributed and treated.
2. Transportation Services: operating cost is driven by kilometers of maintained roads under municipal responsibility.
3. Recreation: operating cost is predominantly driven by square metres of indoor recreation facility space.

Below is a table comparing service levels for the Town and the comparable municipalities:

Service levels	Mattawa	Black River- Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Drinking water treated (megalitres)	468.4	No data	84.3	430.5	289.8	-	280.4
Wastewater treated (megalitres)	366.7	No data	77.5	1,009.5	518.0	105.0	425.4
Roads: total lane km	20	781	440	49	15	375	65
Indoor recreation facility space (m ²)	1,785	2,164	4,822	4,627	3,071	2,501	3,325

¹ Policing Services has been excluded as operating costs are driven by contracts with the Ontario Provincial Police, which are priced in the same way for all municipalities. Accordingly, there is limited scope for differences in drivers of operating cost.



Situation Analysis

Benchmarking (Continued)

3.2 Service levels (continued)

From the table, we can make the following assumptions about the Town's operating costs:

- Water costs should be the highest as they have the most drinking water treated.
- Wastewater costs should be similar to Smooth Rock Falls.
- Transportation costs should be higher than Englehart but lower than other comparable municipalities.
- Recreation costs should be the lowest as the Town has the least amount of indoor space.

A more detailed analysis of these costs is outlined later in the report, within the review of each respective department.

3.3 Other factors to consider

Other factors may drive differences in performance and operating costs. We must consider these factors in order to make accurate performance comparisons between the Town and the benchmarks. These factors include:

- Land area impacts the operating costs to deliver services. A higher land area typically means more infrastructure to deliver the same service, and therefore more operating cost.
- Average household income impacts the ability to levy taxes. Lower taxes as a percentage of average household income typically means there is more ability to increase taxes, as residents should have more ability to pay.
- Commercial and industrial assessment impacts the ability to levy taxes. A low commercial and industrial assessment typically means there are more limited options for increasing taxes, as residential taxpayers will bear a higher proportion of any tax increase.
- 26% of the taxable assessment is exempt from taxation meaning services are provided to these properties however no taxes are recovered.

Situation Analysis

Benchmarking (Continued)

3.3 Other factors to consider (continued)

Below is a table comparing these factors for the Town to the comparable municipalities selected as benchmarks.

Other factors	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls	Average
Land area (km ²)	3.7	1,163.5	431.1	14.2	3	735.5	200.1	364.4
Average household income (\$)	61,211	84,853	73,494	80,594	75,705	74,372	71,233	74,495
Commercial assessment (other taxes as % of total taxes)	29	52	10	25	31	7	64	31

From the table, we can make the following observations about the Town compared to the comparable municipalities:

- Land area is very small. The small land area will inhibit opportunities for economic development as there is less land available for development and expansion.
- Average household income is very low. There will be less opportunity to increase taxes and usage fees.
- Commercial assessment is comparable to the average. The Town's commercial assessment is comparable to Chapleau and Englehart. The commercial assessment for Black-River Matheson and Smooth Rock Falls is high since both of these municipalities have large commercial employers within their municipality. The commercial assessment for Central Manitoulin and French River is low since both municipalities have a significant number of seasonal properties which alters the mix of taxes levied.



Situation Analysis

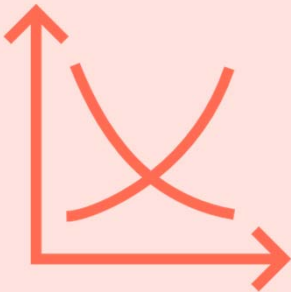
Summary

4.1 Opportunities and challenges

- The Town is land-locked with a small land area and surrounded by rural townships. The Town's options for economic development are more limited compared to other municipalities due to less land to develop and less room to expand.
- The Town's average household income and commercial assessment are very low. Accordingly, there is limited scope to generate revenue by increasing taxation.
- Four other municipalities are within close proximity of the Town which provides opportunities for the partnering of shared services:
 - Mattawan
 - Papineau-Cameron
 - Calvin
 - Bonfield



Financial Performance



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Financial Performance

Sources of comparative information

Information set forward in this section have been obtained from the Financial Information Returns ("FIRs") filed by the respective municipalities. Information related to average income, population and private households has been obtained from Statistics Canada using the 2016 Census data (most current data available).

FIRs are a standard set of year-end reports submitted by municipalities to the Province which capture certain financial information. On an annual basis, the Ministry of Municipal Affairs and Housing ("MMAH") staff prepare certain financial indicators for each municipality based on the information contained in the FIRs. It is important to remember that these financial indicators provide a snapshot at a particular moment in time and should not be considered in isolation. It should be supplemented with other relevant information sources.

The MMAH reviews each municipality's financial health through the use of key financial indicators in relation to established provincial thresholds. These financial indicators have been as indicated in the Chartered Professional Accountants of Canada Statement of Recommended Practice (SORP) 4: Sustainability, flexibility and vulnerability to assist in assessing municipalities financial condition.

- Sustainability is the degree to which a municipality can maintain its existing financial obligations without increasing the debt or tax burden.
- Flexibility is the degree to which a municipality can change its debt or tax burden.
- Vulnerability is the degree to which a municipality is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet its existing financial obligations.



Financial Performance

Financial Analysis

1. CASH RATIO

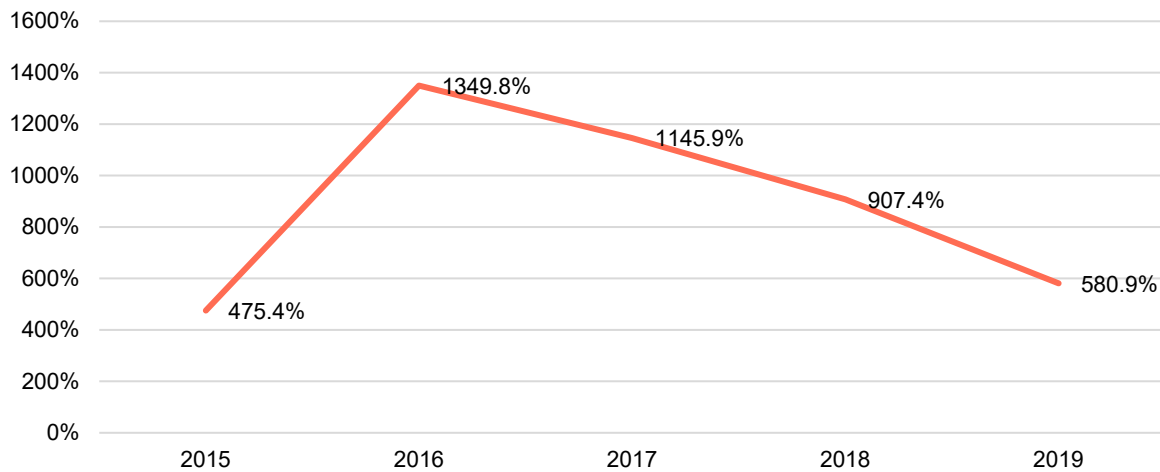
Financial principle Sustainability

Explanation Indicates how much cash and liquid investments could be available to cover current obligations.

Formula Cash and cash equivalents / current liabilities

Best practice Over 50%

Cash Ratio Over 5 Years



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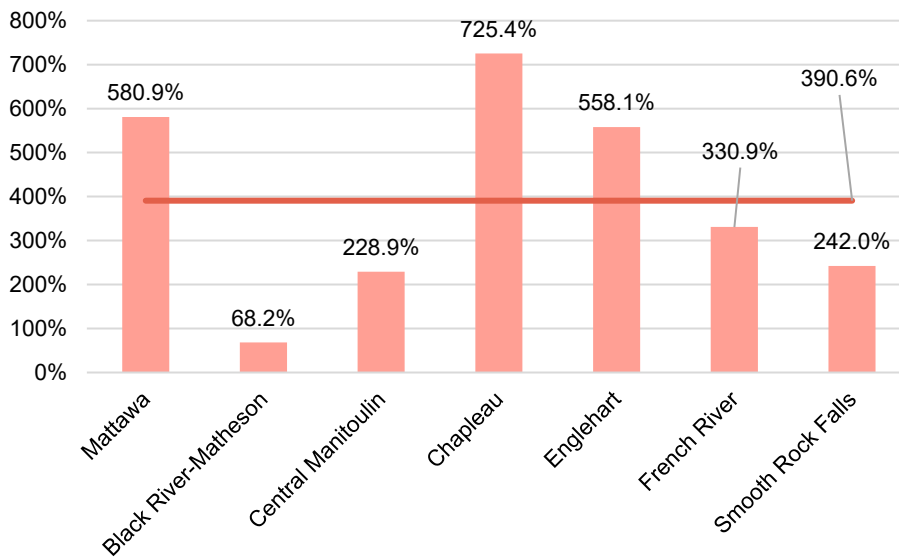


Financial Performance

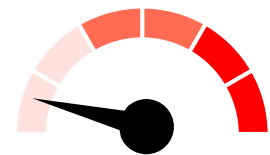
Financial Analysis (Continued)

1. CASH RATIO (CONTINUED)

2019 Municipal Comparison



Risk Level - LOW



Your results

With the cash ratio being higher than 0.5:1, the Town has exceeded the best practice, and as a result, the risk level is low. Based on the 5-year analysis, the Town has always had a good cash ratio even though it has declined in the last four years. The Town is also higher than the average of comparable municipalities. This high percentage indicates that the Town is not investing surplus cash.

Recommendation

The Town should look at their cash flow needs and invest any excess funds to generate additional interest revenue for the Town.

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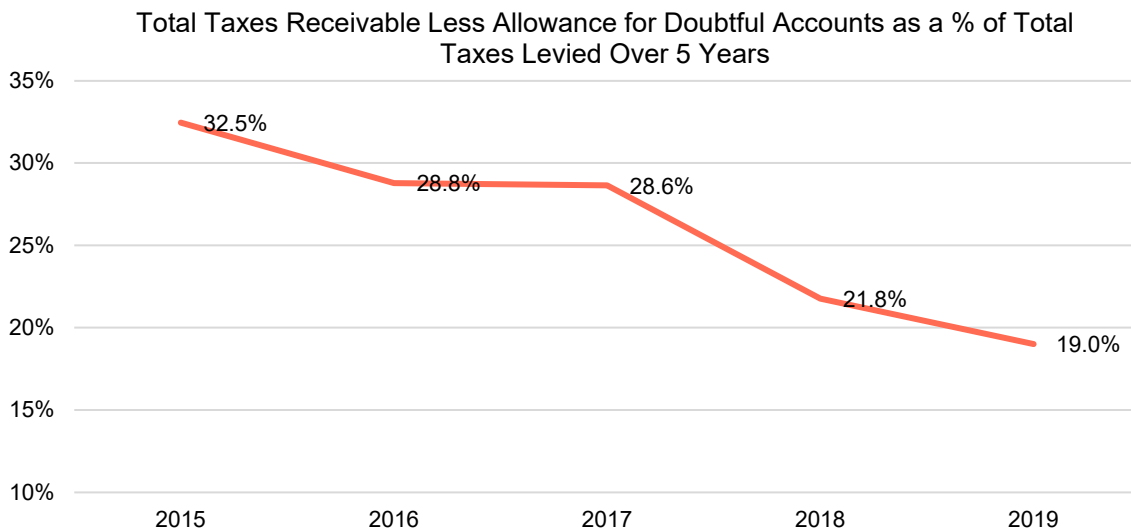


Financial Performance

Financial Analysis (Continued)

2. TOTAL TAXES RECEIVABLE LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS AS A % OF TOTAL TAXES LEVIED

<i>Financial principle</i>	Sustainability
<i>Explanation</i>	Indicates how much of the taxes billed that are not collected. Taxes receivable is the amount of outstanding taxes owed to the municipality (tax arrears). High outstanding taxes may reflect the inability of residents to pay their taxes, or it could indicate problems with the municipality's tax collection procedures. High outstanding taxes could create cash flow problems for the municipality or result in higher tax rates to fund uncollectable taxes or tax write-offs.
<i>Formula</i>	$\text{Taxes receivable less allowance for doubtful accounts} / \text{Total taxes levied}$
<i>Best practice</i>	Below 15%



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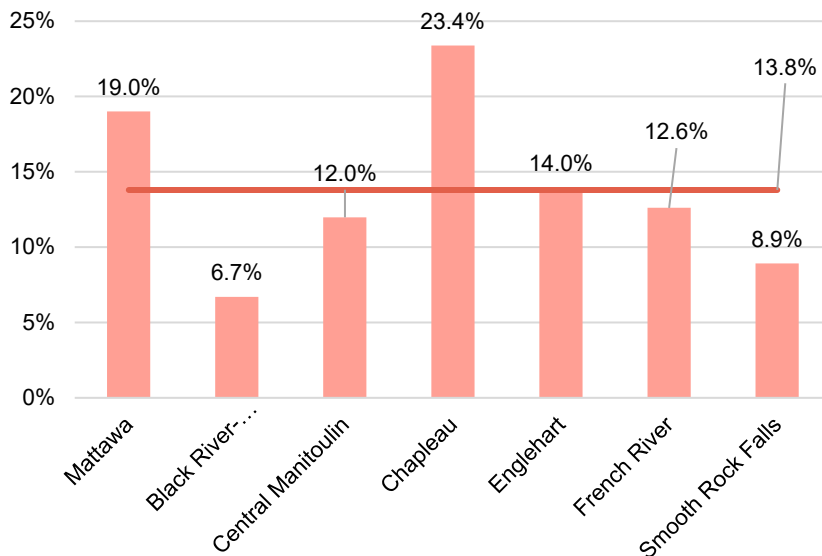


Financial Performance

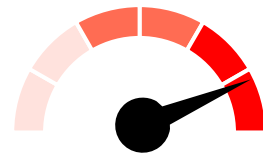
Financial Analysis (Continued)

2. TOTAL TAXES RECEIVABLE LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS AS A % OF TOTAL TAXES LEVIED (CONTINUED)

2019 Municipal Comparison



Risk Level - HIGH



Your results

The Town is above the comparable municipalities' average and above the recommended upper limit established by the Ministry. This means that the Town is collecting taxes at a slower rate than recommended and is carrying more arrears from ratepayers than its comparable municipalities. Even though the results for this ratio indicates a high risk, it should be noted that the Town has made some significant improvements in the collection of its taxes receivable in the last few years. Additionally, there are 2 specific accounts with significant balances that the Town is working with to collect. If these accounts are excluded from the ratio, the total taxes receivable less allowance for doubtful accounts as a percentage of total taxes levied is 7.68% for 2019 which is well within the comparative range.

Recommendation

Based on the revised ratio, we recommend that the Town continue to monitor taxes receivable and continue all efforts for collection including putting up any property for tax sale when permitted by law.

Now, for tomorrow





Financial Performance

Financial Analysis (Continued)

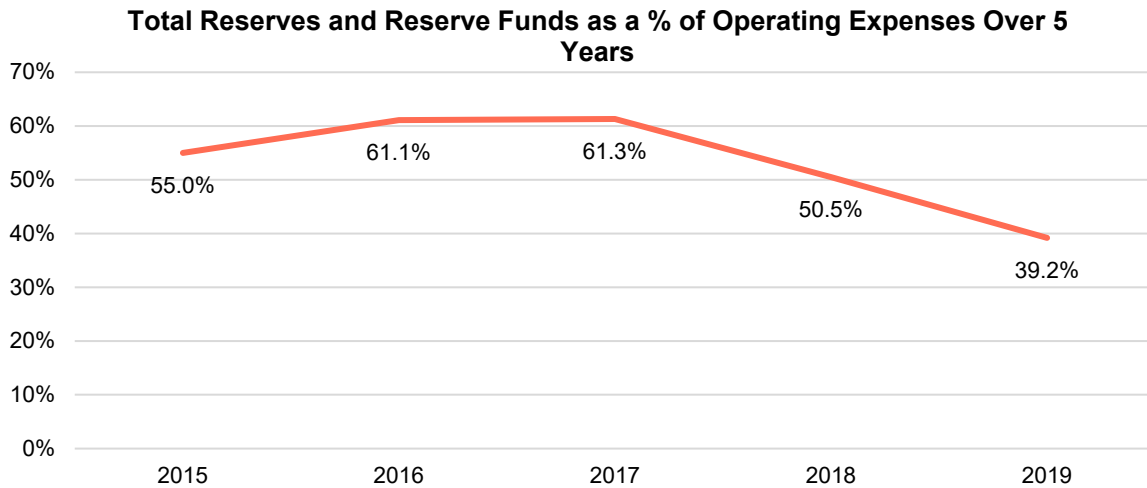
3. RESERVES AND RESERVE FUNDS AS A % OF OPERATING EXPENSES

Financial principle Sustainability

Explanation Indicates how much money is set aside for future needs and contingencies and the ability to offset unexpected revenue losses or increases in expenses. Low reserves and reserve funds indicate that the municipality may have less flexibility to offset non-budgeted revenue losses or unexpected expenditure increases. High percentages would indicate that a municipality is setting aside substantial revenues for future projects. This comparison is to be based on municipal grouping and local knowledge. It is recognized that municipalities with high reserves and reserve funds may have allocated part or all of these reserves for future capital financing needs.

Formula Reserves and reserve funds / operating expenses

Best practice Above 20%



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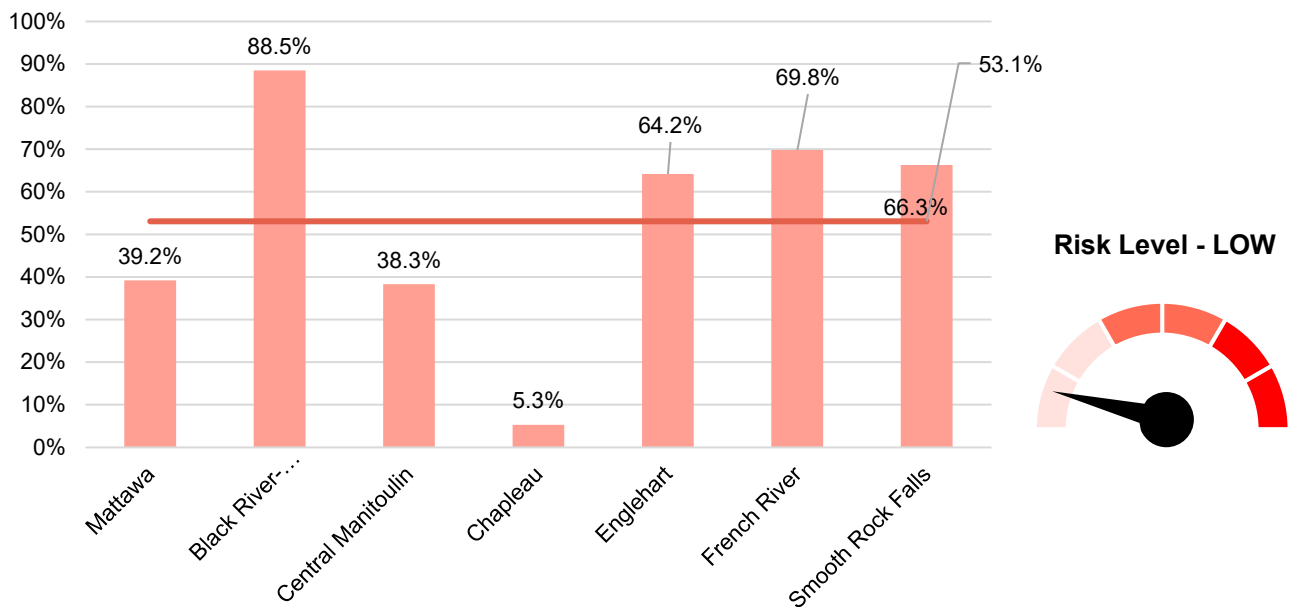


Financial Performance

Financial Analysis (Continued)

3. RESERVES AND RESERVE AS A % OF OPERATING EXPENSES (CONTINUED)

2019 Municipal Comparison



Your results

The Town is above the minimum recommended threshold of 20% but below the comparable municipalities' average. Together with the charts presented in the Reserves and Reserve Funds section of our report, we can see that the Town's reserves and reserve funds have been decreasing on an annual basis and that the total reserves and reserve funds as a percentage of operating expenses has also been decreasing. The decrease in the percentage can be attributed to two factors: decrease in dollar levels of the reserves and reserve funds and an increase in the operating expenses. It should be noted that the Town currently does not have a reserves and reserve funds policy in place. As a result, any contributions to the reserves or use of the reserves are not tied to an action plan and are not a result of future budgeting processes.

Recommendation

Please refer to the Reserves and Reserve Funds section for a list for our recommendations.

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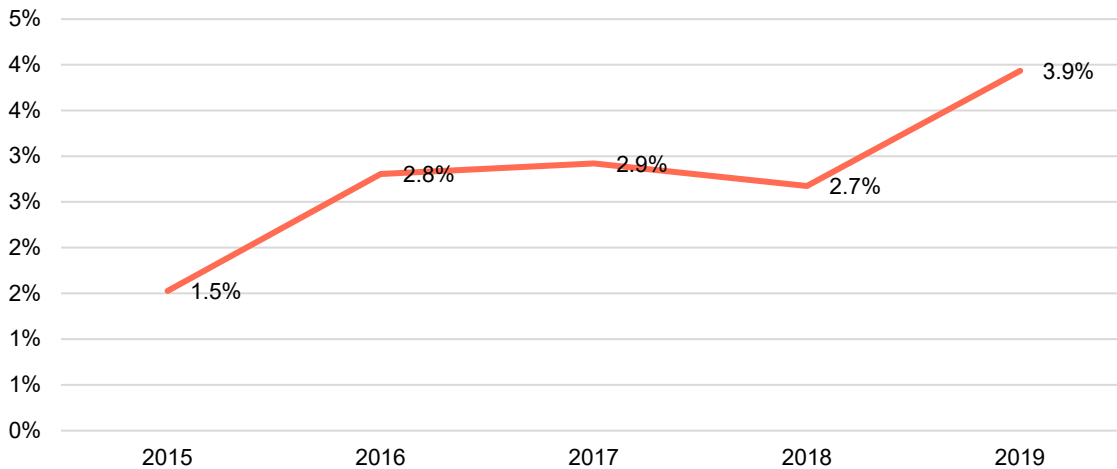
Financial Performance

Financial Analysis (Continued)

4. DEBT SERVICING COST AS A % OF TOTAL REVENUES

<i>Financial principle</i>	Flexibility
<i>Explanation</i>	Indicates how much of each dollar raised in revenue is spent paying down existing debt (both principal and interest). This indicator shows the extent to which past borrowing decisions may impact the current municipal budget.
<i>Formula</i>	Debt charges for the year / total revenues
<i>Best practice</i>	below 5%

Debt Servicing Cost as a % of Total Revenues Over 5 Years



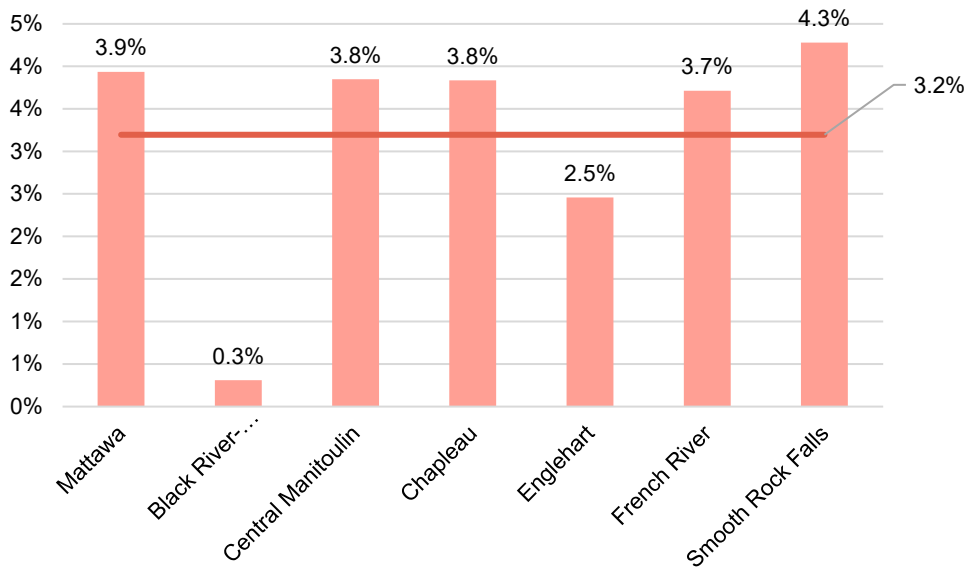


Financial Performance

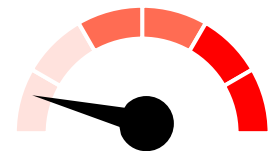
Financial Analysis (Continued)

4. DEBT SERVICING COST AS A % OF TOTAL REVENUES (CONTINUED)

2019 Municipal Comparison



Risk Level - LOW



Your results Based on the table, the Town’s results are below the maximum set threshold of 5% but greater than the average of the comparable municipalities. The low result indicates that the Town has low debt levels which is indicative that there is not a lot of investment in the Town’s infrastructure. Even though it appears that the Town has the ability to incur more debt, the Town should be cautious. In order to properly meet debt servicing costs of any new debt (other than for water and sewer), the Town would have to increase revenues which could be difficult as revenues have been historically static and opportunities available to increase revenues are low.

Recommendation We recommend that for any water and sewer debt, that proper user charges are set to cover the debt servicing costs of those loans. For all other debt, the Town will need to ensure that they can generate the additional revenues required to cover the additional costs.



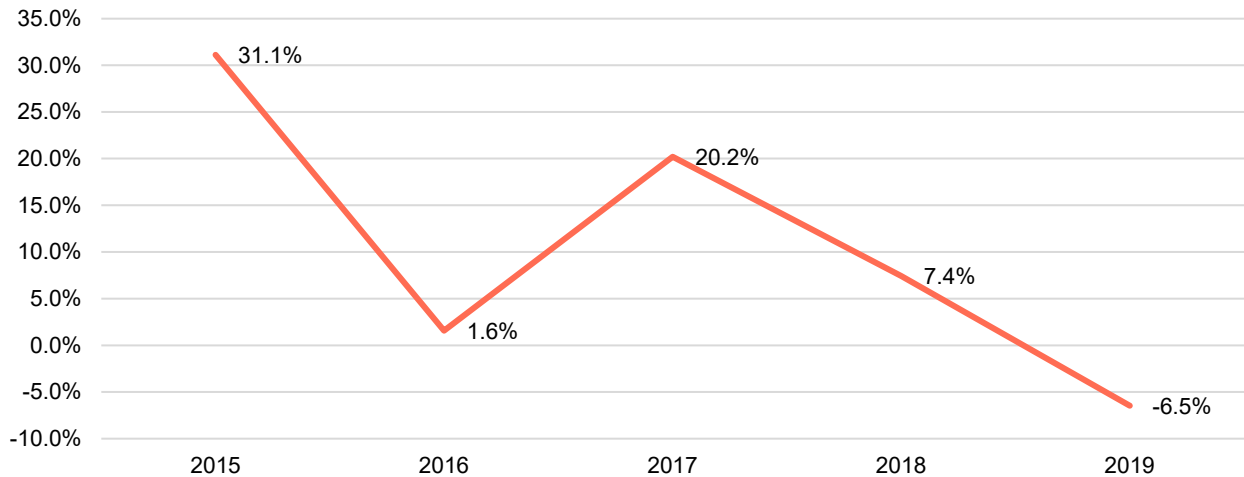
Financial Performance

Financial Analysis (Continued)

5. ANNUAL SURPLUS / (DEFICIT) AS A % OF OWN SOURCE REVENUES

<i>Financial principle</i>	Flexibility
<i>Explanation</i>	Indicates the municipality's ability to cover its operational costs and have funds available for other purposes (i.e. reserves, debt repayment etc.).
<i>Formula</i>	Annual surplus or deficit / own source revenues
<i>Best practice</i>	Above -1%

Annual Surplus / (Deficit) as a % of Own Source Revenues Over 5 Years



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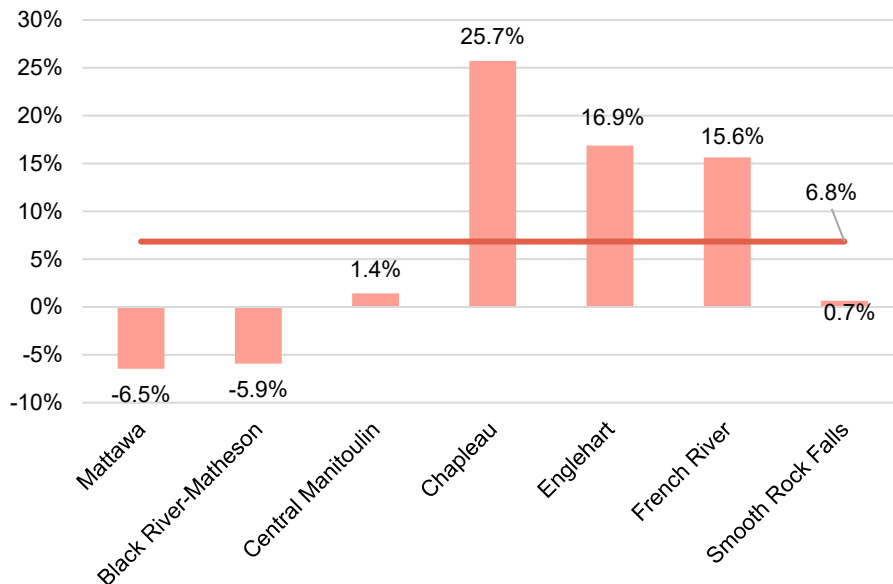


Financial Performance

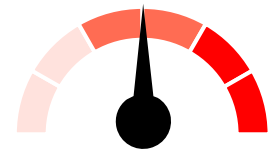
Financial Analysis (Continued)

5. ANNUAL SURPLUS / (DEFICIT) AS A % OF OWN SOURCE REVENUES (CONTINUED)

2019 Municipal Comparison



Risk Level - MODERATE



<i>Your results</i>	The Town is not within the recommended threshold and is below the comparable municipalities' average. A result between -1% and -30% is considered moderate risk. The deficit indicates that there is no additional funds available for contingencies. In reviewing the Town's financial data, we have noted that there are some specific items that have contributed to the deficit such as Voyageur Days Festival and the 2019 flood. Without Voyageur Days Festival and the 2019 flood, the ratio would have been -0.8%.
<i>Recommendation</i>	Please refer to the recommendations in our Reserves and Reserve Funds section to assist the Town to have additional funds available to cover extraordinary and/or unpredictable costs.



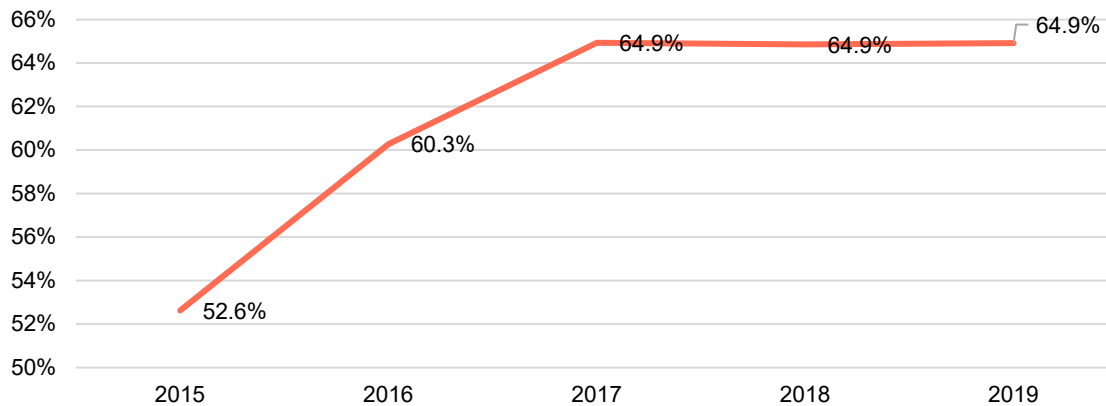
Financial Performance

Financial Analysis (Continued)

6. OWN SOURCE REVENUES AS A PERCENTAGE OF TOTAL OPERATING REVENUES

<i>Financial principle</i>	Vulnerability
<i>Explanation</i>	Indicates the extent to which a municipality has a high proportion of revenues from its own sources reducing its impact to a change in transfers from other levels of government.
<i>Formula</i>	Own source revenues / total operating revenues
<i>Best practice</i>	Varies

Own Source Revenues as a Percentage of Total Operating Revenues Over 5 Years



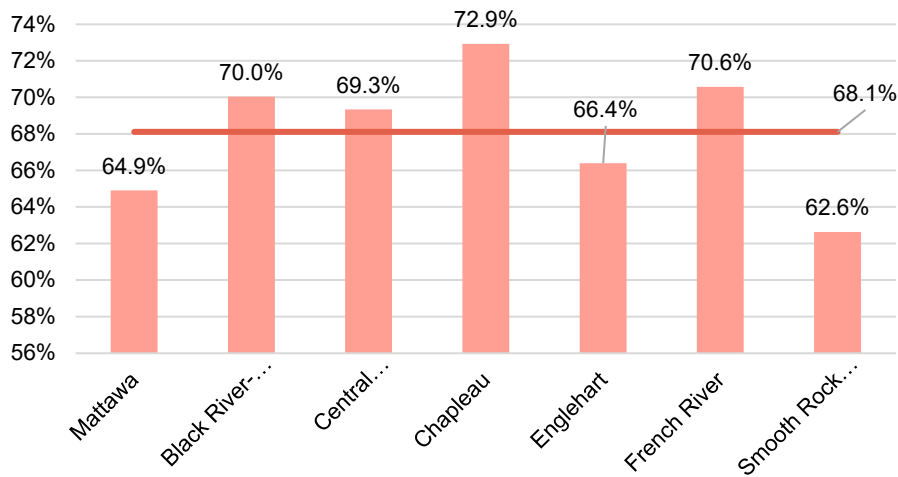


Financial Performance

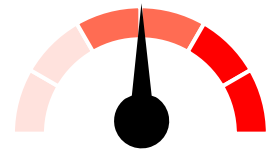
Financial Analysis (Continued)

6. OWN SOURCE REVENUES AS A PERCENTAGE OF TOTAL OPERATING REVENUES (CONTINUED)

2019 Municipal Comparison



Risk Level - MODERATE



Your results

The Town is below the comparable municipalities' average which means they are more heavily dependent on government transfers. This reality is exacerbated further by the challenge of generating additional own source revenues due to:

- their limited geographical area,
- the wealth of the Town's ratepayers, and
- the lack of industrial and commercial properties.

Recommendation

In order to ensure that the Town can weather any changes in government and ultimately changes in subsidy transfers from the province to the municipalities, they will need to find new sources of revenues. Some of our recommendations have addressed areas where this may be possible; though opportunities may be limited. The Town will need to look at sources of revenue not related to taxation such as user fees and charges or look at cost efficiencies, cost reductions, outsourcing of services or shared services with surrounding municipalities.

Now, for tomorrow





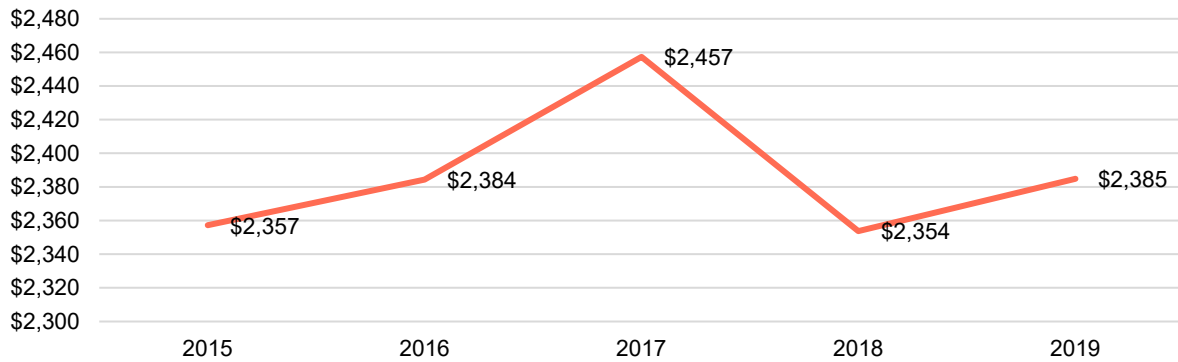
Financial Performance

Financial Analysis (Continued)

7. TAXES PER PRIVATE HOUSEHOLD

<i>Financial principle</i>	Vulnerability
<i>Explanation</i>	Indicates the level of taxes on private households for municipal purposes.
<i>Formula</i>	Taxes levied / total private households per 2016 census data
<i>Best practice</i>	Varies

Taxes Per Private Household Over 5 Years



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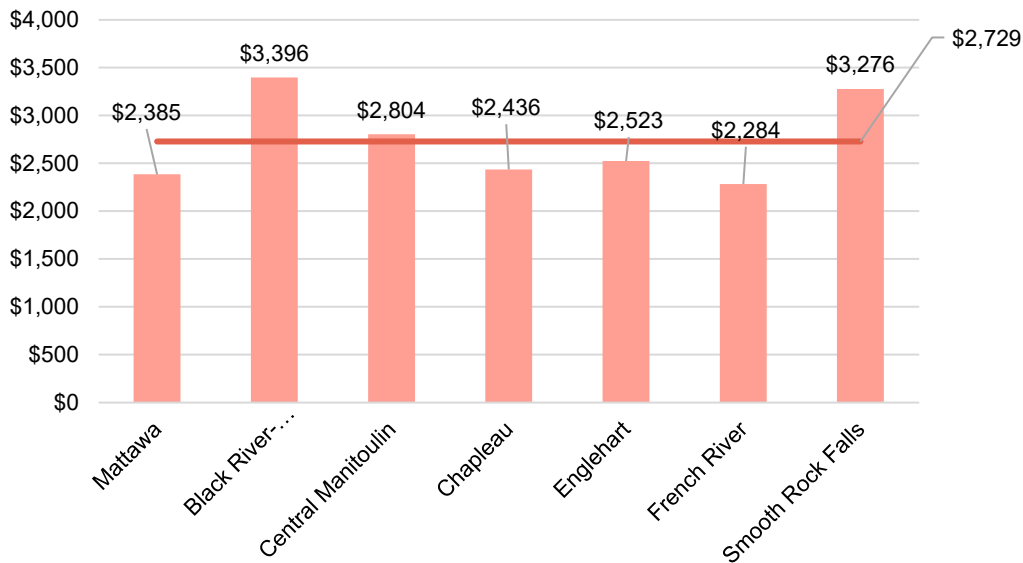


Financial Performance

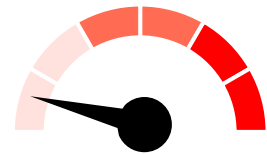
Financial Analysis (Continued)

7. TAXES PER PRIVATE HOUSEHOLD (CONTINUED)

2019 Municipal Comparison



Risk Level - LOW



Your results The Town averages less taxes per private household in comparison to the comparable municipalities. Some of the rationale for the low taxes per private household for the Town is that the Town levies very little taxes for infrastructure costs.

Recommendation Please refer to the Reserves and Reserve Funds section for our recommendation on the tax levy for the infrastructure costs.



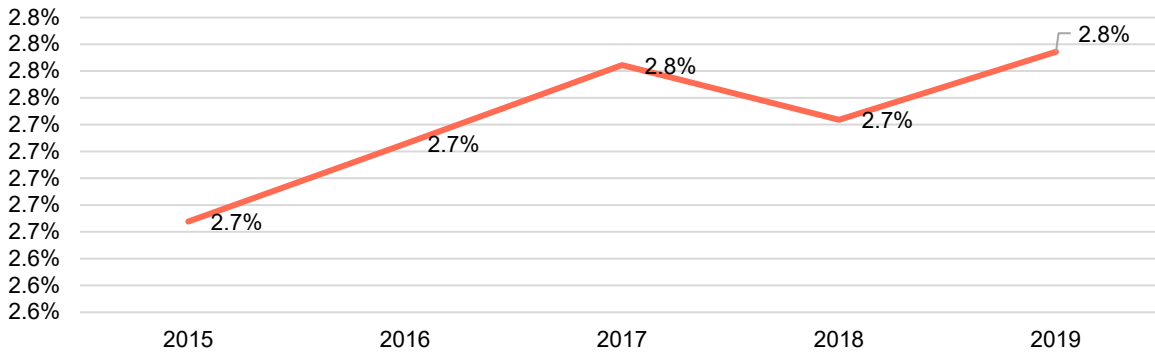
Financial Performance

Financial Analysis (Continued)

8. TOTAL RESIDENTIAL TAXES PER PRIVATE HOUSEHOLD AS A PERCENTAGE OF HOUSEHOLD INCOME

<i>Financial principle</i>	Vulnerability
<i>Explanation</i>	Indicates the portion of a ratepayer's household income used to pay municipal property taxes.
<i>Formula</i>	Total residential taxes per private household / average household income derived from 2016 census data
<i>Best practice</i>	Varies

Total Residential Taxes per Private Household as a percentage of Household Income Over 5 Year



Now, for tomorrow



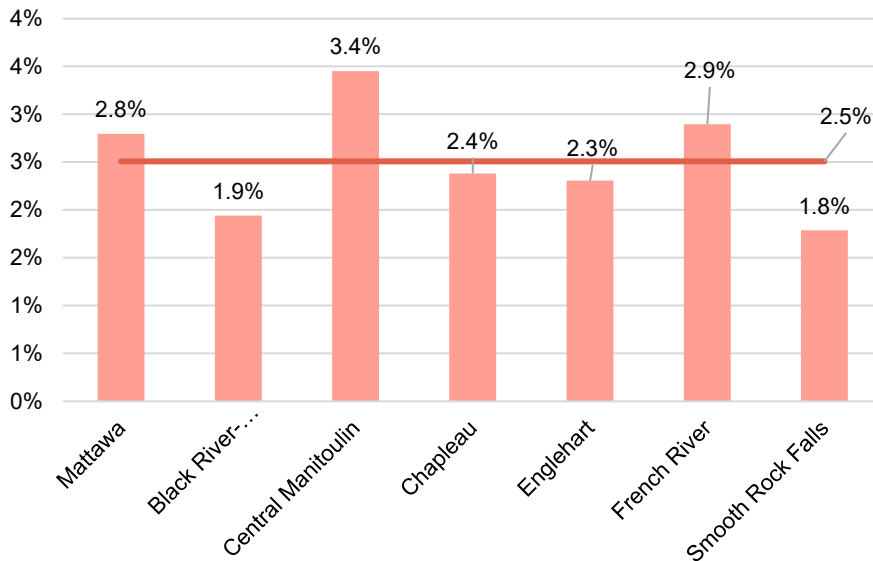


Financial Performance

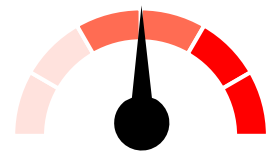
Financial Analysis (Continued)

8. TOTAL RESIDENTIAL TAXES PER PRIVATE HOUSEHOLD AS A PERCENTAGE OF HOUSEHOLD INCOME (CONTINUED)

2019 Municipal Comparison



Risk Level - MODERATE



<i>Your results</i>	The Town is above the comparable municipalities' average. This means that a larger portion of the ratepayer's household income is being allocated towards paying property taxes.
<i>Recommendation</i>	Given that the Town's ratepayers are using more of their household income than the average of the comparable municipalities, it will be difficult for the Town to incorporate recommendations that require new sources of revenues not related to taxation. The Town will need to look at sources of revenue not related to taxation such as user fees and charges or look at cost efficiencies, cost reductions, outsourcing of services or shared services with surrounding municipalities.



Financial Performance

Financial Analysis (Continued)

9. REVENUE PER CAPITA

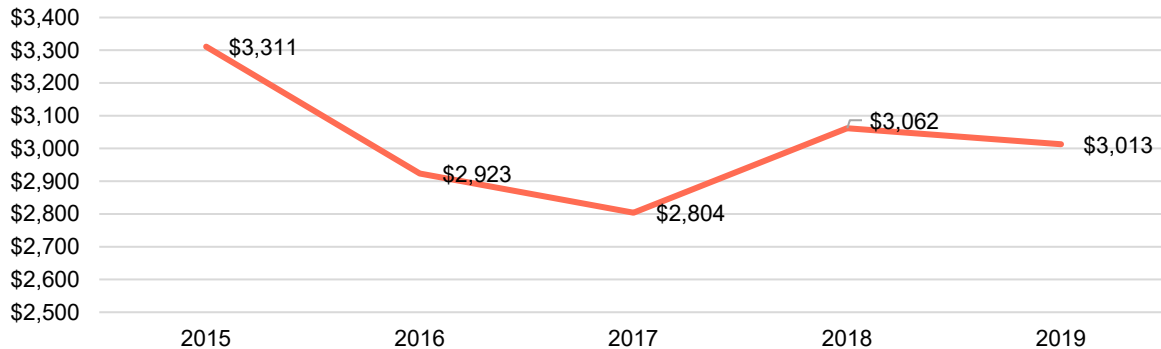
Financial principle Vulnerability

Explanation Indicates the demand for resources and the municipality's ability and willingness to provide resources. A high ratio and increasing trend, in relation to expenses per capita, is generally desirable. A high ratio suggests the municipality has enough annual resources but that it is now at the limits of the revenue it can generate, reducing its flexibility for bringing in more revenue. Similarly, a low ratio may suggest the municipality has greater capacity to get additional revenue.

Formula Revenue / population per 2016 census data

Best practice Varies

Revenue Per Capita Over 5 Years



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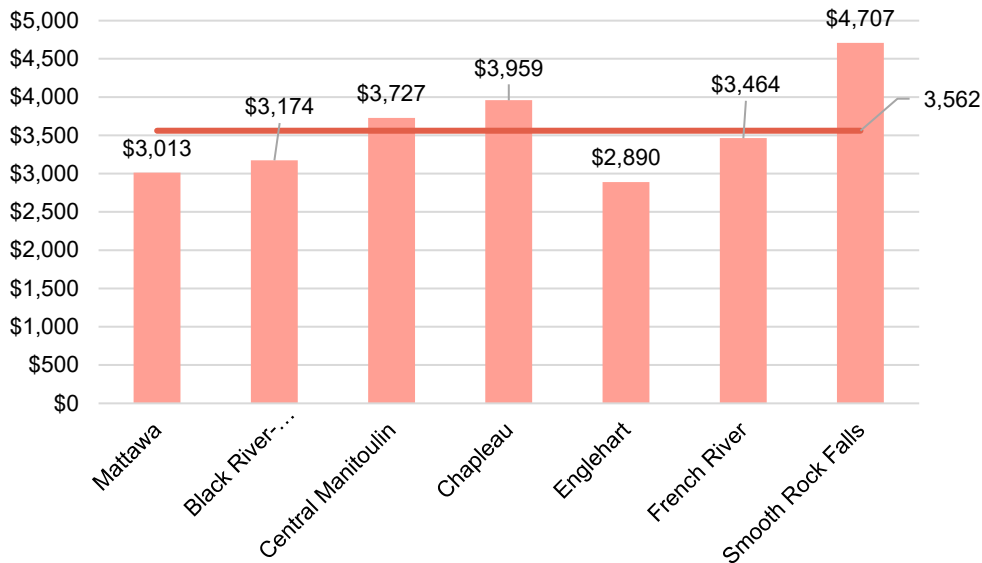


Financial Performance

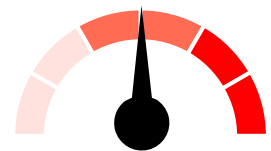
Financial Analysis (Continued)

9. REVENUE PER CAPITA (CONTINUED)

2019 Municipal Comparison



Risk Level - MODERATE



Your results

The Town is below the comparable municipalities' average which means they should have the ability to generate additional revenues. However, this would be in contradiction of previous ratios that indicate that ratepayers cannot absorb further tax levies.

Recommendation

As previously noted, it will be difficult for the Town to incorporate recommendations that require new sources of revenues not related to taxation such as user fees and charges. The Town will need to look at sources of revenue not related to taxation or look at cost efficiencies, cost reductions, outsourcing of services or shared services with surrounding municipalities.

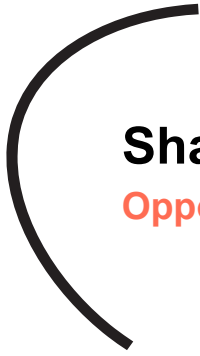


Shared Services Opportunities



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Shared Services

Opportunities

Shared services defined

Shared services occur when two or more local public sector organizations partner to provide a service. The sharing of services is not limited to sharing with other municipalities. It can be with First nations, school boards, post-secondary institutions, health units, hospitals, and others.

Based on a study done in 2012 by the MMAH, out of 400 Ontario municipalities, 362 of them (91 in Northeastern Ontario) were sharing some form of services.

Common shared services

Per section 20(1) of the Municipal act, 2001, “A municipality may enter into an agreement with one or more municipalities or local bodies... or a combination of both to jointly provide, for their joint benefit, any matter which all of the them have the power to provide within their own boundaries.” Therefore, any service or functions over which a municipality has jurisdiction can be shared.

Per the 2012 study done by MMAH, the most common shared services in Northeastern Ontario were:

- Planning, building and bylaw 45%
- Libraries 40%
- Facility management 38%
- Road maintenance 29%

Other shared services included landfill operations, meeting investigators, economic development, water and wastewater, recreation, purchasing, emergency management and contract awards.



Shared Services

Opportunities (Continued)

Benefits of shared services

The most common benefits of shared services include:

- Cost efficiencies and economies of scale
- Access to specialized skills and resources
- Improved services
- Increased municipal capacity
- Fairness in cost delivery of services to non-residents
- Savings that can be passed on to ratepayers or used to fulfill other projects

Obstacles for shared services

Some of the key issues that may be faced by the Town in considering shared services include:

- Impact on existing service levels
- Staff buy-in and labour relations
- Public buy-in
- Accountability
- Cost allocation
- Impact on community loyalty

Keys to success

The basic principles that must be present in a shared services agreement to assist in its success include:

- **Common interest** – objectives of all parties must be aligned, achievable and fulfilled.
- **Mutual benefit** – arrangements must be fair for all participants and all participants must gain from the arrangement.
- **Cost effectiveness** – ensure that there is value for money in the arrangement. The arrangement can't take more time than benefits.

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Shared Services

Opportunities (Continued)

Current shared services

Presently, the Town has a shared services agreement with Papineau-Cameron and Mattawan for the maintenance of the landfill site located in Papineau-Cameron.

Shared services opportunities

Based on our review of the Town's operations, the following are opportunities for shared services:

Fire – Shared services agreement (PRO-4): The Town should explore the option of shared services with neighbouring municipalities for shared training and equipment.

Protective Inspection and control – Animal control duties (PRO-9): The Town should explore the option of shared services with neighbouring municipalities for animal control services related to dogs in the Town.

Roads – Group tendering (TRA-5): The Town should explore the efficiencies and cost savings that may be gained in bulk purchases of commodities such as sand, fuel, and gravel with the neighbouring municipalities.

Winter Control – Winter Road Maintenance (TRA-8): The Town should explore the option of shared services with neighbouring municipalities for the winter maintenance of their 20 kilometers of roads.

Landfill – Shared agreement for landfill site (ENV-7): The Town should explore the option of modifying the proportionate allocation method of these shared costs with their neighbouring municipalities.



Shared Services

Opportunities (Continued)

Shared services opportunities (continued)

Recreation – joint user agreement rates (REC-2): The Town should explore the option of a updating the joint user agreement policy with their neighbouring municipalities.

Economic Development – East Nipissing Planning Board (PLA-1): The Town should explore the option of joining the East Nipissing Planning Board.

Shared services implementation

To ensure the success of the implementation of the proposed shared services, the following will need to be incorporated in the planning:

- Evaluate capacity of staff and equipment and determine if pursuing shared services if feasible
- Ensure that formal shared services agreements are prepared and followed.
- For cost-sharing agreements, ensure that costs are properly allocated based on an agreed upon measure
- Maintain open communication with all parties involved to ensure a smooth transition of services
- Seek participation of all parties involved in the determination of shared services to ensure that there is buy-in at all levels



General Government



Now, for tomorrow





General Government

Summary of Department

Observations

General

This department is also referred to as Corporate Services. It encompasses the following three activities:

- Administration
- Finance
- Governance

From a comparative standpoint, these activities are delivered at a relatively low cost. This would indicate that the Town operates with a very lean administration as is the case with smaller rural townships and municipalities. Their limited resources in this area contributes to the municipalities not being able to direct their efforts in developing proper systems and processes to manage the operations effectively. The following areas are opportunities for the Town to focus some of their efforts in governance:

- Corporate Information System
- Budget Policy
- Capital Financing Policy

Financial

Included in salaries and benefits is \$102,216 and included in materials is \$407,545 of emergency repairs needed in response to the flood. The emergency repairs required as a result of the flood had an impact across all operating segments of the Town thus was included in the allocation of program support this year.

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General Government

Summary of Department (continued)

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.

With regards to salaries and benefits, in 2017 an additional employee was hired in the general government department. In 2018 there was a one-time payout for accumulated sick leave in the amount of \$137,428. In 2019 there was additional wages paid as a result of the flood in the amount of \$102,216. The normalized amount of salaries and benefits in 2018 and 2019 is \$589,775 and \$637,294 respectively. Although wages and benefits have increased for reasons noted above, the costs of contracted services has decreased.

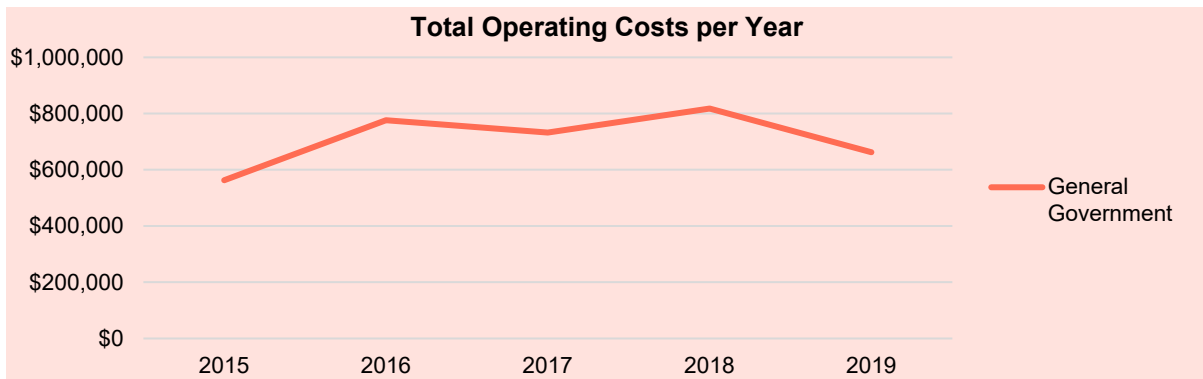
Comparative

The Town's full-time staff complement in general government is comparable to the average (refer to appendix G). Operating costs per capita are below average. However, if we remove Smooth Rock Falls which is an outlier, the Town would be slightly below average.

General Government

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	482,276	541,416	624,155	723,203	739,510
Materials	100,138	352,628	273,828	238,945	708,325
Contracted Services	75,234	92,569	83,082	67,737	36,713
Interest	-	-	-	-	-
Other	56,387	26,491	17,948	20,664	-
Program Support	(151,294)	(236,979)	(266,509)	(232,760)	(822,552)
Total Operating Costs	562,741	776,125	732,504	817,789	662,296
Amortization	9,921	10,242	10,836	22,285	26,113
Total Costs	572,662	786,367	743,340	840,074	688,409



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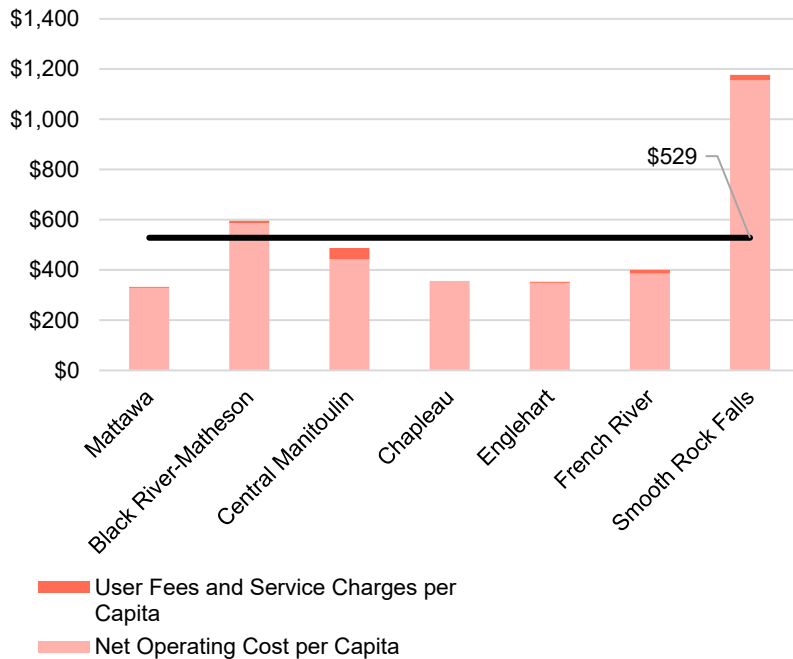


General Government

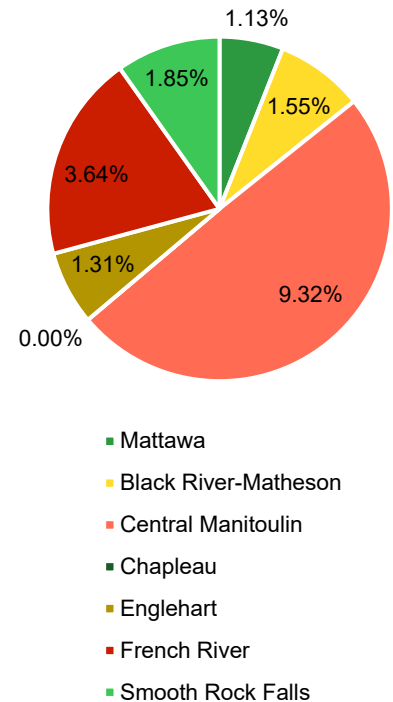
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	662,296	1,452,377	1,015,809	699,243	521,805	1,063,914	1,564,784
User Fees and Service Charges	7,454	22,582	94,700	-	6,823	38,744	28,895
Net Operating Costs	654,842	1,429,795	921,109	699,243	514,982	1,025,170	1,535,889
Operating Cost per Capita	332	596	487	356	353	400	1,177
User Fees and Service Charges per Capita	4	9	45	-	5	15	22
Net Operating Cost per Capita	329	586	442	356	348	385	1,155
Cost Recovery	1.13%	1.55%	9.32%	0.00%	1.31%	3.64%	1.85%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	11.98%	19.69%	16.13%	12.85%	16.50%	15.04%	30.89%

2019 Operating Costs per Capita



2019 Cost Recovery



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General Government

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
GENERAL			
GOV-1	Corporate information systems	Increase use of electronic filing systems	Cost reduction, time savings
GOV-2	Segregation of duties	Separation of duties	Increase internal controls, reduce risk of errors and misappropriation
GEN-3	Bank reconciliations	Electronic bank reconciliations	Reduction in manual adjustments
GOV-4	Funding reporting	Application review	Increase funding report accuracy
GOV-5	Allocation of costs	Costs for equipment usage be allocated on monthly basis	Cost tracking, increase monitoring
GOV-6	Asset management / Capital budgeting	Long-term planning	Reduce future cash flow and financing issues
GOV-7	Policies and by-laws contain outdated information	Updating and implementation of rotational review	Accurate internal control documents
GOV-8	Manual scheduling	Electronic scheduling	Printing cost savings, time savings, ease of scheduling and improved visibility
BUDGETING			
GOV-9	Timing of budget preparation	Budget should be prepared before fiscal year in effect	Continuous work and no freeze spending
GOV-10	Budget updates	Spreadsheet used to track changes during multiple revisions	Risk and error mitigation, time savings
TAXATION			
GOV-11	School board taxation	OPTA or a separate spreadsheet to determine school taxes	Time savings due to error reduction
GOV-12	Verification of monthly statements	No need to verify if payment was received prior to monthly statements being sent out	Time savings
GOV-13	Tax sale procedures	Implement property tax sale procedures once timeline (2 years) is met	Increased collectability

Now, for tomorrow



General Government

Summary of Findings (Continued)

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
ACCOUNTS PAYABLE			
GOV-14	Harmonized sales tax rebates	Complete review of rebates prior to submission	Risk and error mitigation (audits in past)
GOV-15	Electronic funds transfer report	Complete review of funds transfer reports	Risk and error mitigation
GOV-16	Multiple copies of invoices kept on hand	Maintain invoices in a singular location	Reduced costs, time efficiency
PAYROLL			
GOV-17	Payroll review process	Modify review process to ensure accountability	Time savings, increased accountability, workload reallocation
GOV-18	Payroll errors	Implementation of a checklist	Time savings, risk and error mitigation
GOV-19	Electronic Funds Transfer reports	Review should be done by an independent person	Enhanced internal control, risk and error mitigation
GOV-20	Timesheets	Use of electronic timesheets	Time savings, risk and error mitigation
GOV-21	Payroll remittance slips	Electronic copy provided to employees	Time savings, costs savings due to reduced printing
GOV-22	Personal vehicle allowances	Implementing policy and investigating payment method	Accurate internal control documents, government compliance
INFORMATION TECHNOLOGY			
GOV-23	Disaster recovery plan	Disaster recovery plan should be implemented	Reduced costs, time savings, risk reduction

Now, for tomorrow





General Government

Detailed Findings

GOV-1: GENERAL – CORPORATE INFORMATION SYSTEMS

Background/Issue

The current paper filing system requires a significant amount of time. In addition, every email is printed and filed regardless of the significance of the information included in the email. The Town does not have an organized system of maintaining information required for the proper administration. Furthermore, the policies in place do not provide the necessary guidance to establish what should be retained or not.

*Opportunity for Improvement/
Recommendation*

We recommend that a more electronic filing method be implemented and that documents only be stored in a single location. Emails that contain relevant information should be included in the electronic filing system.

Implication/Benefits

This will result in cost reduction of printing and paper and time savings in staff not required to print and file information in various places (approx. 1 hour per day). By establishing policies to drive the data information and gathering processes, only pertinent information is maintained and available to make proper decisions.



General Government

Detailed Findings (Continued)

GOV-2: GENERAL - SEGREGATION OF DUTIES

- Background/Issue* There is one employee that is in charge of several duties which increases the risks of misappropriation of assets (bank reconciliations, receipt of bank statements, accounts receivable, accounts payable, general journal entries, payment of employees, etc.).
- Opportunity for Improvement/ Recommendation* We recommend that these duties be separated to ensure the implementation of a proper segregation of duties.
- Implication/Benefits* This will increase the internal controls and reduce the risk of errors and misappropriation of assets.

GOV-3: GENERAL - BANK RECONCILIATIONS

- Background/Issue* Bank reconciliations are prepared in Excel which increases the manual process of performing this task. Additionally, the bank reconciliations prepared in Excel vary from the bank reconciliations prepared in the “Baker system”.
- Opportunity for Improvement/ Recommendation* We recommend that the bank reconciliations be performed in the “Baker system”.
- Implication/Benefits* This will reduce the amount of manual adjustments required to the bank reconciliations that may not be reported in the “Baker system”.



General Government

Detailed Findings (Continued)

GOV-4: GENERAL - FUNDING REPORTING

- Background/Issue* Funding reporting is not being reviewed prior to being submitted to the relevant funding agencies.
- Opportunity for Improvement/Recommendation* We recommend that the applications and progress reports be reviewed by the CAO/Treasurer prior to being submitted to the funding agencies.
- Implication/Benefits* This will ensure the accuracy of the funding reports and ensure that all relevant costs of the project be claimed and reduce problems.

GOV-5: GENERAL - ALLOCATION OF COSTS

- Background/Issue* Costs related to equipment usage are calculated and allocated to departments on an annual basis.
- Opportunity for Improvement/Recommendation* We recommend that the usage be calculated and allocated on a monthly basis.
- Implication/Benefits* This will result in more accurate reporting throughout the year. It will also allow department heads to monitor costs and adjust accordingly.



General Government

Detailed Findings (Continued)

GOV-6: GENERAL - ASSET MANAGEMENT / CAPITAL BUDGETING

- Background/Issue* There are significant upcoming expenses anticipated to replace aging tangible capital assets.
- Opportunity for Improvement/ Recommendation* The Town's bridge required significant repairs as a result of flooding in 2019. Even though the bridge was repaired, there are still some significant future costs expected to ensure the long term viability of the bridge. Additionally, the Ontario Clean Water Agency (OCWA) has identified that significant infrastructure investment will be required in the next 5 to 10 years. We recommend a long-term capital financing plan be developed to ensure adequate reserves and cash flows be available to ensure proper financing for these replacement costs when needed.
- Implication/Benefits* A long-term plan for replacement of these capital expenses will help in preventing future cash flow and financing issues.

GOV-7: GENERAL - POLICIES AND BY-LAWS CONTAIN OUTDATED INFORMATION

- Background/Issue* There are several outdated policies and by-laws that include outdated information or rates or are no longer applicable.
- Opportunity for Improvement/ Recommendation* We recommend that the Town review all policies currently in effect and revise/repeal where necessary. We also recommend that once all the policies have been updated, that they be reviewed on a rotational basis where all policies are reviewed at a minimum every 3 years.
- Implication/Benefits* This will result in accurate internal control documents.



General Government

Detailed Findings (Continued)

GOV-8: GENERAL - MANUAL SCHEDULING

- Background/Issue* Internal scheduling is largely distributed in a paper format with the use of Excel. If a change is required, the schedule is amended and reprinted.
- Opportunity for Improvement/Recommendation* With an improved scheduling and time-entry system in place, this will allow for shared schedules which can be accessed across the network in real-time. Schedules can also be emailed instead of printed.
- Implication/Benefits* This will create savings in printing costs and time consumed by preparing and printing schedules, then repeating this process when changes are required.

GOV-9: BUDGETING - TIMING OF BUDGET PREPARATION

- Background/Issue* Currently, the budget is prepared once the fiscal year has already started which requires a freeze on spending until the budget process is completed.
- Opportunity for Improvement/Recommendation* We recommend that the budget preparation should start prior to year-end in order to provide department heads with an estimate of what projects can be started on at the beginning of the year. Refer to Appendix B for the Current and Proposed Budgeting Process.
- Implication/Benefits* This will result in continuous work on municipal projects and no requirement to freeze spending.



General Government

Detailed Findings (Continued)

GOV-10: BUDGETING - BUDGET UPDATES

Background/Issue Currently, the budget preparation is done in paper form and the information is manually transposed into the system. The financial system is updated as budget changes are made. Due to the manual nature of the budget process, the risk of human error is increased.

Opportunity for Improvement/Recommendation We recommend the use of a spreadsheet to update of budget figures. Once the budget is approved, the final numbers would be entered into the financial system. We also recommend that the budget spreadsheet be located on the server in order to eliminate delays with information from department heads being received.

Implication/Benefits This will result in the reduction of the manual entry of numbers into the system which would lower the risk of error and provide more timely budgeting information for department heads to plan their year.

GOV-11: TAXATION - SCHOOL BOARD TAXATION

Background/Issue The Baker system is currently used to calculate school board taxation, Historically, there has been several inaccuracies in the calculation.

Opportunity for Improvement/Recommendation We recommend the use of the Ontario Property Tax Analysis (OPTA) , a tool funded by the Ontario government, which assists in the school board property tax calculations. An alternative option, is the use of a separate spreadsheet to calculate the school board taxes in order to eliminate the need to verify if the “Baker system” is accurate or not. We also recommend that the Town determine why there are issues with the “Baker system” and have those issues resolved.

Implication/Benefits This will result in time savings in eliminating the need to verify the system (approx. 4 hours/year at the beginning of the year).



General Government

Detailed Findings (Continued)

GOV-12: TAXATION - VERIFICATION OF MONTHLY STATEMENTS

- Background/Issue* When monthly statements for outstanding taxes are sent out, staff perform a verification step that compares the outstanding balances to payments received during that day.
- Opportunity for Improvement/Recommendation* We recommend that this step be eliminated and that the following statement be added to the monthly statements: “If you have made payment related to the outstanding balance, please ignore this notice”.
- Implication/Benefits* This will result in time savings for those individuals performing this verification step.

GOV-13: TAXATION - TAX SALE PROCEDURES

- Background/Issue* Proper procedures are not being followed relating to properties that qualify for tax sale.
- Opportunity for Improvement/Recommendation* We recommend that whenever there are properties that have taxes in arrears for more than two years that the procedures to bring that property for tax sale be initiated.
- Implication/Benefits* This will increase the collectability of outstanding property taxes.



General Government

Detailed Findings (Continued)

GOV-14: ACCOUNTS PAYABLE - HARMONIZED SALES TAX REBATES (“HST”)

- Background/Issue* Currently, there are no reviews of the HST remittance forms that are completed and submitted.
- Opportunity for Improvement/ Recommendation* We recommend that a review of the HST remittance forms be completed by the Treasurer before it is submitted. Refer to Appendix A for the Current Accounts Payable Process.
- Implication/Benefits* This will reduce the risk of errors occurring which could initiate a Canada Revenue Agency (“CRA”) audit which can incur penalties and interest if errors are found. Based on historical information, there have been CRA HST audits conducted in the past that have resulted in adjustments being made.

GOV-15: ACCOUNTS PAYABLE - ELECTRONIC FUNDS TRANSFER REPORT

- Background/Issue* The Finance/Payroll Coordinator prepares the electronic file transfer (EFT) report to process payments of accounts payable through Scotiabank. Currently, there is no independent review of the EFT report before payments are issued. This increases the risks of errors in the inputting of the payments as well as a risk of misappropriation of assets due to the lack of segregation of duties of this specific task.
- Opportunity for Improvement/ Recommendation* We recommend that this report be reviewed by the Treasurer prior to being submitted to Scotiabank to ensure accuracy.
- Implication/Benefits* This will reduce the risk of misappropriation of assets as well as ensure accuracy of the payments being made.



General Government

Detailed Findings (Continued)

GOV-16: ACCOUNTS PAYABLE - MULTIPLE COPIES OF INVOICES KEPT ON HAND

- Background/Issue* When original invoices are sent to department heads, copies of the invoices are kept and filed. When the originals are returned, they are also filed in the same locations.
- Opportunity for Improvement/Recommendation* We recommend that the Town only maintain the original invoices in one central location.
- Implication/Benefits* This will reduce the time requirements of making copies and filing them in multiple locations.

GOV-17: PAYROLL - PAYROLL REVIEW PROCESS

- Background/Issue* Currently, there are many people involved in reviewing the payroll process including the Finance/Payroll Coordinator, the Deputy Clerk and the CAO/Treasurer.
- Opportunity for Improvement/Recommendation* We recommend that payroll be prepared by the Finance/Payroll Coordinator and reviewed by the CAO/Treasurer. Refer to Appendix C for the current and proposed payroll process.
- Implication/Benefits* This would reduce the Deputy Clerk's involvement in the payroll reporting process (approx. 5 hours every 2 weeks) which would allow for additional responsibilities to be taken on while maintaining adequate controls.



General Government

Detailed Findings (Continued)

GOV-18: PAYROLL - PAYROLL ERRORS

- Background/Issue* Currently, there are many errors occurring in the preparation of the payroll which increases the amount of time spent on the process.
- Opportunity for Improvement/Recommendation* We recommend the use of a payroll checklist that can be completed after performing the payroll task to decrease or eliminate the number of errors occurring.
- Implication/Benefits* This will result in the reduction of time to correct and adjust the payroll and could reduce the need for the Deputy Clerk's involvement in the payroll review process (approx. 5 hours every 2 weeks).

GOV-19: PAYROLL - ELECTRONIC FUNDS TRANSFER REPORTS (“EFT”)

- Background/Issue* Currently, there is no review of the EFT payroll reports that show the net pay to the employees, which presents a risk of misappropriation of assets.
- Opportunity for Improvement/Recommendation* We recommend that the EFT payroll reports be reviewed by an individual independent of the person processing the payment to ensure the accuracy of the payments to employees.
- Implication/Benefits* This will provide additional internal controls and accuracy over the amounts paid to employees.



General Government

Detailed Findings (Continued)

GOV-20: PAYROLL - TIMESHEETS

Background/Issue Staff from various departments complete their daily timesheet manually, which is then reviewed and transcribed by the department head weekly into an Excel spreadsheet. The paper copies are then signed and submitted to the Finance/Payroll Coordinator for processing.

Opportunity for Improvement/Recommendation We recommend an improved scheduling and time-entry system in place. The use of electronic timesheets would be accessible across the network in real-time.

Implication/Benefits This will result in time savings by electronically preparing, submitting, reviewing and processing payroll by having one cohesive timesheet system instead of a mix of paper and Excel. Additionally, the risk of data input error will be reduced as transcribing information over various formats will no longer be necessary.

GOV-21: PAYROLL - PAYROLL REMITTANCE SLIPS

Background/Issue Currently, payroll remittance slips are provided in either a paper or electronic format.

Opportunity for Improvement/Recommendation We recommend that remittance slips only be provided to employees electronically.

Implication/Benefits This will reduce the time required to maintain a list of who receives which method of delivery and the costs to print the remittances.



General Government

Detailed Findings (Continued)

GOV-22: PAYROLL - PERSONAL VEHICLE ALLOWANCES

Background/Issue There is no formal policy in place regarding the use of personal vehicles.

Opportunity for Improvement/Recommendation We recommend the development of a policy that would state what the monthly allowance rates are and when and to whom they are allocated. There should also be consideration made as to how the allowance is paid. Based on the Canada Revenue Agency (“CRA”) guidance, an allowance is any payment that employees receive from an employer for using their own vehicle in connection with or during their office or employment without having to account for its use (in addition to their salary or wages). An allowance is taxable unless it is based on a reasonable per-kilometer rate. If you pay your employee an allowance based on a flat rate that is not related to the number of kilometers driven, it is a taxable benefit and must be included in the employee's income. The current monthly lump-sum payment being made to employees for use of their personal vehicles is therefore a taxable allowance and should be included as income on their personal returns. The automobile allowance rates for 2021 are 59¢ per kilometer for the first 5,000 kilometers driven and 53¢ per kilometer driven after that.

Implication/Benefits A formal policy will enable uniform comprehension of vehicle allowances across the Town's employees. Taxable allowances could result in additional financial burdens therefore investigation of the payment method will ensure the Town follows CRA guidance.



General Government

Detailed Findings (Continued)

GOV-23: INFORMATION TECHNOLOGY – DISASTER RECOVERY PLAN

- Background/Issue* There is no disaster recovery plan in place which could impact the time it takes to get back up and running in the event of a disaster.
- Opportunity for Improvement/Recommendation* We recommend that a disaster recovery plan be developed and implemented. A disaster recovery plan is an important part of business continuity risk and defines scenarios for resuming work rapidly and reducing disruptions in the aftermath of a disaster. Based on the National Archives & Records Administration in Washington, 93% of companies that lost their data center for 10 days or more due to a disaster, filed for bankruptcy within one year of the disaster and 50% of businesses that found themselves without data management for this same time period filed for bankruptcy immediately.
- Implication/Benefits* This will prevent severe data loss and down-time in the event of a disaster.



Protection Services



Now, for tomorrow





Protection Services

Summary of Department

Observations

General

This department encompasses the following areas:

- Fire protection
- Policing
- By-law Administration and Enforcement

Policing costs are driven and controlled by a contract negotiated with Ontario Provincial Police (OPP). Fire Protection and By-law Administration and Enforcement are the only areas where the Town is able to effect any local changes to operations and associated costs.

Financial

Policing costs are outsourced with the Ontario Provincial Police and account for more than 50% of the costs of this department and approximately 10% of the overall operating budget. Since these costs are dictated by contracts negotiated with the OPP, our review did not address this.

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.

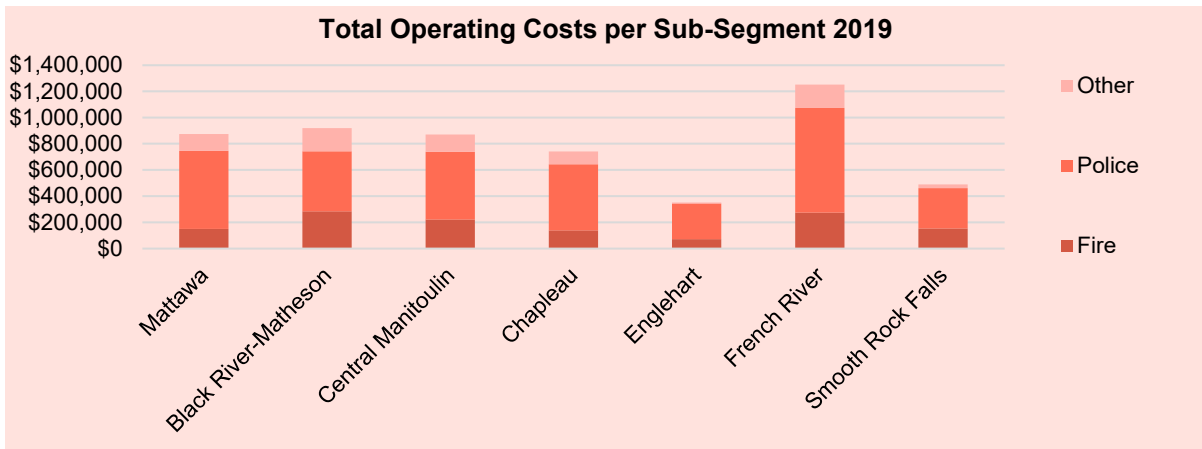
Comparative

Overall, even if we factored out policing costs, the Town is well within the costs range of the comparable municipalities.

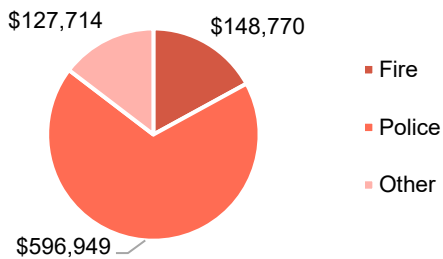
Protection Services

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	188,780	186,021	176,182	161,840	182,527
Materials	251,101	91,453	53,584	43,004	39,604
Contracted Services	560,146	564,728	551,727	539,807	508,763
Interest	-	-	-	-	-
Other	-	-	-	-	8,115
Program Support	21,235	20,380	29,121	17,465	134,424
Total Operating Costs	1,021,262	862,582	810,614	762,116	873,433
Amortization	16,670	15,718	25,556	35,393	36,509
Total Costs	1,037,932	878,300	836,170	797,509	909,942



2019 Total Operating Costs per Segment



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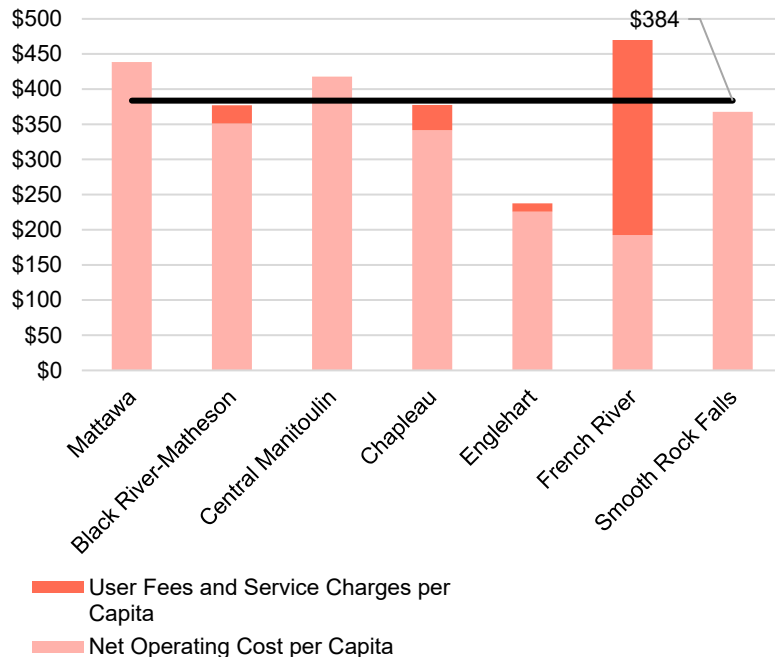


Protection Services

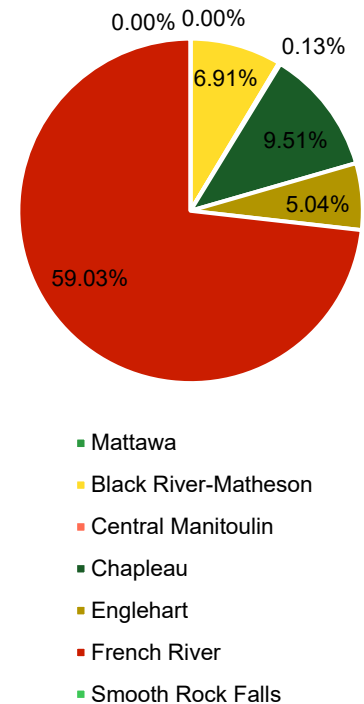
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	873,433	919,394	870,060	741,289	351,377	1,250,902	488,879
User Fees and Service Charges	40	63,504	1,140	70,503	17,718	738,375	-
Net Operating Costs	873,393	855,890	868,920	670,786	333,659	512,527	488,879
Operating Cost per Capita	438	377	417	377	238	470	368
User Fees and Service Charges per Capita	0	26	1	36	12	277	-
Net Operating Cost per Capita	438	351	417	342	226	193	368
Cost Recovery	0.00%	6.91%	0.13%	9.51%	5.04%	59.03%	0.00%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	15.80%	12.46%	13.82%	13.62%	11.11%	17.68%	9.65%

2019 Operating Costs per Capita



2019 Cost Recovery



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Protection Services

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
FIRE			
PRO-1	Fire department radio system	New system for constant communication	Enhanced safety, effectiveness
PRO-2	Fire department extrication services	Training and additional billing	Improved knowledge, revenue increase
PRO-3	Volunteer fire department staffing	Study on the need for manpower within the department	Enhanced safety, cost reduction
PRO-4	Shared services agreement	Training, equipment or fire departments can be shared	Cost reduction
POLICE			
PRO-5	OPP contract	Reduction of administrative costs	Time savings or potential for cost recovery
PROTECTIVE INSPECTION AND CONTROL			
PRO-6	By-law officer time allocation	Tracking of time per department	Better allocation of costs, improved budgeting
PRO-7	Pound fees	Fees should be consistently charged	Revenue increase
PRO-8	Animal control by-law	Update for felines	Increase in revenue, animal population control
PRO-9	Animal control duties	Contract of services	Time savings, transfer of responsibility
PRO-10	Building permit fees	Increase to permit fees	Increase in revenue
PRO-11	Paper property files	Digitizing of documents	Security, enhanced organization
PRO-12	Building projects outsourced	Increase of permit fees	Revenue increase
EMERGENCY MEASURES			
PRO-13	Town emergency plan	Updates and improvements	Enhance services for residents
PROVINCIAL OFFENCES ACT			
PRO-14	Ticketing	Training	Resident compliance, revenue increase

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Protection Services

Detailed Findings

PRO-1: FIRE - FIRE DEPARTMENT RADIO SYSTEM

Background/Issue The radio system used by the fire department does not work in buildings with block construction and with metal roofing. As a result, the fire chief does not have communication with firefighters in these areas.

Opportunity for Improvement/Recommendation We recommend that the radio system be replaced immediately to allow for constant communication.

Implication/Benefits This will result in safer and more effective operation of the fire department.

PRO-2: FIRE - FIRE DEPARTMENT EXTRICATION SERVICES

Background/Issue The fire department is having difficulties billing the Ministry of Transportation (“MTO”) for extrication services performed on the Trans Canada Highway.

Opportunity for Improvement/Recommendation We recommend that the Town seek training on the MTO system. In addition, they should clarify the boundaries of their agreement with the MTO in order to properly bill for all calls within the designated areas of the Trans Canada Highway. Clarification from the MTO should be sought for bills which were rejected in the recent past.

Implication/Benefits This will result in the fire department recuperating costs associated with extrication services on the Trans Canada Highway.



Protection Services

Detailed Findings (Continued)

PRO-3: FIRE - VOLUNTEER FIRE DEPARTMENT STAFFING

- Background/Issue* The volunteer fire department normally has 18 members. A total of 4 members are on call on weekends.
- Opportunity for Improvement/Recommendation* We recommend that the Town conduct a study or further research in order to determine the optimal number of members and volunteers on call. Adjacent towns should also be consulted regarding the possibility of pooling volunteers and/or conducting joint training.
- Implication/Benefits* This would result in service to ratepayers enhanced while reducing costs.

PRO-4: FIRE – SHARED SERVICES AGREEMENT

- Background/Issue* The Town currently has its own volunteer fire department along with a full-time fire chief. The Town must maintain and train a minimum level of volunteer fire fighters to provide adequate fire protection services to its residents. Due to the hours of monthly training required and the aging population, it may become difficult to attract the volunteers needed to maintain the current service level.
- Opportunity for Improvement/Recommendation* Given the proximity of the Town to Papineau-Cameron, there is an opportunity for a shared services agreement that can include shared training, shared equipment or a shared fire department.
- Implication/Benefits* A shared services agreement could result in the reduction of the number of equipment required as well as maintenance costs and reduction in training costs due to shared volunteers.



Protection Services

Detailed Findings (Continued)

PRO-5: POLICE - OPP CONTRACT

- Background/Issue* The OPP contract encompasses the following municipalities: the Town, Calvin, Papineau-Cameron and Mattawan. The contract administration is the responsibility of the Town. The Town pays the monthly contract fees to the OPP and in turn collects payment from the other municipalities. The Town also incurs additional time to allocate prisoner transportation costs amongst the group.
- Opportunity for Improvement/Recommendation* We recommend that the OPP invoices each municipality separately for its services or that the Town be provided with an administration fee to do so.
- Implication/Benefits* The benefits are two-fold. The Town could reduce its administrative burden by not performing billing to other municipalities and reduce its cash flow exposure by not waiting on other municipalities to collect the funds to cover the monthly OPP invoicing.

PRO-6: PROTECTIVE INSPECTION AND CONTROL - BY-LAW OFFICER TIME ALLOCATION

- Background/Issue* The by-law officer does not currently track the time by task to differentiate duties such as animal control, building permits, by-laws as well as licensing and lotteries.
- Opportunity for Improvement/Recommendation* The by-law officer holds many responsibilities. In order to properly reflect the cost of providing each service, the time should be allocated to each task in order to better evaluate cost recoveries and needs for increases in applicable rates and fees. SEE GENERAL GOVERNMENT (GOV-22) FOR additional recommendations regarding electronic timesheets.
- Implication/Benefits* Allocating payroll costs to each individual department will provide more information in order to make decisions regarding user fees, service levels and budgeting.



Protection Services

Detailed Findings (Continued)

PRO-7: PROTECTIVE INSPECTION AND CONTROL - POUND FEES

- Background/Issue* Many residents of the Town are not charged the established fees when their dogs are placed in the pound.
- Opportunity for Improvement/Recommendation* We recommend that all residents be charged the listed fees when their dog is taken to the pound, regardless of the perceived ability to pay the stated fee.
- Implication/Benefits* This will result in increased revenues to help offset the costs of operating the pound.

PRO-8: PROTECTIVE INSPECTION AND CONTROL - ANIMAL CONTROL BY-LAW

- Background/Issue* The current animal control by-law does not include felines.
- Opportunity for Improvement/Recommendation* Given the fact that many towns also sell licenses or tags for cats, we recommend that the Town include felines in the by-law.
- Implication/Benefits* The additional registration fees will increase revenues to offset costs. In addition, it will help regulate the number of cats in a household in order to avoid potential hoarding situations.



Protection Services

Detailed Findings (Continued)

PRO-9: PROTECTIVE INSPECTION AND CONTROL - ANIMAL CONTROL DUTIES

<i>Background/Issue</i>	The by-law officer is currently responsible for animal control related to dogs in the Town of Mattawa.
<i>Opportunity for Improvement/Recommendation</i>	We recommend that the Town consider contracting out this service or exploring the possibility of shared services with neighbouring municipalities.
<i>Implication/Benefits</i>	This would result in the transfer of the responsibility for this service to another provider, freeing up the by-law officer for other tasks. It may also alleviate the need to maintain the pound, including inspections by the Ministry of Agriculture.

PRO-10: PROTECTIVE INSPECTION AND CONTROL - BUILDING PERMIT FEES

<i>Background/Issue</i>	Building permits are currently \$25 for the first \$1,000 in project costs and \$45 for each \$1,000 in costs thereafter.
<i>Opportunity for Improvement/Recommendation</i>	We recommend that the permit fees be increased. The fees for new buildings in Calvin Township are \$400 for the first 50 square meters of building and \$30 for each additional 10 square meters. Accessory buildings are \$100 for the first 20 square meters and \$30 for each additional 10 square meters.
<i>Implication/Benefits</i>	This will result in increased revenues, allowing the Town to recuperate costs.



Protection Services

Detailed Findings (Continued)

PRO-11: PROTECTIVE INSPECTION AND CONTROL - PAPER PROPERTY FILES

Background/Issue Property files are not entirely electronic.

Opportunity for Improvement/Recommendation We recommend that paper document files be scanned, and all property documents be electronic going forward. This should include permits, by-law infractions, etc.

Implication/Benefits This will result in the property files being secured as they can be backed up. In addition, they will be easily accessible which will result in time savings in the future.

PRO-12: PROTECTIVE INSPECTION AND CONTROL - BUILDING PROJECTS OUTSOURCED

Background/Issue For larger building projects, inspections and plan reviews are outsourced to the Township of Bonfield.

Opportunity for Improvement/Recommendation Given the fact that the fee paid to the Township of Bonfield is \$600 per hour of work, we recommend that permit fees relating to these types of projects be increased to match the cost of outsourcing.

Implication/Benefits This will result in the recuperation of costs.

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Protection Services

Detailed Findings (Continued)

PRO-13: PROTECTIVE INSPECTION AND CONTROL - TOWN EMERGENCY PLAN

Background/Issue The emergency plan for the Town is from 2008.

Opportunity for Improvement/Recommendation Given the fact that there are likely changes to laws that would impact the plan and that there are likely lessons learned from the flood last year, we recommend that the emergency plan be reviewed and updated as needed.

Implication/Benefits This will result in better service for residents.

PRO-14: PROVINCIAL OFFENSES ACT - TICKETING

Background/Issue The fire chief does not feel comfortable issuing tickets under the Provincial Offenses Act.

Opportunity for Improvement/Recommendation We recommend that the Town provide training to the fire department in this area.

Implication/Benefits The issuance of tickets where warranted will result in increase compliance, allowing the fire department to focus their efforts on emergency situations and on further training.



Transportation Services



Now, for tomorrow





Transportation Services

Summary of Department

Observations

General

Transportation services refers to the operation and maintenance of the roadways and bridges within the Town's boundaries.

Financial

The Town solely has paved roads (no unpaved roads) thus, on a cost per kilometre, the expenses are high.

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.

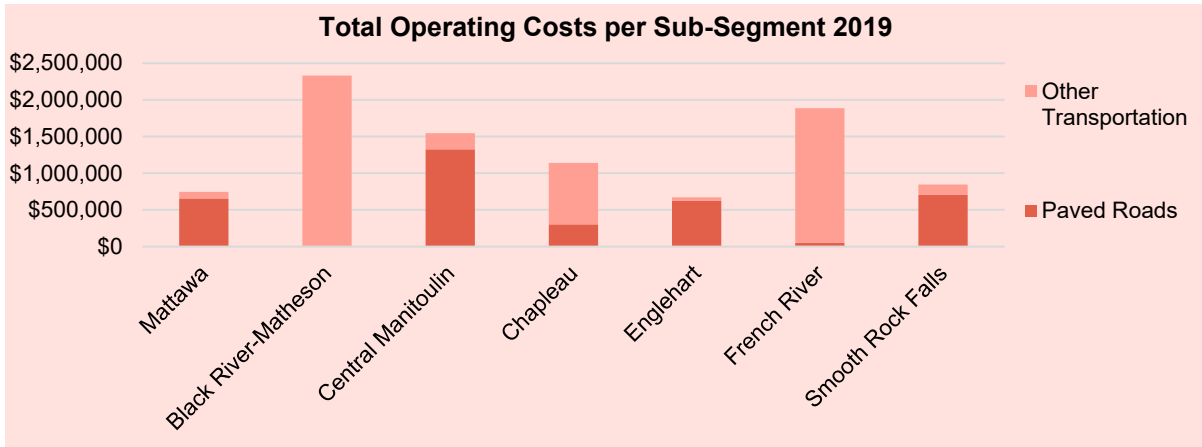
Comparative

Their overall operating costs in this department are lower than the comparable municipalities due to the smaller number of roadways under the Town's purview.

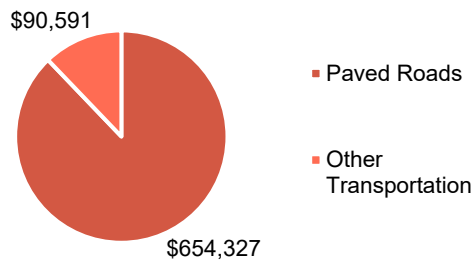
Transportation Services

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	381,978	349,712	368,164	375,219	362,906
Materials	253,327	257,256	258,304	278,115	193,641
Contracted Services	21,851	23,498	777	-	26,889
Interest	-	-	-	-	-
Other	2,363	-	5,107	3,161	-
Program Support	28,993	56,197	70,244	46,654	161,482
Total Operating Costs	688,512	686,663	702,596	703,149	744,918
Amortization	278,369	310,286	329,809	335,376	348,185
Total Costs	966,881	996,949	1,032,405	1,038,525	1,093,103



2019 Total Operating Costs per Segment



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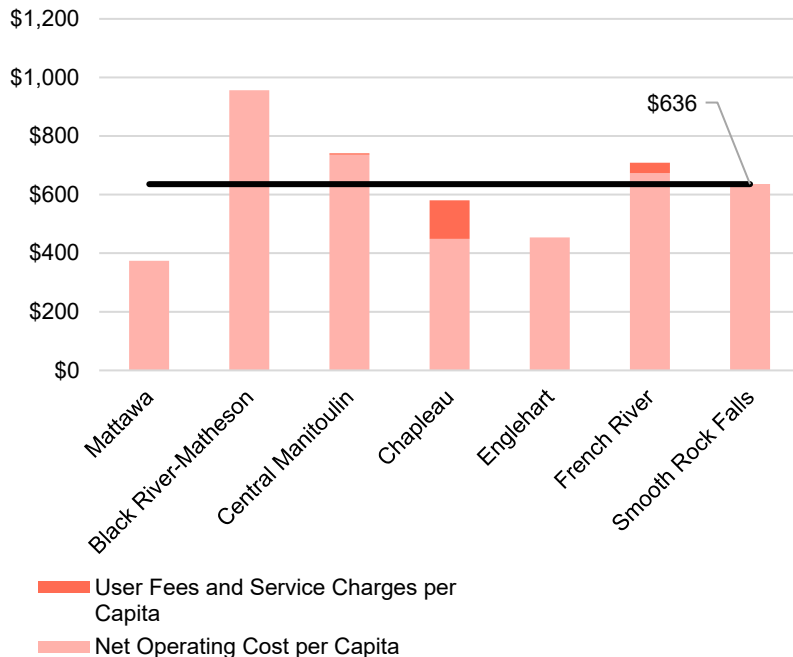


Transportation Services

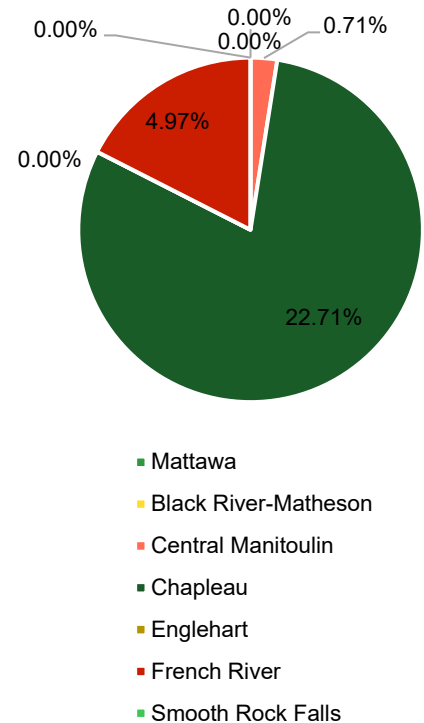
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	744,918	2,331,681	1,544,255	1,140,248	671,157	1,886,232	845,907
User Fees and Service Charges	-	-	10,899	258,976	-	93,768	-
Net Operating Costs	744,918	2,331,681	1,533,356	881,272	671,157	1,792,464	845,907
Operating Cost per Capita	374	956	741	581	454	709	636
User Fees and Service Charges per Capita	-	-	5	132	-	35	-
Net Operating Cost per Capita	374	956	736	449	454	673	636
Cost Recovery	0.00%	0.00%	0.71%	22.71%	0.00%	4.97%	0.00%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	13.47%	31.61%	24.53%	20.95%	21.22%	26.66%	16.70%

2019 Operating Costs per Capita



2019 Cost Recovery



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Transportation Services

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
GENERAL			
TRA-1	Timesheets	Implementation of timesheet software	Productivity increase, better information tracking
TRA-2	Tangible capital asset aging	Long-term planning and financing	Preventative future cash flow issues
TRA-3	Policies and by-laws contain outdated information	Updating and implementation of rotational review	Accurate internal control documents
TRA-4	Roads and winter control costs	Implement a reserve	Improved budgeting
ROADS			
TRA-5	Group tendering	Purchasing bulk commodities	Cost savings
TRA-6	Technology	Drones, sensors	Increased safety, reduction in manpower needs
TRA-7	Purchase of equipment	Cost analysis between new and used	Cost savings
WINTER CONTROL			
TRA-8	Winter road maintenance	Shared equipment and maintenance agreements	Cost savings

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Transportation Services

Detailed Findings

TRA-1: PAYROLL - TIMESHEETS

Background/Issue Public Works staff complete their daily timesheet manually, which is then reviewed and transcribed by the department head weekly into an Excel spreadsheet. The paper copies are then signed and submitted to the Finance/Payroll Coordinator for processing.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-20)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-20)

TRA-2: GENERAL – TANGIBLE CAPITAL ASSET AGING

Background/Issue There are significant upcoming expenditures in public works related to the aging of tangible capital assets including the Mattawa bridge (approximately 70 years old) and sewage equipment (original cost of \$1.5M that is currently fully amortized). These capital considerations also extend to the landfill given the condition of the fencing.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GEN-6)

Implication/Benefits SEE GENERAL GOVERNMENT (GEN-6)



Transportation Services

Detailed Findings (Continued)

TRA-3: GENERAL - POLICIES AND BY-LAWS CONTAIN OUTDATED INFORMATION

Background/Issue There are several policies involving Public Works that have outdated information or rates or are no longer applicable. These include the quotation policy (1998) and wage rate policy (1985) among others.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-7)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-7)

TRA-4: GENERAL - ROADS AND WINTER CONTROL COSTS

Background/Issue There is currently no reserve in place for roads and winter control except for public works equipment. Winter control and road maintenance expenses can be quite volatile from one year to another.

Opportunity for Improvement/Recommendation We recommend that an allocation to reserves be considered for any costs over budgeted annually with regards to road maintenance and winter control. SEE RESERVES AND RESERVE FUNDS (RES-1 to RES-3)

Implication/Benefits SEE RESERVES AND RESERVE FUNDS (RES-1 to RES-3)



Transportation Services

Detailed Findings (Continued)

TRA-5: ROADS - GROUP TENDERING

Background/Issue The feasibility of a group tendering committee was recommended in 1984 to evaluate the potential of purchasing commodities such as crush material as a group with the Town's neighbouring townships to improve their tendering efficiencies. The municipalities are not currently employing any group tenders for the purchase of such materials.

Opportunity for Improvement/Recommendation We recommend that an evaluation should be done to determine the current costs incurred by the Town's neighbouring townships and to evaluate the efficiencies and cost savings gained in purchasing larger quantities of commodities such as sand, fuel and gravel given the potential economies of scale.

Implication/Benefits This would result in cost savings incurred on commodities required for maintenance of roads and other infrastructure.

TRA-6: ROADS - TECHNOLOGY

Background/Issue There is an underutilization of new technology by the public works department.

Opportunity for Improvement/Recommendation We recommend that an evaluation of new and evolving technologies be conducted to determine potential uses in the public works department. For example, drone technology is dropping in cost, and with camera capabilities, this could facilitate certain public works tasks such as inspecting for bridge repairs and constructions inspections. A drone could also be used to survey the landfill.

Snowplowing is determined based on a manual assessment of weather conditions. Weather sensors could be placed at various locations to monitor conditions and automatically alert snowplow drivers.

Implication/Benefits The implementation of low cost but highly efficient technology could result in increased safety among the Town's employees and possibly reduce costs in manpower needed.



Transportation Services

Detailed Findings (Continued)

TRA-7: ROADS - PURCHASE OF EQUIPMENT

Background/Issue Based on general discussions, there appears to be a tendency by the Town to purchase used equipment and vehicles when tendering for equipment needs.

Opportunity for Improvement/Recommendation We recommend that an analysis should be conducted to determine the average maintenance costs incurred on recent purchases of used equipment to evaluate whether the purchase of new equipment may be more cost effective in the long-term. Although cashflow capabilities play into the decision of purchasing used vs. new equipment, the Town's debt servicing costs are lower than some of the comparable municipalities. The additional financing costs should be included in analyzing the long-term cost/benefit of used vs. new equipment. Leasing of equipment is another option that may alleviate cashflow constraints while still reducing repairs and maintenance costs depending on the terms of the lease agreement and the age of the equipment.

Implication/Benefits This will result in potential long-term cost savings.



Transportation Services

Detailed Findings (Continued)

TRA-8: WINTER CONTROL - WINTER ROAD MAINTENANCE

Background/Issue The Town currently maintains 20 kilometers of roads for winter control purposes. Its neighbouring townships of Papineau-Cameron and Mattawan maintain 93 kilometers and 34 kilometers respectively*. The Town has 2 snowplows to maintain their roads during the winter months.

** Total lane kilometers maintained in winter as indicated in latest respective Financial Information Returns for each Town/Township.*

Opportunity for Improvement/Recommendation Given the proximity of the 3 townships and the total lane kilometers requiring winter maintenance (approximately 147 kilometers), there is an opportunity for a shared equipment and maintenance agreements with the neighbouring townships while continuing to properly maintain safe roads during the winter months. In particular, Mattawan is employing an independent contractor for their snow plowing needs; whereas the Town may have the resources needed to supply this essential service. We recommend that the Town look into this opportunity.

Implication/Benefits A shared agreement could result in the reduction of the number of vehicles overall as well as maintenance costs and manpower to operate the equipment.



Environmental Services



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Environmental Services

Summary of Department

Observations

General

This department encompasses the following areas:

- Water and Wastewater
- Solid Waste (landfill)

As is the case for policing, the water and wastewater costs are driven by a contract negotiated with the Ontario Clear Water Agency (OCWA) which limits the Town's ability to control these costs. Furthermore, as indicated below, landfill costs are shared with two neighbouring rural townships, again limiting the discretion of the Town to affect costs. At the present time, some solid waste costs are being funded in part by the regular tax levy.

Financial

The operations of the water and wastewater are outsourced to OCWA. With regards to solid waste costs, these are shared with both the Township of Papineau-Cameron and Mattawan.

The Safe Water Drinking Act, 2002 establishes that a financial plan must be prepared for all municipal water and sewage systems. This is supplemented by Ontario Regulation 453/07 which sets out the requirements of a full cost recovery plan. Financial plans must apply to a period of at least six years and are a requirement to have drinking water licences renewed. Water and sewer costs must be recovered through user fees or government grants and not supplement by general ratepayers. Any surpluses or deficits are retained in the water and sewer reserves.

In August 2019, the Town signed a contract with OCWA to provide full operations and maintenance of the water treatment wastewater treatment systems. Previous to this date, services were obtained from OCWA on a contractual basis as needed. In 2019 the costs paid under the contract were \$128,641. Costs for the full year is \$254,980 with annual increases of 2%.



Environmental Services

Summary of Department (Continued)

In 2017, the Town undertook a review of the landfill site, as a result of the study, \$750,000 in costs were recovered due to the re-assessment of the closure and post closure liability which explains the decrease in materials in that fiscal year.

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.

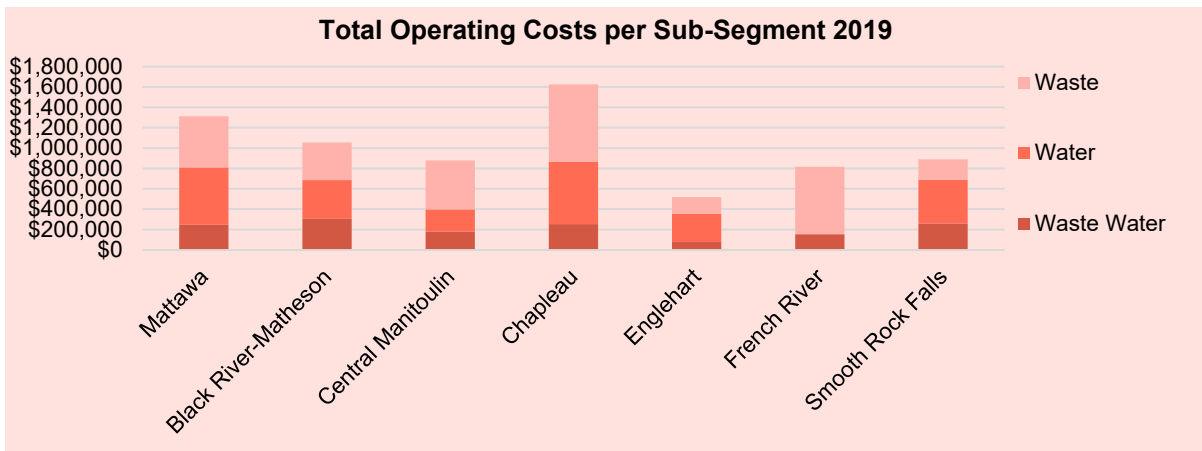
Comparative

The Town has treated the most mega litres of drinking water and the fourth most wastewater treated relative to the comparable municipalities, therefore the water and wastewater costs are higher as expected. Data is not available for solid waste disposal. Only two comparable municipalities have smaller populations, there is an expectation that solid waste costs would be on the lower end. However the Town has the third highest costs.

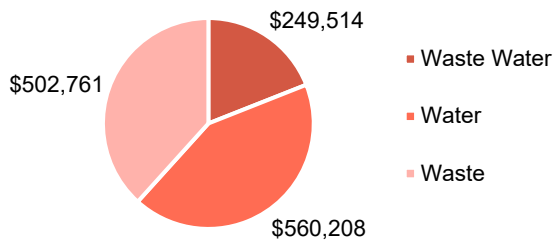
Environmental Services

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	257,409	231,325	73,212	74,356	36,300
Materials	386,420	564,855	-	658,585	588,837
Contracted Services	270,984	117,668	290,246	278,763	432,629
Interest	33,355	35,932	32,477	29,057	25,541
Other	-	-	-	-	-
Program Support	40,217	69,877	25,727	71,897	229,176
Total Operating Costs	988,385	1,019,657	279,992	1,112,658	1,312,483
Amortization	232,835	219,994	222,114	231,261	238,854
Total Costs	1,221,220	1,239,651	502,106	1,343,919	1,551,337



2019 Total Operating Costs per Segment



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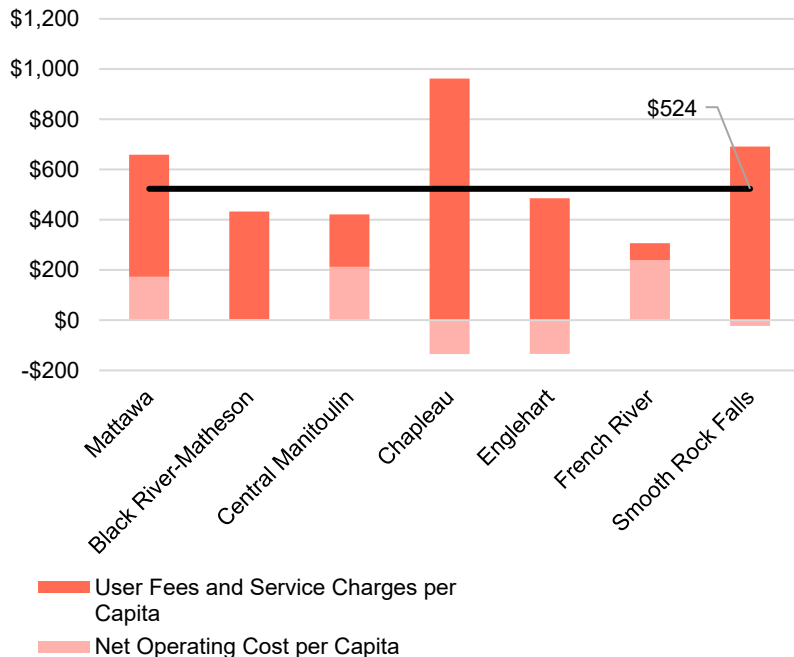


Environmental Services

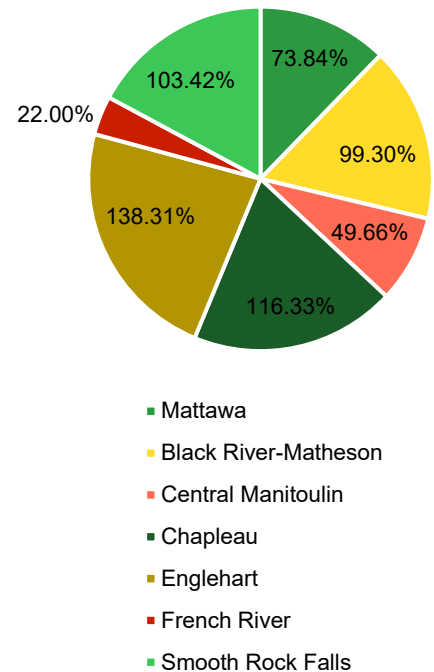
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	1,312,483	1,054,274	877,583	1,624,696	519,339	815,492	888,923
User Fees and Service Charges	969,116	1,046,933	435,815	1,889,943	718,277	179,415	919,336
Net Operating Costs	343,367	7,341	441,768	(265,247)	(198,938)	636,077	(30,413)
Operating Cost per Capita	659	432	421	827	351	306	668
User Fees and Service Charges per Capita	486	429	209	962	486	67	691
Net Operating Cost per Capita	172	3	212	(135)	(135)	239	(23)
Cost Recovery	73.84%	99.30%	49.66%	116.33%	138.31%	22.00%	103.42%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	23.74%	14.29%	13.94%	29.85%	16.42%	11.53%	17.55%

2019 Operating Costs per Capita



2019 Cost Recovery



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Environmental Services

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
GENERAL			
ENV-1	Timesheets	Implementation of timesheet software	Productivity increase, better information tracking
ENV-2	Policies and by-laws contain outdated information	Updating and implementation of rotational review	Accurate internal control documents
ENV-3	Staff surplus	Public Works staffing structure	Cost savings
WATER			
ENV-4	Water meters	Consistency between monitored meters and flat-rates	Revenue increase
GARBAGE COLLECTION			
ENV-5	Garbage collection limit	Changing bag limit and introducing new programs	Increased service for residents, cost savings
LANDFILL			
ENV-6	Tipping fee collection	Limited to cash transactions	Increased service and reduced risk of misappropriation
ENV-7	Shared agreement for landfill site	Base for proportionate cost allocation	Reduce expenses
ENV-8	Shared agreement for landfill site	Additional considerations	Cost re-allocations and preventative measures
ENV-9	Tipping fees for contractors / unsorted loads	Implement a fee schedule for commercial waste disposal	Revenue increase

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Environmental Services

Detailed Findings

ENV-1: PAYROLL - TIMESHEETS

Background/Issue Public Works staff complete their daily timesheet manually, which is then reviewed and transcribed by the department head weekly into an Excel spreadsheet. The paper copies are then signed and submitted to the Finance/Payroll Coordinator for processing.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-20)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-20)

ENV-2: GENERAL - POLICIES AND BY-LAWS CONTAIN OUTDATED INFORMATION

Background/Issue There are several policies involving Public Works that appear to have outdated information or rates or no longer applicable. These include the quotation policy (1998) and wage rate policy (1985) among others.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-7)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-7)



Environmental Services

Detailed Findings (Continued)

ENV-3: GENERAL - STAFF SURPLUS

Background/Issue Public Works has contracted out the supervision and maintenance of its water and wastewater facilities to the Ontario Clean Water Agency (OCWA) for a period of 10 years beginning in 2019. There has been no reduction in employees in the department, despite the added cost of this contract which exceeds \$250,000 a year. There is a surplus of manpower in the department.

Opportunity for Improvement/Recommendation There are several options available to the Town to use the surplus manpower:

- 1) The Town is currently contracting out the responsibilities of the maintenance and supervision of the landfill site located in Papineau-Cameron. As a result of a recent Environmental Compliance Approval (ECA), it was determined that there will be a significant increase in costs regarding the maintenance of the landfill. The Town estimates that it has the capacity to take on these responsibilities given the surplus in staff.
- 2) There is an option in the OCWA agreement that allows the Town to cancel the agreement. Although there are costs involved, they do not appear to be substantial. The Town would need to evaluate whether they can maintain the necessary licensed staff to maintain the water and wastewater facilities as several certifications are required to meet the applicable standards. The agreement with OCWA has alleviated many of these requirements in the past despite the significant cost.
- 3) There have been many changes recently at the Town, specifically with retirements in key positions of its departments. There is an opportunity to evaluate the effectiveness of some shared responsibilities between departments as a result.

Implication/Benefits A reallocation of Public Works staff could result in future costs savings of maintaining the landfill site as a result of decreased contractor costs, that would be offset by an increase in equipment and other maintenance costs by taking on most responsibilities with the site.

The cancellation of the current OCWA contract could result in significant annual savings over the next 9 years (estimated contract costs of \$260,000 to \$305,000 annually plus any additional maintenance services at the request of the Town); though the cancellation would result in some instability and uncertainty regarding certification requirements.

An evaluation of shared responsibilities could help reduce costs in other departments.



Environmental Services

Detailed Findings (Continued)

ENV-4: WATER - WATER METERS

Background/Issue The Town currently maintains 26 water meters at various locations. A flat-water rate is charged to all other residents.

Opportunity for Improvement/Recommendation There is a lack of consistency as to which properties currently have a monitored water meter vs. properties charged a flat rate. The revenue generated from metered locations is substantially higher than those charged the flat fee (approximately \$2,747 per metered property vs. \$445 per non-metered property annually*). We recommend that an evaluation be done to determine which properties should have a water meter installed on-site for proper monitoring and billing (such as all businesses and multi-residential properties).

**2019 revenues for metered billings totaled \$71,432 resulting in revenues of approximately \$2,747 for each metered property vs. \$460,952 total revenues in 2019 for flat rate billing with approximately 1,037 households determined using the 2019 FIR number of households of 1063 less 26 metered properties for a total revenue of \$445 per non-metered property).*

Implication/Benefits This could result in additional revenues since water meters provide a more accurate depiction of water usage that is directly tied to expenses incurred.



Environmental Services

Detailed Findings (Continued)

ENV-5: GARBAGE COLLECTION - GARBAGE COLLECTION LIMIT

Background/Issue The current garbage collection limit for the Town is 2 bags per week per household. In addition, the Town provides a recycling program.

Opportunity for Improvement/Recommendation We recommend that the Town investigate the trend of municipalities reducing the numbers of garbage bag pick ups per week per household. In order to reduce further, the Town would need to evaluate the incorporation of a green box/composting program as well as a potential pickup of leaf and yard trimming collection program.

Implication/Benefits The adoption of these additional programs would come at an additional cost. However, there would be several additional benefits including a better service to the Town's residents; the prolongation of the landfill site closure resulting in deferred closure and post-closure costs; and a reduction in potential household fires as a result of residents not burning leaves and yard trimmings at home.

ENV-6: LANDFILL - TIPPING FEE COLLECTION

Background/Issue The landfill is only able to process cash transactions for tipping fees.

Opportunity for Improvement/Recommendation We recommend that the Town evaluate the addition of a handheld debit/credit machine that can be implemented at a very low cost to the Town. Although internet connectivity may be an issue, POS products such as Square allow for an off-line mode that allows the payments to be processed automatically when the device regains connectivity.

Implication/Benefits The use of a portable debit/credit card machine such as Square could reduce the potential risk for misappropriation of cash by attendees given the added paper trail created through use of this technology as well as increase services to the Town and neighbouring townships. REFER TO POS SYSTEM –REC1



Environmental Services

Detailed Findings (Continued)

ENV-7: LANDFILL - SHARED AGREEMENT FOR LANDFILL SITE

Background/Issue The current landfill shared services agreement between the Town, Papineau Cameron and Mattawan accounts for a proportionate allocation of costs based on population of each municipality.

Opportunity for Improvement/Recommendation A more consistent base for proportionate allocation may be the number of households in each municipality. Given the restrictions on the number of garbage bags that can be imposed on households vs. population, the allocation of costs may be more reflective of landfill fill rates. Currently, the allocations are the Town 68%, Papineau-Cameron 26.5% and Mattawan 5.5%. Based on number of households, the percentages would approximate 63% for the Town, 32% Papineau-Cameron and 5% Mattawan¹.

¹ Calculation based on Financial Information Return (FIR) for 2018 and 2019. The Town's households based on MPAC, Papineau-Cameron households based on other measures and Mattawan households based on Stats Can.

Implication/Benefits Basing the allocation of expenses on households as compared to population will reduce the Town's costs by approximately 5% as it relates to the operation of the landfill.



Environmental Services

Detailed Findings (Continued)

ENV-8: LANDFILL - SHARED AGREEMENT FOR LANDFILL SITE

Background/Issue The Town currently has a shared agreement with Papineau-Cameron and Mattawan for the maintenance of the landfill site located in Papineau-Cameron with the majority of costs contracted to an outside party. It has been recently determined that due to new Environmental Compliance Approval (ECA) requirements, that costs for the maintenance of the landfill site will be increasing significantly. The Town is in current negotiations to revise the agreement as well as to determine whether the Town can absorb the costs of maintaining the landfill themselves vs. contracting out the majority of these costs.

Opportunity for Improvement/Recommendation There are some additional considerations and options to the Town:

- 1) Restructure the landfill maintenance with some internal manpower while maintaining some contractor costs. The surplus manpower in the department can be allocated to help keep some costs down, while many of the risks and responsibilities remain with the contractor.
- 2) Consider leasing equipment instead of purchasing equipment. This may be beneficial for cash flow purposes.
- 3) Re-evaluate the landfill closure and post-closure liability. In 2017, a new survey was conducted which substantially reduced the estimated cost for closure and post-closure of the existing landfill site (from an estimated \$1.8 million-dollar final liability to less than \$300,000 final liability). A comparison of landfill liabilities among other similarly sized municipalities shows that although comparable to some estimates, the current projected liability is relatively lower than the average raising some concerns on its legitimacy. This liability has a significant impact to decisions on the purchase of assets to maintain the landfill as well as reserve considerations.

Implication/Benefits The re-allocation of surplus staff will help in reducing contracting costs as related to the landfill and the increased amount of maintenance and supervision required. Leasing of landfill equipment may help with cash flow issues given the significant cash outlay required in the purchase of new landfill equipment. The re-evaluation of the landfill closure and post-closure liability will serve as a preventative measure for unforeseen cash flow problems at the time of closing the landfill in 16 years.



Environmental Services

Detailed Findings (Continued)

ENV-9: LANDFILL – TIPPING FEES FOR CONTRACTORS / UNSORTED LOADS

<i>Background/Issue</i>	The Town currently has no special rates for commercial waste disposal at the landfill nor does it have any policies in place to govern how the commercial waste is disposed off. As a result, any type of waste can be dropped off at the landfill. This creates additional work for the Town to separate the types of waste (metal, wood, contaminants, other waste), increasing their costs.
<i>Opportunity for Improvement/Recommendation</i>	The Town should set a policy for all commercial waste. All commercial waste should be sorted in bins by the contractor prior to arriving at the landfill. This will result in savings by eliminating the need to have this sorted by staff. Furthermore, rates should be set for the different types of commercial waste.
<i>Implication/Benefits</i>	The Town will save costs by reducing the amount of sorting of commercial waste required and it will increase revenues by charging additional fees for commercial waste.



Recreation



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Recreation

Summary of Department

Observations

General

This department encompasses the following areas:

- Recreation Facilities
- Library
- Other cultural activities (i.e. Museum)

Library and other cultural activities are not significant when compared to the overall costs of the department. In contrast, the net costs of the recreation facilities segment is higher than other comparable municipalities. The main reasons are due to aging infrastructure and the restriction associated with the demographic and economic realities of the population. The difficulty this presents is that user fees should be reviewed to ensure future sustainability of all recreation activities.

Financial

The high costs of this segment is directly attributed to the services associated with the operations and maintenance of recreation facilities and their associated recreational programming. Staffing costs are very high and twice that of full time equivalents used to support similar activities in other municipalities. In addition, new fees only recover 6% of the service delivery costs which contributes to the overall huge costs.

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.



Recreation

Summary of Department (Continued)

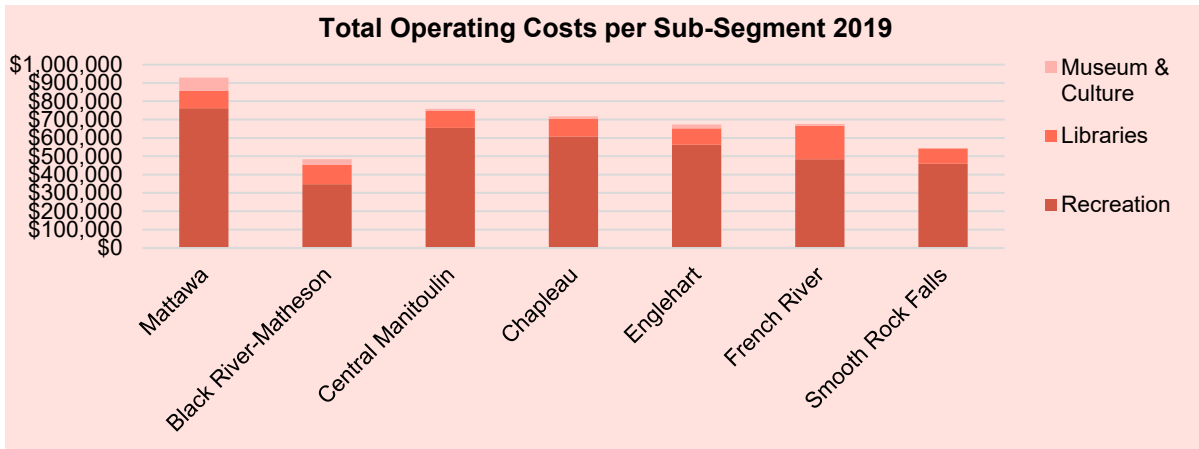
Comparative

Operating costs for the recreation department is higher than the comparable municipalities. As presented in appendix G, the Town has 8 full time staff under the recreation department whereas the next municipality has 5 full time staff, with the average staff for comparable municipalities is 4 full time staff. As the Town has the least amount of indoor recreation space, it should translate to less full time staff requirements. Although the Town does have 2 recreation staff who work at the information centre staffing, is still higher than average.

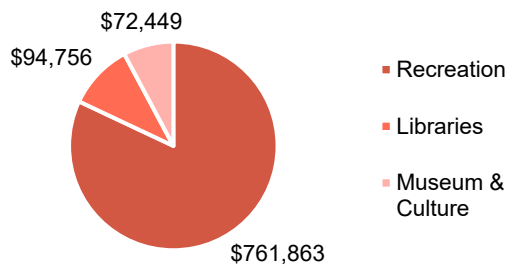
Recreation

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	451,315	487,521	479,981	454,406	450,369
Materials	300,008	201,239	160,776	268,557	290,934
Contracted Services	-	-	-	-	16,495
Interest	-	-	-	-	8,522
Other	14,894	13,489	13,146	13,579	14,088
Program Support	33,683	45,102	72,639	52,342	148,660
Total Operating Costs	799,900	747,351	726,542	788,884	929,068
Amortization	70,671	52,768	63,885	97,498	77,242
Total Costs	870,571	800,119	790,427	886,382	1,006,310



2019 Total Operating Costs per Segment



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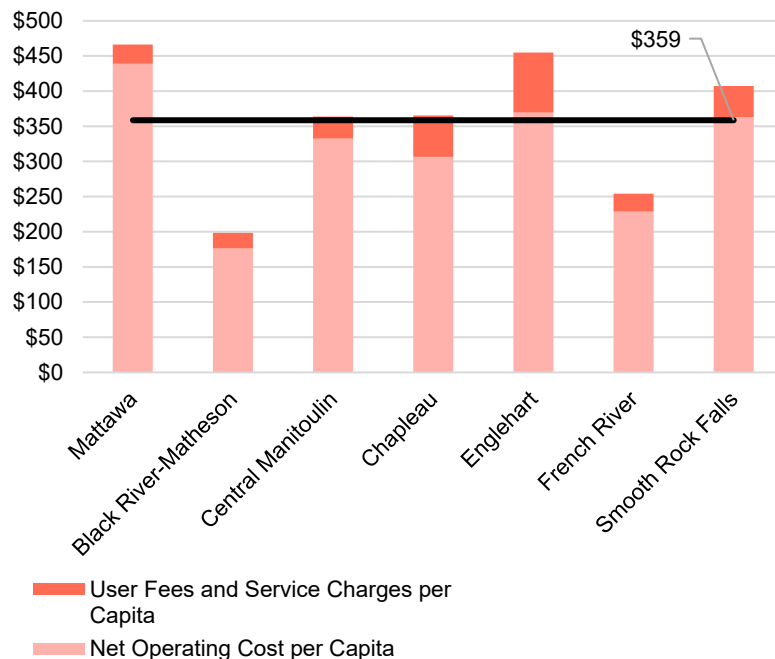


Recreation

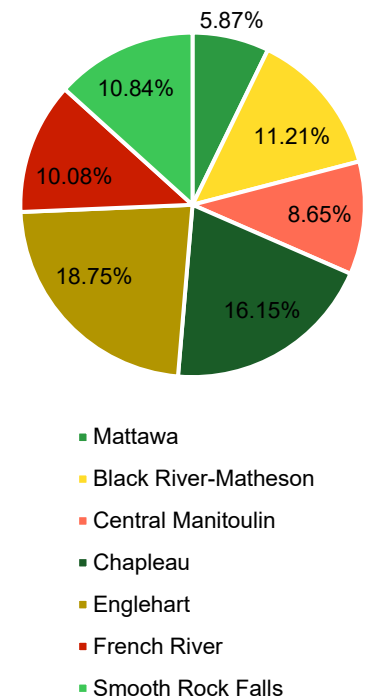
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	929,068	483,839	758,069	717,627	672,756	676,709	541,715
User Fees and Service Charges	54,573	54,222	65,538	115,885	126,166	68,246	58,723
Net Operating Costs	874,495	429,617	692,531	601,742	546,590	608,463	482,992
Operating Cost per Capita	466	198	364	365	455	254	407
User Fees and Service Charges per Capita	27	22	31	59	85	26	44
Net Operating Cost per Capita	439	176	332	306	370	229	363
Cost Recovery	5.87%	11.21%	8.65%	16.15%	18.75%	10.08%	10.84%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	16.80%	6.56%	12.04%	13.18%	21.27%	9.57%	10.69%

2019 Operating Costs per Capita



2019 Cost Recovery



Now, for tomorrow



Recreation

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
GENERAL			
REC-1	POS system	Portable POS system with debit and credit	Better revenue tracking, theft mitigation, enhanced convenience for residents
REC-2	Township Recreation Joint User Agreement rates	Rates can be increased and mandated	Improved cost sharing
REC-3	Manual equipment rental form	Online fillable form linked to network	Revenue increase, ease of access for residents
REC-4	Manual events scheduling	Improved IT infrastructure for online rental tracking	Printing cost savings, time savings, ease of scheduling
REC-5	Personal vehicle allowances	Implementing policy and investigating payment method	Accurate internal control documents, government compliance
REC-6	Staff schedules are distributed on paper	Email or implementation of scheduling software	Productivity increase, better information tracking
REC-7	Timesheets	Implementation of timesheet software	Productivity increase, better information tracking
RECREATION PROGRAMS			
REC-8	Summer day camp fees	Fees can be increased	Revenue increase
RECREATIONAL FACILITIES			
REC-9	Removal of docks	Annual removal and installation	Preventative maintenance
REC-10	Community hall rentals	Implementation of mandatory signed contracts	Liability security
REC-11	Ice rental rates	Fees can be increased	Revenue increase
REC-12	Community centre rental rates	Fees can be increased	Revenue increase
REC-13	Mattawa waterfront marina boat launch fees	Fees can be increased	Revenue increase
REC-14	Ballfield usage	Social media marketing for leagues	Revenue increase, increased community participation

Now, for tomorrow





Recreation

Detailed Findings

REC-1: GENERAL - POS SYSTEM

Background/Issue Payments are accepted by cash or cheque, other than at the Information Centre which can accept cash, cheque, debit, and credit.

Opportunity for Improvement/Recommendation Since the Information Centre has the capability of accepting all regular payment methods, an investigation should be done to determine if a portable POS system could be used at the other locations.

Implication/Benefits Areas that could benefit from a portable POS system are:

- the arena for skating fees;
- the marina for boat launch fees;
- the community hall for bar sales; and
- the Voyageurs Days Festival for entrance fees.

This would provide additional revenue tracking for the Town, reduce the chance of theft when dealing with cash and be more convenient for residents by having multiple payment methods available.

REC-2: GENERAL - TOWNSHIPS RECREATION JOINT USER AGREEMENT RATES

Background/Issue The Townships Recreation Joint User Agreement Policy rates are not current and are not mandated. The annual shared services breakdowns are \$17,423 for Papineau-Cameron, \$865 from Mattawan and Calvin no longer pays.

Opportunity for Improvement/Recommendation To have a better share of the Town's costs, the Township user fees could be increased and mandated. These fees should be determined on a cost-recovery basis.

Implication/Benefits This will allow for equitable sharing and allocation of costs between Townships.



Recreation

Detailed Findings (Continued)

REC-3: GENERAL - MANUAL EQUIPMENT RENTAL FORM

Background/Issue Equipment rental application forms are prepared on paper.

Opportunity for Improvement/Recommendation We recommend that equipment application forms be made available in an online fillable format through the Town website which would automatically forward it to the responsible person for approval.

Implication/Benefits This could provide for more rentals due to increased communication of their availability and ease of accessibility for the residents.

REC-4: GENERAL - MANUAL EVENTS SCHEDULING

Background/Issue A template is created in Excel then printed to manually track the scheduling for the arena, hall, and ballfield.

Opportunity for Improvement/Recommendation A shared scheduling system should be implemented across the Town to track rentals in real-time.

Implication/Benefits This will create savings in printing costs and time consumed by preparing and printing templates, then manually editing the paper schedules. This would also increase the opportunity for collaboration and cohesiveness with the scheduling.



Recreation

Detailed Findings (Continued)

REC-5: GENERAL - PERSONAL VEHICLE ALLOWANCES

Background/Issue Certain recreation employees are receiving \$300/month for use of their personal vehicle. There is no formal policy in place regarding the use of personal vehicles.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-22)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-22)

REC-6: GENERAL - STAFF SCHEDULES ARE DISTRIBUTED ON PAPER

Background/Issue The Recreation and Facilities Services Manager creates staff schedules in Excel and distributes to staff in printed form for a 6-week session according to upcoming events and bookings. If there is a change in the schedule, it is reprinted and redistributed.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-8)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-8)



Recreation

Detailed Findings (Continued)

REC-7: PAYROLL - TIMESHEETS

Background/Issue Recreational staff complete their daily timesheet book then submit it to the Recreation Facilities and Services Manager weekly for review and transcription into an Excel spreadsheet. The paper copies are then signed and submitted to the Finance/Payroll Coordinator for processing.

Opportunity for Improvement/Recommendation SEE GENERAL GOVERNMENT (GOV-20)

Implication/Benefits SEE GENERAL GOVERNMENT (GOV-20)

REC-8: RECREATIONAL PROGRAMS - SUMMER DAY CAMP FEES

Background/Issue The Town's Program Leader offers a *Mattawa and Area Children and Youth Program* which includes after-school programs, youth drop-ins, special events, PD day activities and summer programs offered for all children and youth (along with their families) in all surrounding communities. Summer day camp sessions are \$5 per day or \$20 per week from 9am to 3pm, offered for kids aged 4 to 13 years for a 7 to 8-week program, beginning on July 1st annually. These prices do not vary for participants from different municipalities.

Opportunity for Improvement/Recommendation In 2019, there were a total of 58 children registered for the program with an average of 20-25 children attending each day. Based on Nipissing and Greater Sudbury area rate schedules, daily childcare rates for school age children (4-13 years) are typically:

- between \$15 to \$20 for 4 hours or less;
- between \$25 to \$30 for 4 to 6 hours; and
- between \$35 to \$40 for 6 to 9 hours of care.

There should be consideration for increasing the summer day camp rate from \$5 to \$10 a day and from \$20 to \$40 per week.. Consideration should also be given to cancelling this program completely as there are other operators in the community who provide the same service.



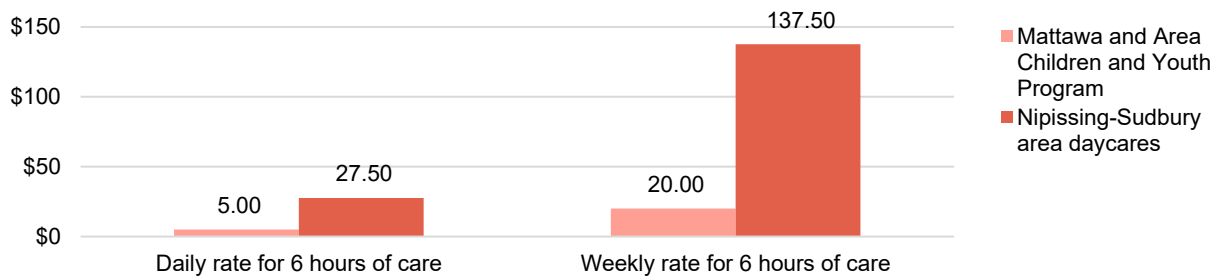
Recreation

Detailed Findings (Continued)

REC-8: RECREATIONAL PROGRAMS - SUMMER DAY CAMP FEES (CONTINUED)

Implication/Benefits This would be affordable for residents and could double the revenue being earned from summer day camp sessions for the Town. If the program was cancelled would result in significant savings.

Childcare Rate Comparison



REC-9: RECREATIONAL FACILITIES - REMOVAL OF DOCKS

Background/Issue The Installation and Removal of Docks Policy dating from September 24, 1984 states that the docks be installed as soon as the water level permits. However, the finger docks have not been removed in roughly a decade. The 2019 spring flooding caused significant damage to the marina docks since they were not removed from the prior season.

Opportunity for Improvement/Recommendation With the new replacement docks being installed, the Town should remove them annually.

Implication/Benefits This will allow the Town to maintain their warranty and avoid additional capital replacement costs with damage caused from rising and falling water levels.



Recreation

Detailed Findings (Continued)

REC-10: RECREATIONAL PROGRAMS - COMMUNITY HALL RENTALS

- Background/Issue* Community hall rentals are not done by way of a signed contractual agreement. If there is damage to the hall, someone gets injured, or the rental fee is not collected, to name a few examples, there is no legally binding agreement that assigns responsibilities.
- Opportunity for Improvement/Recommendation* All rentals should be done by way of official contract signed by both parties, outlining the rights and obligations of each party.
- Implication/Benefits* This will outline the rights and responsibilities of each party to the contract

REC-11: RECREATIONAL PROGRAMS - ICE RENTAL RATES

- Background/Issue* The Town's Mike Rodden Arena ice rental rates average \$75.22+HST, which includes \$53.10+HST for youth, \$79.65+HST for adults and \$92.92+HST for non-residents.
- Opportunity for Improvement/Recommendation* The North Bay West Ferris Community Centre and North Bay Pete Palangio Arena ice rental rates both average \$133.83+HST (includes adults and youth prime-time and daytime rates ranging from \$89.22+HST to \$185.87+HST). Furthermore, the Englehart and Area Community Arena Complex ice rental rates average \$79.47+HST, which includes \$60.18+HST for youth, \$85.84+HST for adults and \$92.38+HST for non-residents (average of adult and youth non-resident rates). Likewise, the Chapleau A.W. Moore Arena ice rental rates average \$102.66+HST, which includes \$69.91+HST for youth and \$135.40+HST for adults. The Town's arena rental rates could be increased by 12% to an average of \$84.07, which is composed of \$61.95+HST for youth (\$70 inclusive of HST instead of \$60), \$88.50+HST for adults (\$100 inclusive of HST instead of \$90) and \$101.77+HST for non-residents (\$115 inclusive of HST instead of \$105). Alternatively, the Town could introduce on and off-peak rates.
- Implication/Benefits* These increased rates will allow for additional revenue while remaining competitive with nearby arenas.

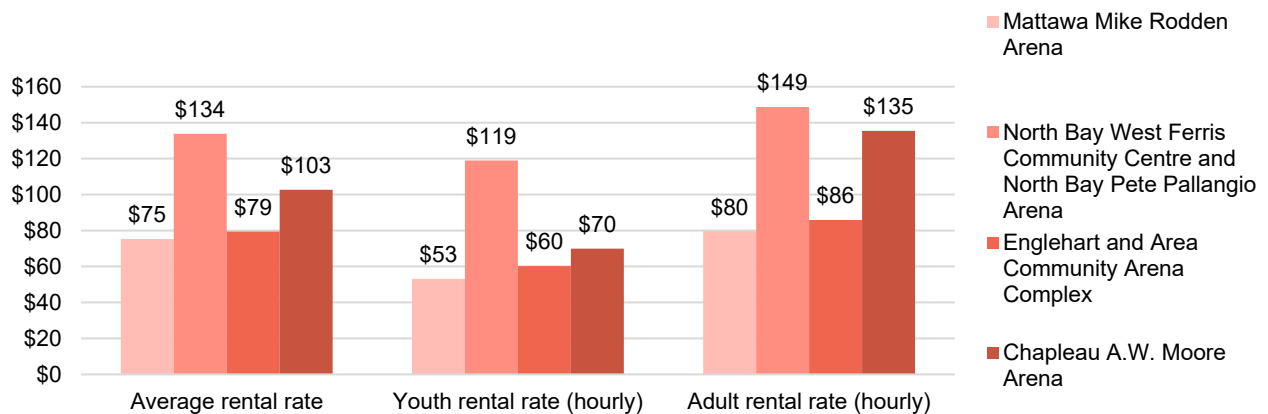


Recreation

Detailed Findings (Continued)

REC-11: RECREATIONAL PROGRAMS - ICE RENTAL RATES (CONTINUED)

Ice Rental Rate Comparison



REC-12: RECREATIONAL PROGRAMS - COMMUNITY CENTRE RENTAL RATES

Background/Issue The Town’s Community Centre rental rates start at \$30.97+HST hourly or \$221.54+HST for the day, increased to \$526.55+HST for the day with the bar and kitchen.

Opportunity for Improvement/Recommendation The North Bay West Ferris Community Centre daily rental rates start at \$581.25+HST without alcohol for community events and \$917.22+HST without alcohol for public events, both increasing to \$1,047.93+HST with alcohol. The Callander Community Centre rental rates start at \$50+HST hourly or \$400+HST for the day with bar and kitchen. Similarly, the Chapleau Recreation Centre rental rates start at \$31.32+HST hourly or \$364.37+HST for the day increased to \$468.49+HST for the day with the servery. The Town’s Community Centre hourly and daily rental rates could be increased.

Implication/Benefits The increased rate will allow for additional revenue while remaining competitive with nearby halls.



Recreation

Detailed Findings (Continued)

REC-13: RECREATIONAL PROGRAMS - MATTAWA WATERFRONT MARINA BOAT LAUNCH FEES

- Background/Issue* The Mattawa Waterfront Marina boat launch ramp fees are \$4.24+HST per day or \$53.09+HST per season. Looking at other nearby marinas, the North Bay Waterfront Marina fee is \$14.08 + HST per launch or \$70.41+HST per season and the Fish Bay Marina in Nipissing is \$4.24+HST in addition to \$4.24+HST for parking or \$132.74+HST for the season. Overall, Mattawa has the lowest launch fee within an 85km driving distance, excluding public boat launches which are free of charge but do not offer the same amenities.
- Opportunity for Improvement/Recommendation* The Mattawa Waterfront Marina boat launch ramp fees could be increased to \$8.85+HST per day (\$10 inclusive of HST instead of \$5) and \$61.95+HST per season (\$70 inclusive of HST instead of \$60).
- Implication/Benefits* This will generate additional revenue and remain competitive with surrounding marina fees.

REC-14: RECREATIONAL PROGRAMS - BALLFIELD USAGE

- Background/Issue* The ballfield has not had adult recreational usage over the past few years. The leagues were historically assembled by word of mouth.
- Opportunity for Improvement/Recommendation* The Town could benefit from posting league registration information on their website and Facebook. Alternatively, the ballfield can be shutdown to avoid unnecessary maintenance and repair costs.
- Implication/Benefits* This could either increase community participation and in turn create additional revenues for the Town or eliminate unnecessary spending with a closure.



Planning and Development



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Planning and Development

Summary of Department

Observations

General

This department encompasses the following areas:

- Planning and Zoning
- Information Centre
- Economic Development

This department is costly for the Town and should be addressed in attempting to make things more efficient and/or more self sustaining. The Town should attempt to develop shared services agreements and other outsourcing opportunities and ensure user fees are established for optimal cost recoveries.

Financial

Operating costs for this department are very high when considering the costs of delivery per capita. Cost recoveries through user charges are negligible.

The increase in program support in 2019 is two-fold: the emergency flood repairs has been included in program support and the method for allocating general government costs to program support has been modified.



Planning and Development

Summary of Department (Continued)

Comparative

From a comparative standpoint, the Town's costs are significantly higher on two levels:

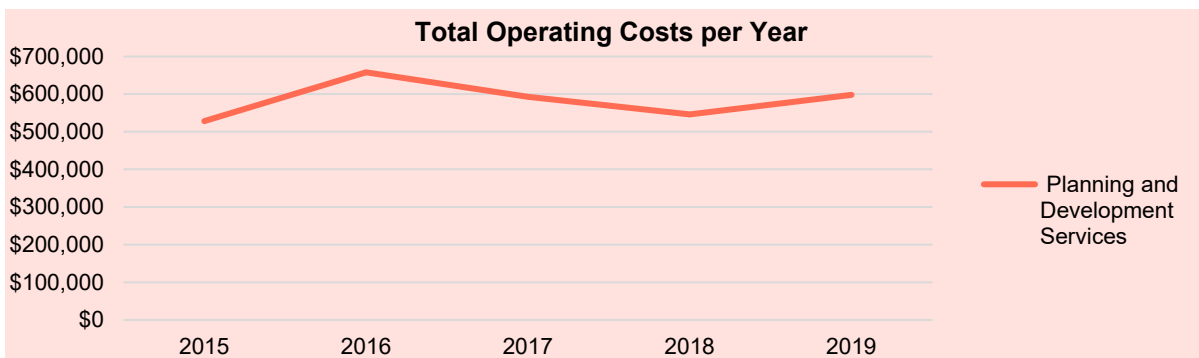
- Operating costs per capita
- Operating costs as a percentage of total costs

Cost recoveries are very low and should be more in line with Black River-Matheson.

Planning and Development

Financial Analysis

Costs per Year	2015	2016	2017	2018	2019
Salaries and Benefits	207,216	110,536	92,514	102,377	101,808
Materials	128,536	353,097	377,923	398,509	362,142
Contracted Services	169,454	156,226	62,109	7,830	44,451
Interest	-	-	-	-	-
Other	835	790	829	984	1,033
Program Support	22,246	37,075	59,250	36,222	88,302
Total Operating Costs	528,287	657,724	592,625	545,922	597,736
Amortization	-	-	-	-	-
Total Costs	528,287	657,724	592,625	545,922	597,736



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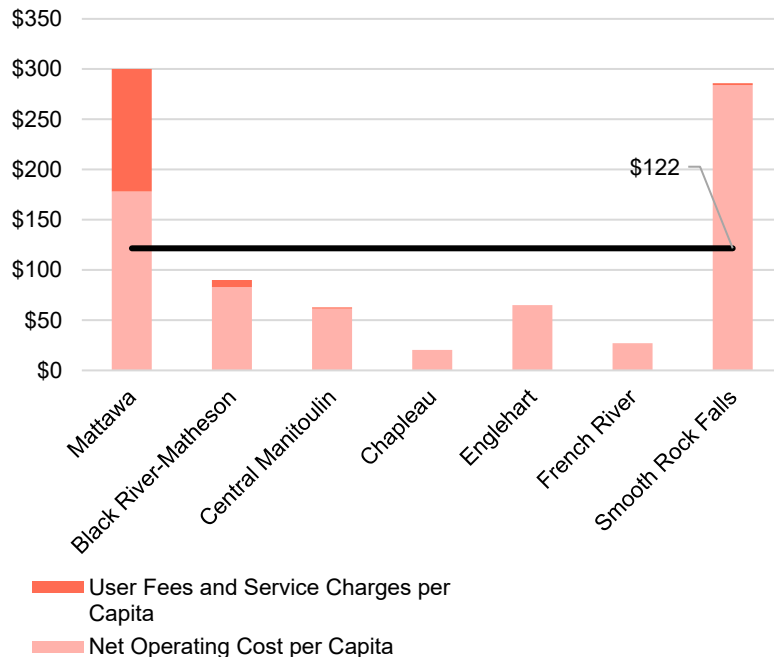


Planning and Development

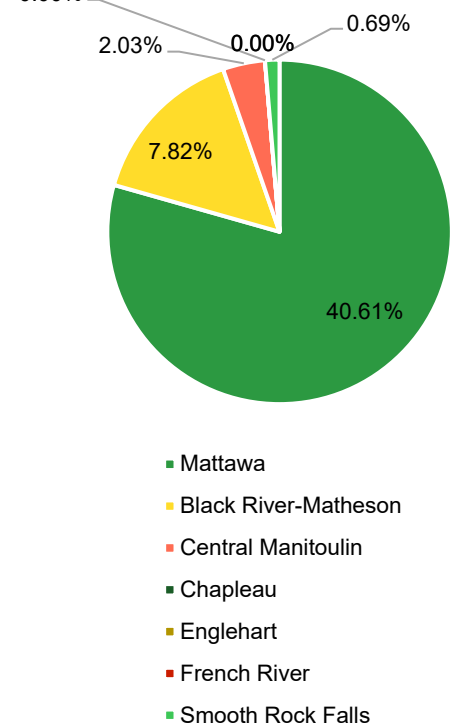
Municipal Comparative Analysis

Municipal Comparison	Mattawa	Black River-Matheson	Central Manitoulin	Chapleau	Englehart	French River	Smooth Rock Falls
Population	1,993	2,438	2,084	1,964	1,479	2,662	1,330
Operating Costs	597,736	219,451	130,552	40,020	96,085	71,996	380,312
User Fees and Service Charges	242,722	17,162	2,647	-	-	-	2,630
Net Operating Costs	355,014	202,289	127,905	40,020	96,085	71,996	377,682
Operating Cost per Capita	300	90	63	20	65	27	286
User Fees and Service Charges per Capita	122	7	1	-	-	-	2
Net Operating Cost per Capita	178	83	61	20	65	27	284
Cost Recovery	40.61%	7.82%	2.03%	0.00%	0.00%	0.00%	0.69%
Total Operating Costs – Municipality	5,529,529	7,377,028	6,296,011	5,443,626	3,162,829	7,074,153	5,065,699
Dept. Costs as % of Total Operating Costs	10.81%	2.97%	2.07%	0.74%	3.04%	1.02%	7.51%

2019 Operating Costs per Capita



2019 Cost Recovery



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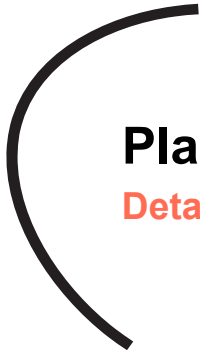
Planning and Development

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
ECONOMIC DEVELOPMENT			
PLA-1	East Nipissing Planning Board	Mattawa could become a member	Economical synergies
PLA-2	Voyageur Days Festival operating budget	Festival can be scaled back to breakeven	Cost savings
PLANNING AND ZONING			
PLA-3	Development fees	Development fees could be implemented	Revenue increase
PLA-4	Record retention	TOMRMS record management system acquisition	Initial cost but eventual time-savings and increased organisation
PLA-5	Town plan is outdated	Updates to reflect Ontario Planning Act	Accuracy of documentation
PLA-6	Variances and amendment fees	Fees can be increased	Revenue increase
INFORMATION CENTRE			
PLA-7	Service Ontario usage by neighbouring municipalities	A Joint User agreement can be instated	Revenue increase
PLA-8	Service Ontario kiosk location	Services could be transferred to municipal office	Cost savings

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Planning and Development

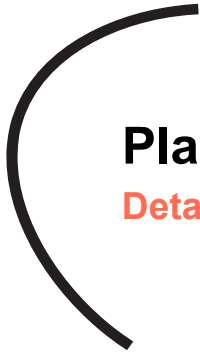
Detailed Findings

PLA-1: ECONOMIC DEVELOPMENT - EAST NIPISSING PLANNING BOARD

- Background/Issue* Neighbouring municipalities are members of the East Nipissing Planning Board. The Town of Mattawa is not a member.
- Opportunity for Improvement/Recommendation* We recommend that the Town undertake a cost/benefit analysis of joining such a board.
- Implication/Benefits* This could result in economical synergies.

PLA-2: ECONOMIC DEVELOPMENT - VOYAGEUR DAYS FESTIVAL OPERATING BUDGET

- Background/Issue* Voyageur Days Festival represents a significant portion of the Town's annual operating budget.
- Opportunity for Improvement/Recommendation* Given that the 2020 festival was cancelled due to COVID-19, this may be an opportunity to observe the effects of not holding the festival. This would provide insight to determine if the festival should continue as is, if it should be cancelled or if the operating budget should be scaled back.
- Based on a historical review of financial information available, despite annual revenues related to the festival averaging roughly \$242,500 from 2017 to 2019, the festival has incurred annual losses of approximately \$52,6000, \$59,000 and \$84,200 over that same time span. In order to achieve breakeven and sustainable results related to the festival, the budget should be managed more closely as an increase in revenues is unlikely. The Town may consider sharing the costs with adjacent municipalities which are benefiting from the increased tourism. If a reduction in costs is deemed improbable, consideration should be given to the cancellation of this annual event given the significant financial impact to the Town.
- Implication/Benefits* This could result in cost savings.



Planning and Development

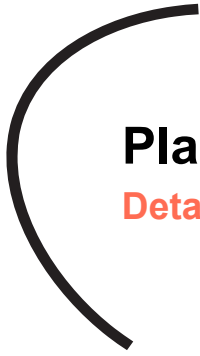
Detailed Findings (Continued)

PLA-3: PLANNING AND ZONING - DEVELOPMENT FEES

- Background/Issue* The Town does not currently charge any development fees. As a result, the Town bears responsibility for all the infrastructure needed when an area is developed or when there is new construction.
- Opportunity for Improvement/Recommendation* We recommend that development fees be implemented in order to recuperate some of the costs associated with upgrades to the water and sewer system, sidewalks, street lighting, etc. when an area is developed.
- Implication/Benefits* This will result in additional revenue.

PLA-4: PLANNING AND ZONING - RECORD RETENTION

- Background/Issue* All records pertaining to Planning and Development Services are retained, and many are not digitized.
- Opportunity for Improvement/Recommendation* We recommend that the Town proceed with the purchase of the TOMRMS record management system as brought forth by the CAO/Treasurer or an alternate system for the storage of information. The policy should be updated to allow for unnecessary information to be disposed of, following legislative document retention periods.
- Implication/Benefits* Although there will be an initial cost to purchase the software and digitize all records, there will be time savings in the future.



Planning and Development

Detailed Findings (Continued)

PLA-5: PLANNING AND ZONING - TOWN PLAN IS OUTDATED

Background/Issue The Town plan has not been updated since the 1990s. Per Clerk/Treasurer, \$100,000 has informally been set aside to engage planners.

Opportunity for Improvement/Recommendation We recommend that the Town plan be updated to reflect changes in the Ontario Planning Act and changes in the Town since the 1990s.

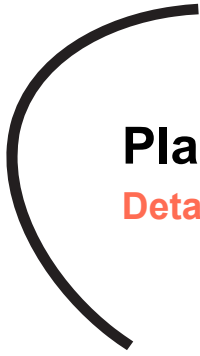
Implication/Benefits An updated plan will provide clarity on the direction of the Town.

PLA-6: PLANNING AND ZONING - VARIANCES AND AMENDMENT FEES

Background/Issue The fees charged by the Town for variances and other amendments are \$325 for a minor variance, \$500 for a zoning application and \$750 for an official plan amendment. They also offer a planning fee of \$125 per hour for residents interested in submitting a plan who want additional guidance, etc.

Opportunity for Improvement/Recommendation We recommend that the fees for variances and other amendments be increased. In neighbouring areas, a plan amendment fee is \$2,500, pre-consultation fees are \$200 and most other fees are \$800.

Implication/Benefits This will result in additional revenue.



Planning and Development

Detailed Findings (Continued)

PLA-7: INFORMATION CENTRE - SERVICE ONTARIO USAGE

Background/Issue The Service Ontario kiosk in the Information Centre is used by neighbouring municipalities. The nearest Service Ontario Centres are located 64km west in North Bay, 68km south-west in Powassan and 104km east in Deep River.

Opportunity for Improvement/Recommendation We recommend that the Town investigate if there is an opportunity to enter into an agreement with the neighbouring municipalities in order to recover some of the costs for providing this service to their residents. Furthermore, investigate if there is an opportunity to recover more costs from the Province for offering this service.

Implication/Benefits This could result in additional revenue and better sharing of costs.

PLA-8: INFORMATION CENTRE - SERVICE ONTARIO KIOSK LOCATION

Background/Issue The Service Ontario kiosk is located in the Information Centre.

Opportunity for Improvement/Recommendation We recommend that the Town investigate renting their excess space in the kiosk location to other complementary service providers.

Implication/Benefits This would result in additional revenues.



Reserves and Reserve Funds



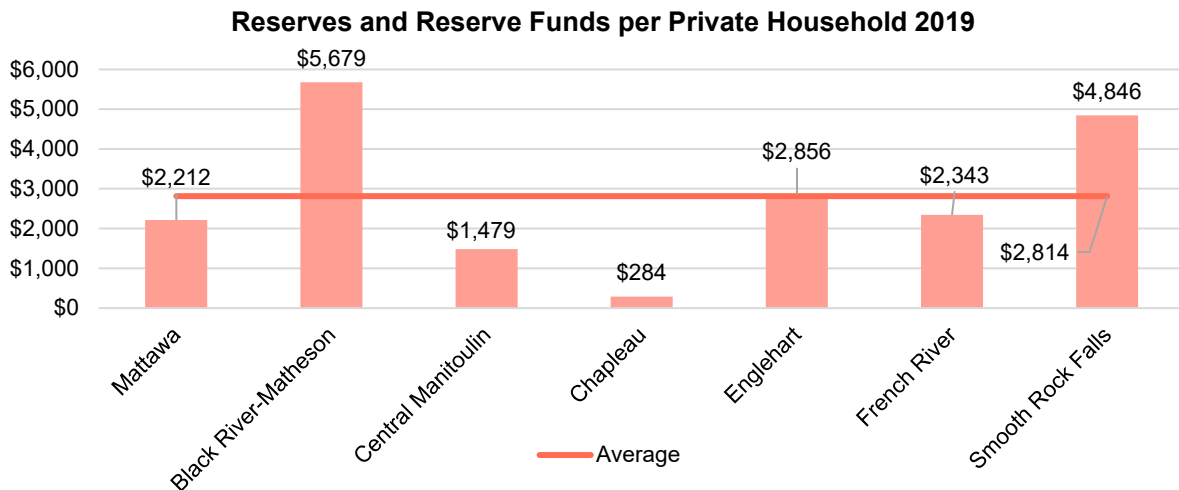
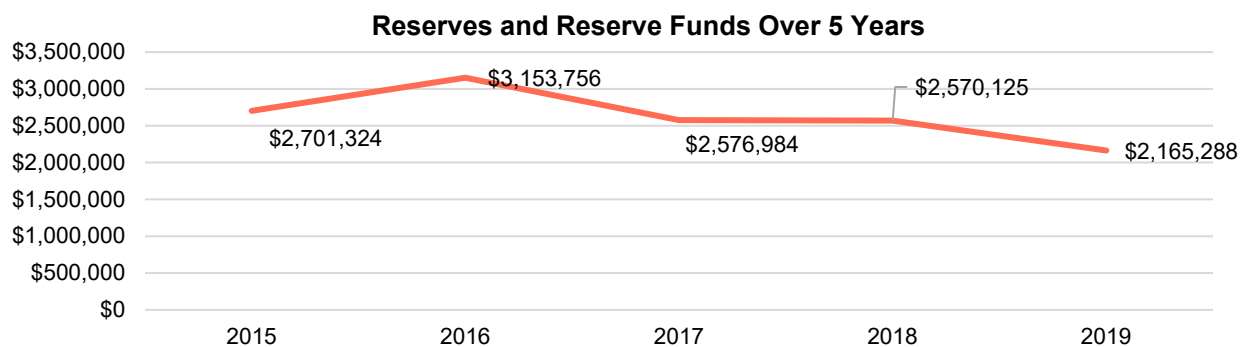
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Reserves and Reserve Funds

Financial Analysis

RESERVES AND RESERVE FUNDS – TRENDS AND COMPARISONS



In the last 5 years, the Town's reserves and reserve funds have fluctuated annually. Per the above table, the Town is lower than the comparable municipalities 'average. It is reasonable to conclude that the reserves and reserve funds per private household ratio is higher for Black River-Matheson and Smooth Rock Falls since both of these municipalities have larger commercial taxation bases that allows them to levy more taxation to include in reserves. If those two municipalities were not part of the comparison, the average for this ratio would have been \$1,834.

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Reserves and Reserve Funds

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
GENERAL			
RES-1	Reserves and reserve funds policy	Developing a policy	Consistency, improved documentation
RES-2	Cash reserve funding operating activities	Maintaining appropriate cash levels	Better financial planning
RES-3	Capital financing	Implementation of replacement reserves	Better future cash flow reserves

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Reserves and Reserve Funds

Detailed Findings

RES-1: GENERAL - RESERVE AND RESERVE FUNDS POLICY

Background/Issue Presently, the Town does not have a reserves and reserve funds policy that provides guidance to council and staff on the creation and use of reserves.

Opportunity for Improvement/Recommendation We recommend that the Town establish a reserves and reserve funds policy. A sample policy has been provided in Appendix D but management can use other resources available from the Ministry to establish the reserves and reserve funds policy that is more relevant for them.

Implication/Benefits Creation of a reserves and reserve funds policy will allow for consistent principles, standards and guidelines for the maintenance, management and accounting of reserves. Reserves and reserve funds policy provides documentation of past and current council's decision with regards to reserves.

RES-2: GENERAL - CASH RESERVES FUNDING OPERATING ACTIVITIES

Background/Issue At the end of December 2019, the Town's cash position did not agree to the total amount of the reserves and reserve funds established. This indicates that the Town is using the reserves and reserve funds cash to fund operating activities.

Opportunity for Improvement/Recommendation We recommend that the Town maintain cash levels that are equal to the amount set up in the reserves and reserve funds.

Implication/Benefits Even though there are no requirements to have separate bank accounts for the reserves and that there are no restrictions on a municipality borrowing against its reserves to fund operations, the Town needs to have a plan in place to ensure that the funds get replenished so that cash levels agree to the reserves created. By having the cash agree to the reserves, when council agrees to use a reserve to fund a purchase or project, there will be no need for the Town to borrow funds since the cash will be available.



Reserves and Reserve Funds

Detailed Findings (Continued)

RES-3: GENERAL – CAPITAL FINANCING

<i>Background/Issue</i>	Presently, all transfers to and from the reserve and reserve funds are based on the Town's current year activities or projects. There is no levy of property taxes to build up reserves for the future replacement of tangible capital assets.
<i>Opportunity for Improvement/Recommendation</i>	We recommend that the Town consider setting up reserves to replace current infrastructure based on an asset management plan. An annual amount contributing to the reserve for infrastructure could be set up and generated through tax levy to help pay for future replacements. Therefore, the ratepayers would be paying for the infrastructure as it is being use and benefiting from that use.
<i>Implication/Benefits</i>	Given that this practice was not implemented in the past, tangible capital assets requiring to be replaced in the near future will require a higher tax levy amount. However, the amount required in subsequent periods to replace those new tangible capital assets will be allocated over a longer period of time and will not be require as much to be levied annually.



Human Resources



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Human Resources

Summary of Department

A detailed review of the Town's Human Resource policies was conducted to identify issues and provide recommendations and opportunities for improvement. The detailed review was conducted based on Human Resource best practices which include adherence to standard legislative requirements of the province of Ontario and the Employment Standards Act, 2000. There may be additional Municipal specific requirements that were not addressed as part of this review. As we are not lawyers, to ensure the validity of the review from a legal perspective, you may wish to consult your lawyer. As part of this engagement, the following policies were reviewed:

- Accessible Customer Service Policy
- After Hours Public Works On-Call Policy / After Hours Public Works On-Call 2 Policy
- Benefit Policy – Non-Union Employees
- Code of Conduct – Building Officials
- Cost of Benefits for Budget Purposes Policy
- Expense Policy
- Family Resource Centre Hiring of Staff Policy
- Family Resource Centre Hiring Policy
- Family Resource Centre Sick Benefits & Statutory Holidays Policy
- Family Resource Centre Staff Benefits Policy
- Family Resource Centre Supervisors Position Policy
- Group Insurance for Municipal Employees Policy
- Hire Policy
- Hiring of Crossing Guard Policy
- Salary Increase for Firefighters Policy
- Salary Range – Non-Union Policy
- Scholarship Bursaries Awards Policy
- Staff Requirement Policy
- Summer Work Schedule – Gen Gov't Dept Policy
- Travel Policy 1 – Administrator – Travel Permissions
- Truck Allowance Policy
- Wage Rate Policy – Public Works
- Workplace Discrimination, Harassment and Violence Policy
- WSIB Policy



Human Resources

Summary of Department (Continued)

The detailed review revealed six key findings which are described in the next slides. In summary, there is one key finding that requires immediate action to avoid any legal / monetary ramifications. It is imperative that the Town implement the outstanding legislative policies (Appendix F). The remaining five findings are opportunities for improvement which will help to streamline and to document the Human Resource policies of the Town and provide efficiencies in this area going forward.

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Human Resources

Summary of Findings

#	Background/Issue	Opportunity for Improvement	Implication/Benefit
POLICIES			
HUM-1	Existing policies not complete	Implementation of the recommended policies to keep current with best practices	Complete manual, human resource equality
HUM-2	Policies outdated	Assignment of a responsible person for each policy and establishment of a review schedule	Effective and relevant policies, better decision-making
HUM-3	Streamlining/combining policies	Streamlining and combining policies	Consistency, easier employee referencing, centralized documents
HUM-4	Employee acknowledgement	Require employee sign-offs and acknowledgement annually	Dispute evidence, enhanced employee knowledge
HUM-5	Template inconsistency	Implementation of a standard policy template	Consistency, easier employee referencing
HUM-6	Legislative requirements	Additional implementation of policies to meet legislative requirements	Compliance

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Human Resources

Detailed Findings

HUM-1: POLICIES - EXISTING POLICIES NOT COMPLETE

- Background/Issue* Based on the policies provided in this engagement, there are some gaps in the Town's existing policies when considering Human Resource best practices that should be addressed with formal policies.
- Opportunity for Improvement/Recommendation* The Town is encouraged to implement the recommended policies listed in Appendix E to keep current with Human Resource best practices. These policies are recommended as they help to further clarify employee responsibilities and the Town's expectations.
- Implication/Benefits* By implementing the recommended policies listed in Appendix E, the Town will have a more complete policy manual which can be relied upon when discrepancies occur and ensure equal treatment of all employees.

HUM-2: POLICIES - POLICIES OUTDATED

- Background/Issue* Most of the policies provided for review contain outdated information.
- Opportunity for Improvement/Recommendation* We recommend that the Town consider assigning a department/responsible person for each policy and establish a review schedule to ensure that policies are reviewed and updated at the earlier of a legislative requirement/change or pre-scheduled interval. Specific considerations are listed for each policy in Appendix E.
- Implication/Benefits* By ensuring that policies are updated at regularly scheduled intervals or when a legislative change is implemented, the Town can ensure policies are effective, relevant and in compliance with legislative standards. This will also aid in decision making, policy enforcement and help to minimize disagreements between the Town and their employees over unclear expectations.



Human Resources

Detailed Findings (Continued)

HUM-3: POLICIES – STREAMLINING/COMBINING POLICIES

<i>Background/Issue</i>	Each department has their own set of policies, some of which may have the opportunity to be combined with other departments.
<i>Opportunity for Improvement/Recommendation</i>	Since there are multiple departments within the Town, it would be beneficial to streamline/combine policies where applicable to reduce the number of policies and maintain consistency when appropriate. It would also be beneficial to store the policies in a central location for ease of reference.
<i>Implication/Benefits</i>	By reducing the number of policies and storing them in a central location, it will make it easier to for Town employees to reference the policies when required. This will also reduce the number of policies that need to be reviewed/updated and ensure consistency between departments where appropriate.

HUM-4: POLICIES - EMPLOYEE ACKNOWLEDGEMENT

<i>Background/Issue</i>	None of the policies provided contain an employee acknowledgement or sign-off.
<i>Opportunity for Improvement/Recommendation</i>	We recommend that the Town employees sign-off on policies upon hire/policy implementation. Once policies are implemented/employees have signed off initially, the Town should implement a process for an annual policy acknowledgement whereby employees are required to acknowledge that they have received training, read, understand the policies/any changes, and agree to abide by the terms and conditions set forth in the policies.
<i>Implication/Benefits</i>	This will ensure that the Town has proof that the employees are aware of the policies. If there is ever a policy breach or dispute regarding if an employee was aware of their responsibilities, the sign-off serves as documentation and evidence for the Town.



Human Resources

Detailed Findings (Continued)

HUM-5: POLICIES - TEMPLATE INCONSISTENCY

Background/Issue There is no consistent template or structure amongst any of the policies.

Opportunity for Improvement/Recommendation We recommend that the Town implement a standard policy template for all policies (ex. purpose, scope, definitions, responsibilities, acknowledgement).

Implication/Benefits If a standard template is put in place, employees/managers will easily be able to reference and find the information they are seeking. The easier it is to read and understand the policy, the more likely an employee is to implement it and incorporate it into their day to day. This also reduces the risk of employees not following or understanding the policy wording.

HUM-6: POLICIES - LEGISLATIVE REQUIREMENTS

Background/Issue There are some legislatively required policies that were not provided as part of this review.

Opportunity for Improvement/Recommendation Based on the policies provided for review, it appears that the Town is missing some legislatively required policies that would make the Town non-compliant with legislative requirements. It is strongly recommended that the Town look into the policies described in Appendix F and implement them if they are not already in place.

Implication/Benefits By implementing the required policies listed in Appendix F, the Town will achieve compliance and reduce risk for fines/exposure.



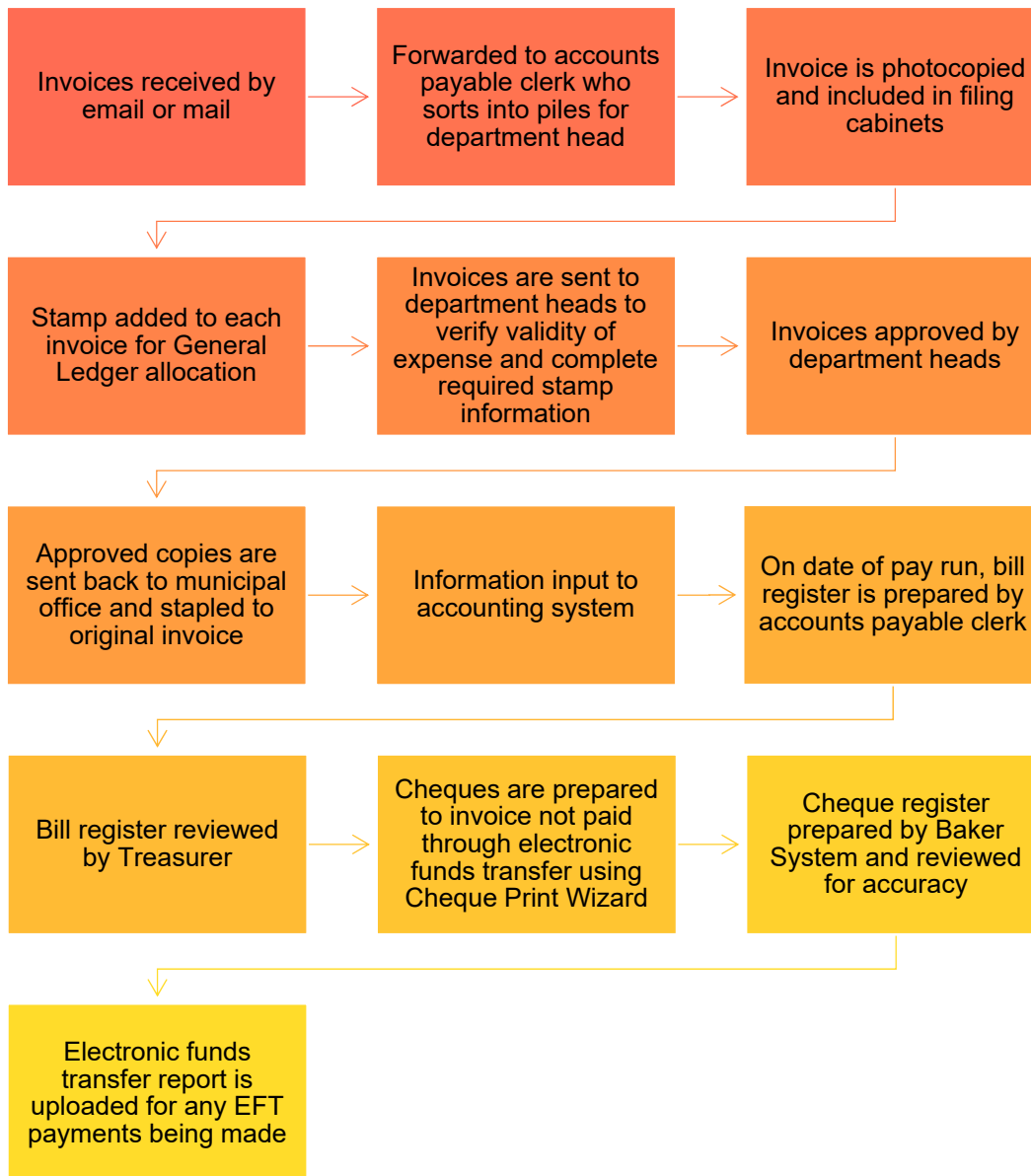
Appendices



Now, for tomorrow

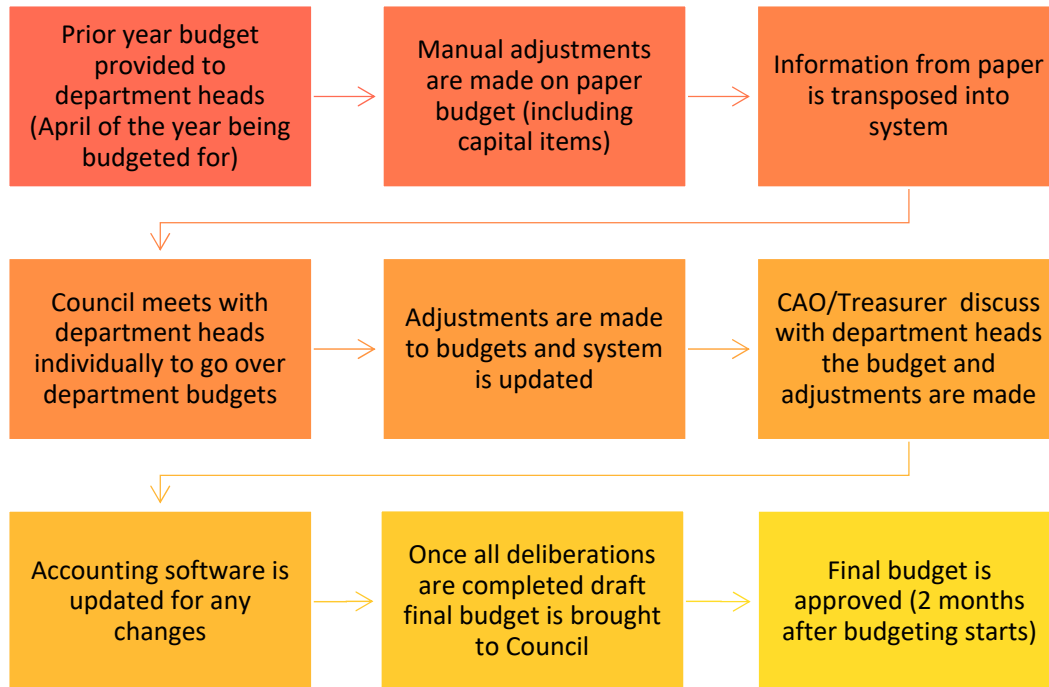


Appendix A – Current Accounts Payable Process

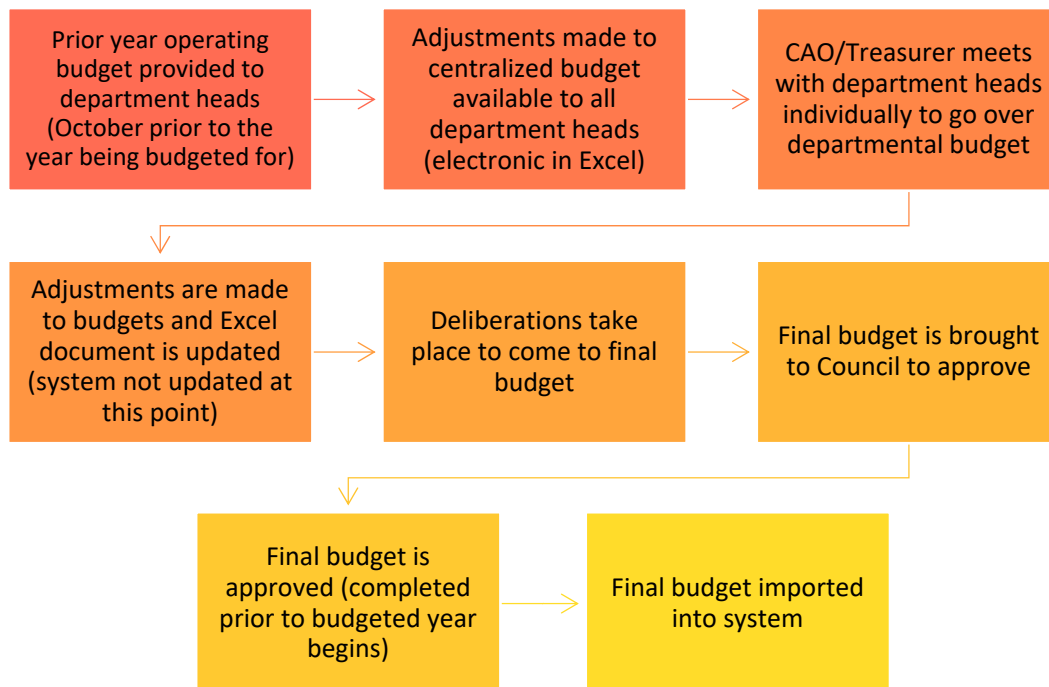


Appendix B – Budgeting Process

Current Budgeting Process

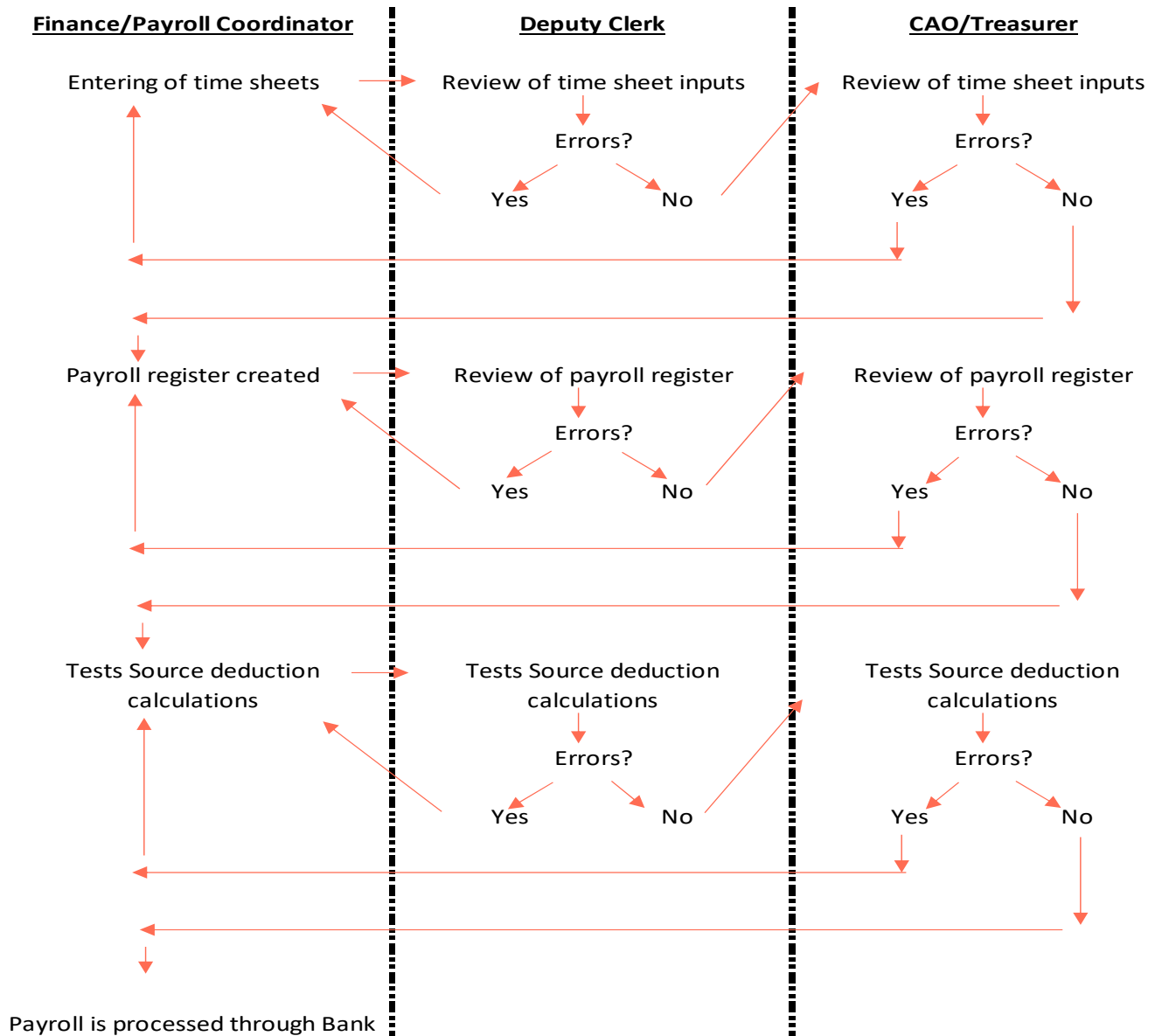


Proposed Budgeting Process



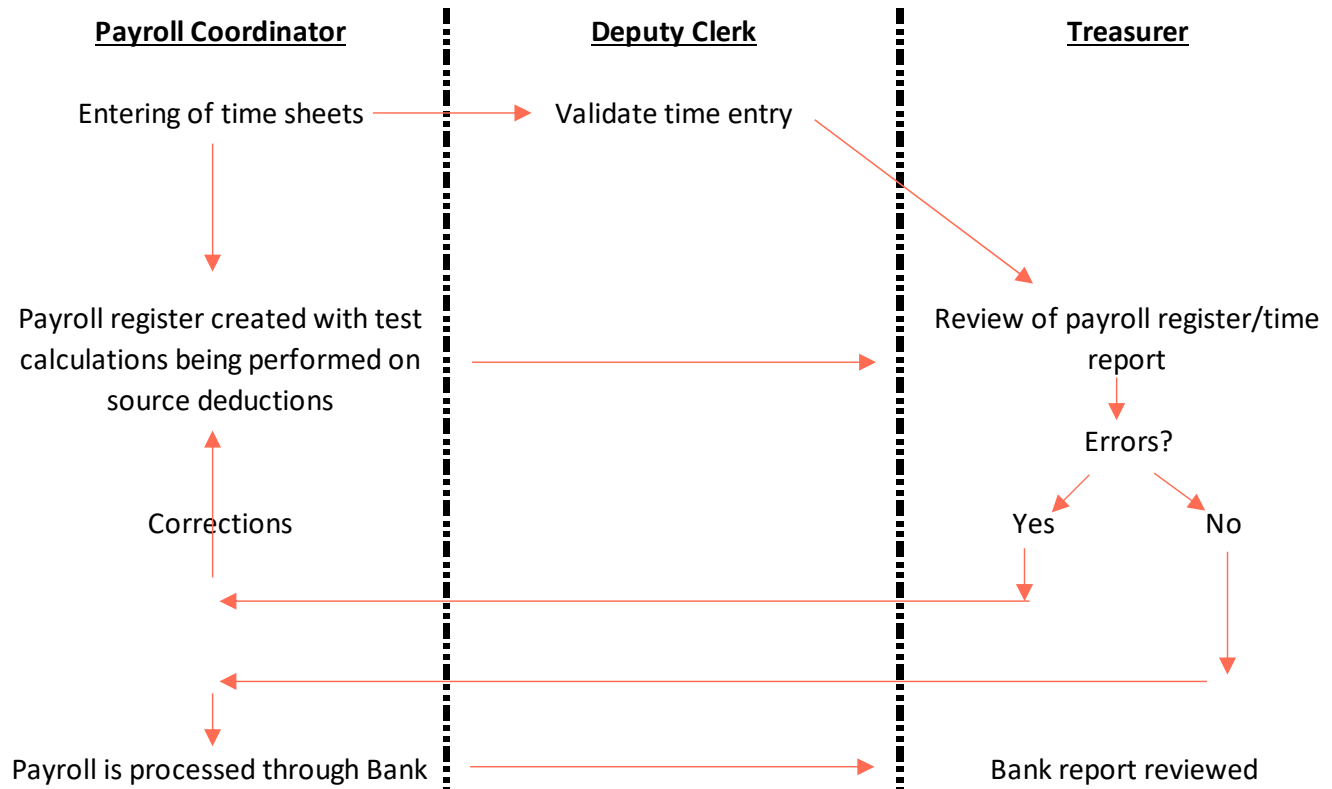
Appendix C – Payroll Process

Current Payroll Process



Appendix C – Payroll Process (Continued)

Proposed Payroll Process



Appendix D – Sample Reserves and Reserve Funds Policy

Obtain sample wording/suggestions from Ministry sources or enquire with other municipalities to complete the sections that are blank or replace where suggestions are noted

POLICY STATEMENT

The Municipal Act, 2001, section 290 provides that a municipality's budget shall set out amounts to be paid into and out of reserves. A municipality may establish reserve funds for any purpose for which it has authority to spend money.

PURPOSE

Document the purpose/goals of the policy

DEFINITIONS

List the definitions of key terms used in the policy such as "deferred revenue", "discretionary reserve fund", "obligatory reserve fund", "reserve", "reserve fund" – if applicable

RESPONSIBILITIES

- Municipal Council
 - List the responsibilities of council for the policy such as developing and evaluating policies, ensuring policies, practices and procedures are in place, approving transactions to and from reserves and reserve funds
- Chief Administrative Office
 - List the responsibilities of CAO for the policy such as supporting director of finance/treasurer in ensuring that requirements in the policy are applied
- Director of Finance/Treasurer
 - List the responsibilities of the director of finance/treasurer for the policy such as developing/updating policy, presenting changes to council, ensuring consistent application of policy for all departments, performing transfer to and from reserves as approved, recommending strategies for reserve levels, reporting balances and forecast to council
- Department Directors
 - List the responsibilities of the department directors such as providing treasurer with current capital asset information to be used in asset management plan, advising when transfers are required, advising when transfers are required for unbudgeted transactions

POLICY

- Establishment of Reserves and Reserve Funds
 - Document when reserves are to be maintained, how reserves are established, how resolution are worded, what categories of reserve funds are maintained, etc...
- Approval of funding allocations to and from Reserves and Reserve Funds
 - Document how funding allocations are established, via budget, council approval, etc...
- Closing Reserves and Reserve Funds
 - Document conditions when reserves and reserve funds are closed, who initiates the recommendation, resolution by council to close a reserve, by-law that established the reserves is repealed to close a reserve fund
- Allocation of Operating Surplus/Deficit
 - Document conditions where surplus and deficits are transferred to and from reserve. List any department surplus or deficit that need to be transferred to reserve annually

Appendix D – Sample Reserves and Reserve Funds Policy (Continued)

POLICY (Continued)

- Interest Allocation
 - Document how reserve funds are invested, how interest is allocated between reserve, etc...
- Total Reserve Target
 - Document the target for each reserve (see attached reporting schedule), who is responsible for reviewing and updating the targets annually
- Temporary Reserve Fund Borrowing
 - Document when short term borrowing is permitted and list the conditions that must be met to allow for the temporary borrowing such as not having an adverse affect on the intended purpose of the reserve, plan to repay the reserve, interest component, any legislative requirement apply
- Annual Reporting
 - Document what kind of reporting is expected and the frequency of the reporting. Could include year to date continuity schedule, any legislative requirement needing reporting, annual audited financial statements, reporting requested by council or other agencies

REPORTING SCHEDULE

**Information reported in the schedule needs to be updated and annual maximum and reserve targets need to be determined and documented*

Reserves and Reserve Funds	Purpose	Type of Transaction/Timing	Timing Of Council Approval	Annual Maximum Target	Reserve Target
Working Fund	To accumulate surplus (or to cover deficit) of the Town	Surplus or deficit of the current year is transferred	When audited financial statements are approved		
Fire Department	To help with purchases of equipment for the fire department	Borrowing to fund major equipment purchases. If borrowed from the reserve, the Town repays over a set number of years to replenish the fund	Budget approval or when a purchase is required, and council approves the use of the reserve to fund the purchase instead of borrowing externally		
Recreation/ Capital	To help fund future arena rebuilt	In past years, the Town raised the user fee rates for the rental of the arena. Council made decision that the difference earned between the new and old rate would be transferred to the reserve	Transfers done at year-end are based on actual results		

Appendix D – Sample Reserves and Reserve Funds Policy (Continued)

<i>Reserves and Reserve Funds</i>	<i>Purpose</i>	<i>Type of Transaction/Timing</i>	<i>Timing Of Council Approval</i>	<i>Annual Maximum Target</i>	<i>Reserve Target</i>
Official Plan	To help fund the official plan	Reserve will be reduced when the official plan is actual completed and the purchase incurred	Budget approval		
Sick Leave	To help fund the sick leave liability	Transfer done to match the sick leave liability	Transfer done at year-end based on actual results		
Long-term Care Home Purchase	The Town purchased an existing building from the hospital and will be converting it to a 30 senior unit complex (geared to income)	The Town approved a transfer between Working Fund and Long-term Care Home Purchase reserve to earmark the amount required to make the annual payments to the hospital to pay for the purchase of the building	By council resolution	Annual repayment to the hospital - \$10,000	
Long-term Care Exit Payment	Reserve was set up to cover the costs that the Town will have to incur, once legislation is passed, to cancel the contract that they have with Cassellholme, to allow the Town to fund LT Care in Mattawa instead of Cassellholme	Reserve will be reduced once funds are paid to Cassellhome	Council resolution or at budget process		
Water Department	Reserve set up to help pay for any repairs or changes to the water treatment plant or services	Any excess in the water department is added to the reserve. Any deficit is removed from the reserve	Transfer done at year-end based on actual results		
Sewer Department	Reserve set up to help pay for any repairs or changes to the sewer treatment plant or services	Any excess in the sewer department is added to the reserve. Any deficit is removed from the reserve	Transfer done at year-end based on actual results		

Appendix D – Sample Reserves and Reserve Funds Policy (Continued)

<i>Reserves and Reserve Funds</i>	<i>Purpose</i>	<i>Type of Transaction/Timing</i>	<i>Timing Of Council Approval</i>	<i>Annual Maximum Target</i>	<i>Reserve Target</i>
Landfill Closure	Reserve set up to help pay for closure and post-closure costs of the Town's landfill	Should equal the liability and adjusted at year-end. However, the liability estimate changed in the PY where the liability is significantly lower. Amount of reserve will not change. Reserve is increased annually by the excess of the landfill revenues less expenses including the royalty paid to another municipality	Transfer done at year-end based on actual results		
Public Works	To help with purchases of equipment for public works	Borrowing to fund major equipment purchases. If borrowed from the reserve, Town repays over a set number of years to replenish the fund	Budget approval or when a purchase is required, and council approves the use of the reserve to fund		
Landfill Capital	Reserve to help with purchase capital for landfill such as bins based on agreement with another municipality	Could be used to buy capital as needed	Budget approval or when a purchase is required, and council approves the use of the reserve to fund		
Cemetery	To help with any work done in cemetery not covered by trust fund	Based on excess between what is earned vs spent	Transfer done at year-end based on actual results		
Dorion Rd /Industrial Park	To cover expenses of work to be completed on Dorion Rd /Industrial park i.e. grading and road accessibility – ICIP grant for \$359,600 received but only \$100,000 set up as a reserve	Build up reserve to cover the Town's share of Dorion Rd /Industrial park expenses of \$319,092.80. The Town has till 2023 to spend the funds	Budget process		

Appendix E - Policy Review Notes

Accessible Customer Service Policy

The recommendations below are based on an employee count of 1-49 employees. Note that municipalities have specific accessibility requirements based on the size of the organization.

- Missing a multi-year accessibility policy which should be updated at least once every five years and posted on the Town website in an accessible format.
- Be aware of upcoming compliance deadlines (file an accessibility compliance report by December 31, 2021)
- Review the accessibility rules for municipalities in detail to ensure prior compliance milestones were achieved including training staff on Ontario's accessibility laws, filing of compliance reports, providing accessible emergency and public safety information, making websites accessible, making employment practices accessible etc.

After Hours Public Works On-Call Policy / After Hours Public Works On-Call 2 Policy

- Is this consistent with present day practice?
- Has this been reviewed since implementation to ensure it is still appropriate?

Benefit Policy – Non-Union Employees

- Are employees still allowed to accumulate sick time? Is unused sick pay still paid out upon termination?
- It is no longer standard practice for organizations to allow employees to accumulate large sick time banks or pay out sick time upon termination – this is an opportunity for cost savings.

Code of Conduct – Building Officials

- As this was created in 2006, review to ensure the policy is still in compliance with Bill 124.
- Consider providing examples of what may constitute a conflict of interest (money, sporting/entertainment tickets) and what is acceptable (“token gifts”)
- Specify process for reporting allegations of the code to the Chief Building Official/Municipal Administrator or designate
- Include who to contact if employees have questions on the policy or require clarification.

Cost of Benefits for Budget Purposes Policy

- This is not a formal policy – more of a procedure for granting access.

Expense Policy

- Recommend increasing mileage and expense costs to reflect present day costs – last update 2008.
- CRA 2020 Mileage rate is 0.59 for first 5,000 kms, 0.53 for any additional kms.

Family Resource Centre Hiring of Staff Policy

- Outdated – need to revoke policy.

Salary Increase for Firefighters Policy

- Not in compliance with current minimum wage nor the current collective agreement

Appendix E - Policy Review Notes (Continued)

Salary Range – Non-Union Policy

- Not a policy, summary of decisions of non-union compensation
- Consider creating a Management Compensation document/package that details the specifics of the Town's non-union employees.

Scholarship Bursaries Awards Policy

- Remove grade 13 as requirement (no longer relevant)
- Consider increasing bursary amounts as costs have increased significantly since this policy was last reviewed.

Staff Requirement Policy

- Last update 1985 – review and update with current requirements

Summer Work Schedule – Gen Gov't Dept Policy

- Was set to expire in 1989 – is this still in effect?

Travel Policy 1 – Administrator – Travel Permissions

- Is there still a need for this policy – if so, should it be more than 100 miles? (If there is a need for the policy, change to reflect distance in kms)

Truck Allowance Policy

- Is this still relevant – this was a temporary allowance from 1986?
- Consider a cost benefit analysis between allowances, leasing or purchasing vehicles for future purchases.

Wage Rate Policy – Public Works

- Effective January 1, 1985 – not in compliance with current minimum wage, assuming this has been updated in recent collective bargaining?
- Is it still accurate to only pay the sub-foreman rate when authorized i.e., acting Superintendent is absent?

Workplace Discrimination, Harassment and Violence Policy

- Have employees sign-off on policy by including an employee acknowledgement section.
- Complete annual review with JHSC for 2021 year (last review was January 27, 2020)
- Ensure employees are trained on policy/program and there is a record of the training (sign-off)
- Conduct a risk assessment to determine the risk of violence in the workplace and reassess as often as necessary.
- Post policy in a conspicuous place in the workplace
- Policy should be dated and signed by the highest level of management of the employer or at the workplaces (ex. CEO)

WSIB Policy

- This is an outdated procedure that should be reviewed to see if it is still required/necessary and if so, reflects the current process

Appendix E - Policy Review Notes (Continued)

Family Resource Centre Hiring of Staff Policy

- Outdated – need to revoke policy.

Family Resource Centre Sick Benefits & Statutory Holidays Policy

- Outdated – need to revoke policy.

Family Resource Centre Staff Benefits Policy

- Outdated – need to revoke policy.

Family Resource Centre Supervisors Position Policy

- Outdated – need to revoke policy.

Group Insurance for Municipal Employees Policy

- This is a recommendation of who to award the benefit contract to, which was up for renewal in 1996 – no longer relevant/new insurance provider.
- Ensure current policy rates are competitive.
 - Recommended employers go to market every 3-5 years to ensure benefit rates are competitive.

Hire Policy

- In addition to the offer of employment components, considering including:
 - Termination clause
 - Confidentiality and Proprietary Rights
 - Copyright
 - Note about accommodation processes.
 - Hours of work
 - Salary
 - Benefits
 - Position title

Hiring of Crossing Guard Policy

- Review where vacancies will be advertised – online vs local newspapers.

Appendix F - Required and Recommended Policies

The recommendations below are based on the following employee data:

- 22 full-time employees
- 6 part-time employees
- Varying number of seasonal workers from year to year
- Total number of employees not exceeding 49 at any time.

Policy Name	Policy Currently in Place	Required /Recommended	Comments
Health & Safety Policy	No	Required	<ul style="list-style-type: none"> • This policy is a legislative requirement. • Must develop and maintain a program to implement the policy. • Must be reviewed annually at a minimum. • Must be posted in a conspicuous place in the workplace. • Should be signed by the employer and the highest level of management at the workplace.
Workplace Discrimination, Harassment and Violence Policy	Yes	Required	<ul style="list-style-type: none"> • Consider incorporating cyberbullying into current policy to establish conduct for online behavior. • See Appendix B for specific review comments.
Customer Service Policy and Accessibility Plan	Incomplete	Required	<ul style="list-style-type: none"> • Missing multi-year accessibility plan, ensure all requirements are met: https://www.ontario.ca/page/how-create-accessibility-plan-and-policy • See Appendix B for specific review comments.
Emergency Preparedness and Response Policy	No	Required	<ul style="list-style-type: none"> • Prepare a written plan that includes rescue and evacuation procedures specific to the Town's office location. • Include procedures for all possible emergencies (fire, pandemic etc.), emergency contacts and contact information and duties and responsibilities of emergency response personnel.
Pay Equity Plan	No	Required	<ul style="list-style-type: none"> • *A Pay Equity Plan is mentioned in the Non-Union Employee – Salary Review/Adjustment but was not provided. • Create/ ensure a plan is in place that provides employees with information about how pay equity was done at the Municipality. • Must be posted in prominent places within the workplace. • Resource for developing a plan: http://www.payequity.gov.on.ca/en/Monitoring/Pages/monitoring.aspx

Appendix F - Required and Recommended Policies (Continued)

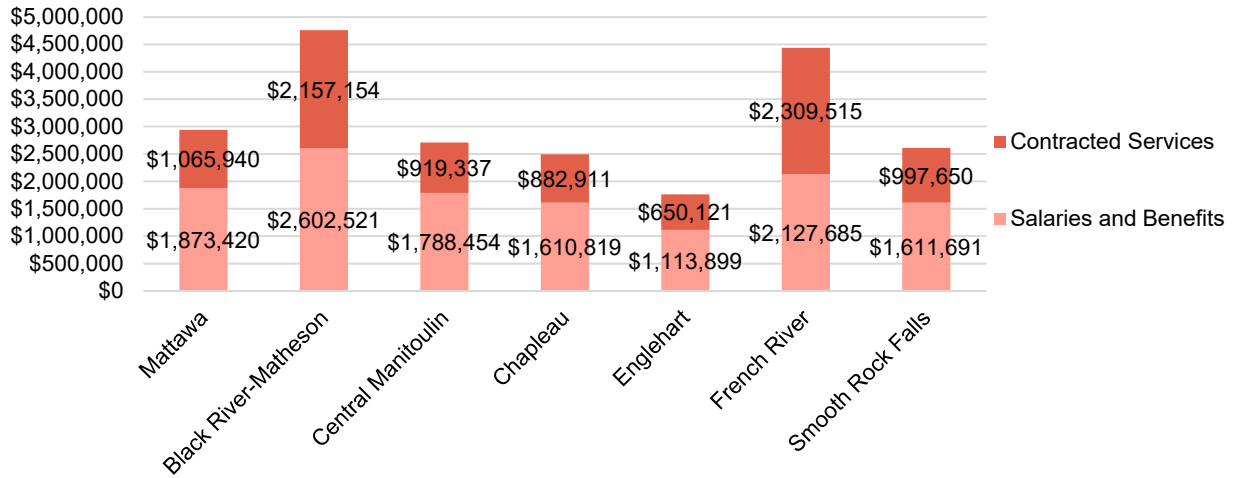
Policy Name	Policy Currently in Place	Required /Recommended	Comments
Drug and Alcohol Policy	No	Recommended	<ul style="list-style-type: none"> • Set out standards and expectations for drug (including medications) and alcohol in the workplace – ex. zero tolerance. • Include responsibilities of employees, managers, and other stakeholders. • Include resources/action steps for those who are unable to comply with the policy – ex. showing an addiction. • Include investigation steps if abuse of policy is suspected. • Include alcohol and drug testing parameters if applicable. • Include consequences for policy violations. • Train employees on policy and sign-off. • Review and amend policy as required or as legislation changes (ex. legalization of marijuana).
COVID-19 Safety Plan	No	Required/Recommended	<ul style="list-style-type: none"> • *Required in all levels except “Green” level of the COVID-19 Response Framework • Create a plan to ensure your workplace is safe during the COVID-19 pandemic and meet responsibilities under the Occupational Health and Safety Act of “taking every precaution reasonable in the circumstances to protect a worker”. • Review and update your plan regularly. • Ensure employees are trained on plan and sign-off on their obligations
WHMIS/Hazard-Specific Policies	No	Required/Recommended	<ul style="list-style-type: none"> • *Required if employees are exposed to hazardous or controlled products that are covered under Workplace Hazardous Materials Information System (WHMIS) legislation • Create policies/procedures specific to the workplace and hazards identified (heat stress, personal protective equipment (PPE) confined space etc.) • Train employees on hazards and how to implement procedures (have employees sign-off on training)
Remote Work Policy	No	Recommended	<ul style="list-style-type: none"> • Set out clear expectations for those adopting a remote work arrangement. • Some considerations: work hours and approvals, performance management, equipment and office supplies, insurance, confidentiality and protection of company assets, health and safety, workspace specifications etc. • Have employee sign-off that their remote workspace meets all requirements

Appendix F - Required and Recommended Policies (Continued)

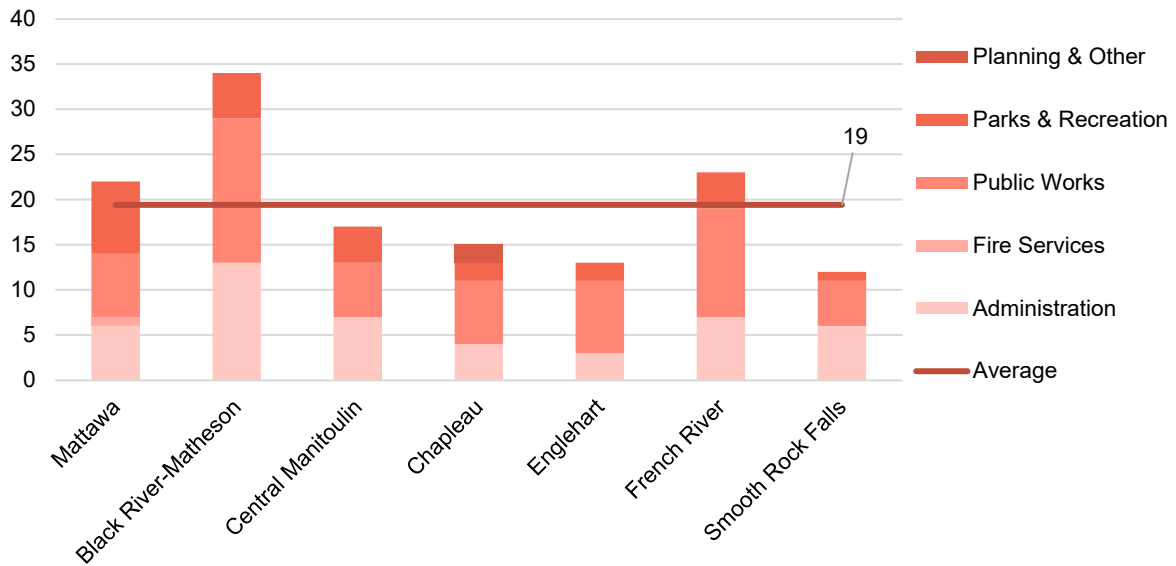
<i>Policy Name</i>	<i>Policy Currently in Place</i>	<i>Required /Recommended</i>	<i>Comments</i>
Privacy Policy	No	Recommended	<ul style="list-style-type: none"> • Make employees aware of how the Municipality collects, uses, and discloses their personal information (at a minimum) • Have employees consent to use of their personal information. • Ensure compliance with municipal specific legislation including the Municipal Freedom of Information and Protection of Privacy Act
Internet, Email and Computer Use Policy	No	Recommended	<ul style="list-style-type: none"> • Set out standards and expectations for use of company property including electronic security, software, cellphones, Internet and email, personal use and privacy
Cyber Security/Data Security Policy	No	Recommended	<ul style="list-style-type: none"> • Set out standards and expectations for employees to protect sensitive data/IT systems and minimize risk of cyberattacks and data breaches
Code of Conduct	No	Recommended	<ul style="list-style-type: none"> • Currently have a Code of Conduct for Building Officials – should implement a policy applicable to all Town employees. • Set out standards and expectations for employee conduct including conflict of interest, avoiding undue influence, confidential information, business conduct, dress etc.
Employment Standards Policies	No	Recommended	<ul style="list-style-type: none"> • This is recommended to document minimum (or greater) standards for management employees and/or any other standards not covered in the Collective Agreement. • Policies should detail entitlements to vacation time/pay, statutory holidays, statutory leaves (MAT, bereavement, sick etc.), group benefits, overtime etc.

Appendix G – Salaries and Staffing

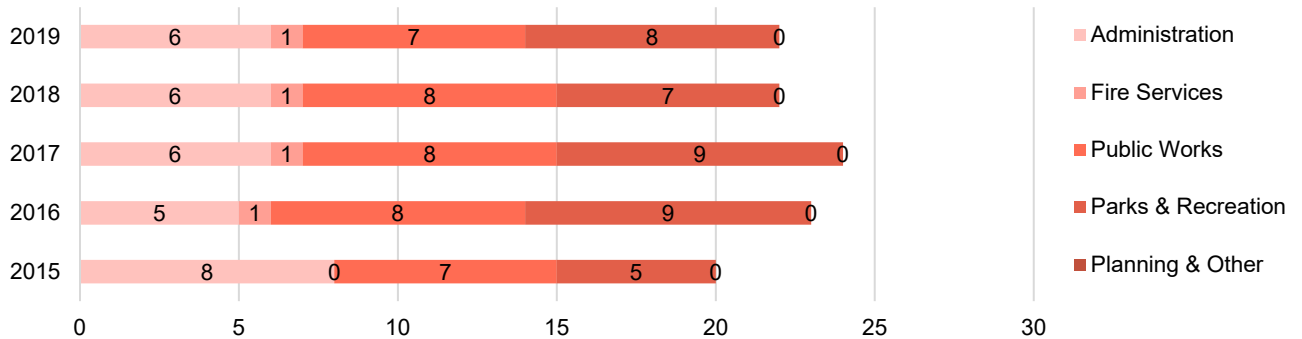
2019 Salaries and Contractual Fees - Municipal Comparison



Full Time Employees by Department - 2019 Municipal Comparison



Full Time Employees by Department Over 5 Years



Appendix H – Sample Budget Policy

Obtain sample working/suggestions from Ministry sources or enquire with other municipalities to complete the sections that are blank or replace where suggestions are noted.

SCOPE

This policy applies to all Town departments, boards, committees, and other organizations falling within the reporting requirements of the Town of Mattawa.

DEFINITIONS

List the definitions of key terms used in the policy such as “base level budget”, “annualized costs”, “multi-year budget”, “capital impacts”, “growth adjustment”, “treasurer” – if applicable.

POLICY – OPERATING BUDGET

Operating budget and business plan preparation

List the steps of who will prepare and submit budget requests annually and to whom will they be submitted. There should be some guidance given by the Treasurer to assist the preparers.

Operating budget process

List all the steps that will be required in the budget process, such as:

- Guidelines set by council based on information received from treasurer and department heads
- Treasurer to prepare instructions for department heads to follow in preparing their department budget
- Department heads prepare budget estimates
- Department heads identify new programs or service levels and provide costs
- Department heads identify number of staff requirement
- Department heads identify goals and objectives for upcoming year factoring operating and capital budget request
- Department heads should calculate revenue and expenses based on known trends, reports, etc...
- CAO and Treasurer should meet with each department head to verify timing, costs, and identify external funding sources, grants, and donations
- If any new programs or services are identified, they will need to be evaluated on:
 - Legislative requirement
 - Capital impacts
 - Growth adjustments
 - Cost savings or efficiencies
 - Self-sustaining revenues available
 - No corresponding revenue possibilities
- Treasurer will compile operating budget and summaries to be included in full budget document
- CAO and Treasurer will review compiled operating budget and supplementary information for accuracy, completeness, and adherence to budget guidelines
- Operating budget will be presented to council for approval

Appendix H – Sample Budget Policy (Continued)

Operating budget spending before budget approval

Indicate that department heads must spend based on prior year levels until current year budget is approved by council and no new programs or services should be initiated until operating budget is approved by council

Emergency spending

List conditions where department heads can spend if a particular expense is not approved in the budget ie. Council approved a report outside of the budget process or emergency occurs requiring immediate spending

Operating budget reporting

List how often council will do a detail financial budget review including a variance analysis, how often will department heads do a review of their department result and how often will the Treasurer review the actual financial results and compare them to budget.

Authority for budget changes

List who had authority to increase budget line items. Consider documenting who has authority, list threshold amounts. A summary of any changes should be brought to council when budget reporting occurs.

POLICY – CAPITAL BUDGET

Capital expenditure

A capital expenditure is defined as a significant expenditure incurred for the improvement, acquisition or major rehabilitation of buildings, equipment and infrastructure used in providing municipal services.

Capital expenditure will have benefits lasting beyond one year and have a minimum threshold of \$x,xxx.

Capital budget preparation

Each department head shall prepare and submit annually their capital budget request and 5-year forecasts in the format requested.

Appendix H – Sample Budget Policy (Continued)

POLICY – CAPITAL BUDGET (CONTINUED)

Each capital budget and forecast shall include:

- Responsible department
- Service or program within the department it applies
- Year of initiation of the project
- Flexibility in the timing of the project – are there specific reasons that need to be considered
- Brief description of the project which should identify the objectives and describe how the objectives are achieved
- Indication of the project priority ranking and rationale for the assigned ranking
- Detailed estimate of each project's costs net of HST and breakdown for multi-year projects
- Financing of each project, including information regarding grants/subsidies, direct contributions, external contributions
- Indication of operating impacts/expenses including transfer to reserves required due to increased need for replacement in the future, full year of estimated operating costs/revenues and any savings due to upgrades

Capital budget priority ranking process

A ranking system should be developed to help rank capital projects to help determine which one will get done first.

Capital budget process

Capital budget project requests will be reviewed and approved for presentation to council as follows:

- Staff will identify the projects and submit their capital project request to the Treasurer
- Treasurer will meet with each department head to verify timing, costs and identify external funding source
- Treasurer will review for internal funding sources such as transfer from reserves, debentures, etc...
- CAO/Treasurer will rank each project
- All projects submitted will be in the capital budget document
- Treasurer will compile the capital budget and schedules and verify for accuracy
- Capital budget will be presented to council for approval

Capital spending before the budget approval

List how capital spending can occur when project has not been approved in the capital budget approved by council. Could be approval granted by council through a report outside the budget process or an emergency occurs requiring capital repairs and the purchase was approved through other processes.

Capital budget reporting

List how often council will do a detailed financial budget review including a variance analysis, how often will the list of capital budgets be provided to department heads, and what variance threshold will require reporting and explanation to council.

Appendix H – Sample Budget Policy (Continued)

POLICY – CAPITAL BUDGET (CONTINUED)

Authority for budget changes

List who has authority to increase the amount for a capital budget project. Consider documenting who has authority, list threshold amounts. A summary of any changes should be provided to council.

POLICY – TAX RATE INCREASES

List steps required with regards to tax rate increases – what are the criteria that will allow an increase, what is the range acceptable of an annual tax rate increase?

POLICY REVIEW

This policy shall be reviewed prior to the initiation of the budget process of the first year of each term of council, or if deemed necessary.

Appendix I – Sample Capital Financing and Debt Management Policy

POLICY STATEMENT

A policy governing the use and administration of capital financing and debt.

PURPOSE

This policy establishes objectives, standards of care, authorized financing instruments, reporting requirements and responsibilities for the prudent financing of the Town's operating and infrastructure needs.

DEFINITIONS

List the definitions of key terms used in the policy such as "annual repayment limit", "banker's acceptance", "capital financing", "debenture", "debt", "lease financing agreements", "long-term debt", "project financing", etc...

PHILOSOPHY FOR CAPITAL FINANCING AND DEBT ISSUANCE

Council may, where it is deemed to be in the best interest of its ratepayers, approve the issuance of debt for its own purpose.

Capital financing and debenture practices will be responsive and fair to the needs of both current and future ratepayers and will be reflective of the underlying life cycle and nature of the expense.

PRIMARY OBJECTIVES OF THE CAPITAL FINANCING AND DEBT PROGRAM

Adhere to statutory requirements

List the statutory requirements that must be followed when capital financing is undertaken

Maintain a superior credit rating

Maintaining a superior credit rating is key in minimizing the cost of debt. As well, a credit rating of at least AA will be needed by the Town to meet the statutory requirements for entering into certain types of capital financing.

Ensure long term financial flexibility

Capital financing will be managed in a manner consistent with other long-term planning, financial and management objectives.

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

PRIMARY OBJECTIVES OF THE CAPITAL FINANCING AND DEBT PROGRAM (CONTINUED)

Before any new capital financing is issued, consideration will be given to the impact on future ratepayers to achieve a balance between capital financing and other forms of funding.

Replacement assets will be recovered on a pay as you go basis through tax levy, user fees or reserves and reserve funds.

Limit financial risk exposure

Capital financing program will be managed in a manner to limit financial risk exposure.

The town will only issue debt that is in Canadian dollars with an interest rate that will be fixed over its term.

Financing leases have different financial and other risks than traditional debt. These risks may include contingent payment obligations, lease termination provisions, equipment loss, equipment replacement options, guarantees and indemnities. These risks will be identified prior to entering into any financing lease.

Minimize long-term cost of financing

The timing, type and term of financing for each capital asset will be determined with a view to minimize both its and the Town's overall long-term cost of financing.

Factors to be considered will include:

- Current versus future interest rates
- Availability of related reserves or reserve funds monies
- Pattern of anticipated revenues or cost savings attributed to the project
- Costs related to the financing of the project through debt

Match the terms of the capital financing

The maximum term over which an asset may be financed is set out in appendix 1 of this policy. The term of the financing should never exceed the anticipated useful life of the asset.

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

STANDARD OF CARE

All officers and employees responsible for capital financing and debt activities will follow the standard care identified in this Policy.

Ethics and Conflicts of Interest

Officers and employees responsible for capital financing are expected to follow the Town's code of conduct. They shall:

- Refrain from personal business activity that could conflict with the proper execution and management of the capital financing program
- Disclose any personal financial/investment positions that could be related to the performance of their capital financing duties
- Not undertake personal financial transactions with the same individual with whom business is conducted on behalf of the Town.

Delegation of Authority

CAO/Treasurer will have the overall responsibility for the capital financing program.

No person shall be permitted to engaging in a capital financing activity except as provided in this Policy

CAO/Treasurer shall establish a system of controls to regulate the activities of staff and exercise control over that staff.

Requirement of external advice

If the Town's staff does not have the sufficient knowledge to prudently evaluate standard financing transaction, they will obtain outside financial and/or legal advice.

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

SUITABLE AND AUTHORIZED FINANCING INSTRUMENTS

Short-term (under one year)

Financing of operational needs for a period less than one year, as an interim measure while waiting for receipt of taxes or other revenues, can be from the following sources:

- Reserves and reserve funds
- Bank line of credit

Long-Term (greater than one year)

Financing of assets for a period greater than one year can be from the following sources:

- Debentures
- Reserves and reserve funds
- Long-term bank loans
- Lease financing agreements

FINANCING RISK IDENTIFICATION AND MITIGATION STRATEGIES

It is recognized that there may be additional risks associated with certain types of financing. It is expected that these risks will be identified and considered prior to their use in relation to other forms of financing that would be available

Availability of Debt capacity for future priority projects

Risk that in any fiscal year, the Town could have insufficient debt capacity to execute its capital plan. To mitigate this risk, the capital plan will show the amount of debt financing that will be required for each project and each year of the plan.

Each project will be prioritized by staff based on its impact to the Town.

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

FINANCING RISK IDENTIFICATION AND MITIGATION STRATEGIES (CONTINUED)

Refunding risk

The Town may issue debentures for which the amortization to retirement period is longer than the contractual term of the debenture, similar to a home mortgage. For those debentures, the balance of the remaining debt at the end of the contractual term will need to be refinanced.

A risk to the Town would be that the interest rates are higher in the subsequent financing period, resulting in higher than anticipated debt payments. As a result, the use of refunding debentures is no a preferred method of financing for the Town.

Financing lease agreements

Leases may be used to finance equipment, buildings, land or other assets that the Town does not have a long-term interest in.

Financial risks include:

- Lease payment amounts could vary based on changes in an underlying benchmark debt instrument
- Lease payment could vary based on changes in the assumed residual value of the asset being leased
- Uncertainty over leasing costs if contract needs to be extended or renewed

Variable interest rate debenture and long-term bank loans

Variable rate debentures and long-term bank loans may be used when there is volatility in the financial market and/or there is an expectation of significantly lower interest rates occurring within a few months of their issue.

Interest rate should be fixed no later than 6 months after issue to mitigate the financial exposure of a variable rate.

Financial guarantees and letters of credit

Any financial guarantees and/or letters of credit provided by the Town will be considered debt and will be governed by this Policy.

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

FINANCING RISK IDENTIFICATION AND MITIGATION STRATEGIES (CONTINUED)

Non-tax supported projects

The Town has some areas which have been identified as being “Non-Tax Supported”, where the activity receives revenues and incurs expenses on its own without support from the general tax levy.

These activities include, but are not limited to:

- Water system
- Wastewater system

Debt and related interest, taken on by the Town for the use of a Non-Tax supported Activity will be repaid by the revenues of that activity.

Reporting requirements

Annually, council will get a report that:

Requests authority for temporary borrowing up to a stipulated amount to meet daily operating expenses pending receipt of tax levies, user fees and revenues anticipated

Requests authority, if needed, to finance certain capital items detailing for each type of item, the amount and maximum term of financing

Responsibilities

Officers and staff of the Town complying with this Policy shall have the necessary authority to carry out the responsibilities and duties identified in this policy.

CAO/Treasurer shall also:

- Review and recommend the type and term of financing for capital projects and operating requirements
- Calculate the financial obligation limit for the Town as prescribed by the Municipal Act
- Approve the timing and structure of debt issues
- Ensure all reporting requirements identified in this Policy are met
- Mayor may execute and sign documents on behalf of the Town with respect to the issuance

Appendix I – Sample Capital Financing and Debt Management Policy (Continued)

Appendix 1 – Maximum Financing Term of an Asset

Maximum Length of Time	Assets to Finance
3 Years	<ul style="list-style-type: none"> · Computer software
4 Years	<ul style="list-style-type: none"> · General purpose vehicle · Personal computer and monitors
5 Years	<ul style="list-style-type: none"> · Computer server and network equipment · Radio and telecommunication system · Office furnishings · Audio and video equipment · Printers
10 Years	<ul style="list-style-type: none"> · Specialized vehicle/equipment · Parking lot · Public Works facility (depot, dome, etc) · Solid Waste equipment · Park or recreation facility · Dock, wharf, pier · Sidewalk, path · Street lighting · Underground wiring
15 Years	<ul style="list-style-type: none"> · Police or fire station · Library
20 Years	<ul style="list-style-type: none"> · Water main, hydrant, filtration plant, storage facility, pumping station · Sanitary sewer, storm sewer, treatment plan, pumping station · Landfill site · Office building · Road
30 Years	<ul style="list-style-type: none"> · Water and wastewater main projects, provided the assets have a useful life > 30 years and the project will have revenues for a similar period



Thank you

Thank you for allowing us the opportunity to propose our services and share our expertise with you. We encourage any questions regarding our proposal and invite you to contact *[insert engagement lead]* at *[insert phone # or email]*.

We are a Canadian leader for audit, tax and advisory solutions, and given the opportunity, we are confident our expertise and professionalism will offer valuable service to your organization.





Tax

Our tax services are designed to meet your business tax compliance and consulting needs.

- Tax Advisory
- Indirect Tax
- Transfer Pricing
- Cross Border & International
- SR&ED
- Personal and Corporate Tax Compliance
- Tax Minimizing Strategies
- Corporate Reorganizations
- Tax Dispute Resolution

Advisory

Across our advisory service lines, we get to the essence of value drivers so clients can realize optimal value and achieve their business objectives.

- Organizational Effectiveness & Productivity
- Operational Performance Reviews
- Business Development
- Social Enterprise Development
- Project Management
- Corporate & Organizational Governance
- Human Resources
- Financial and Risk Management
- Government Funding Applications
- Succession Planning
- Marketing and Client Strategy

Assurance

When you're facing a changing global economy, it's important to have someone next to you who will help navigate through the evolving accounting standards and changing regulatory environment.

- Entrepreneurial
- Audit & Accounting
- Private Enterprise
- Public Markets

Transaction

Whether you are a buyer or a seller, knowledge is power and decisive action begins with clarity.

- Mergers & Acquisitions
- Capital Raising
- Transaction Support
- Valuations
- Corporate Finance
- Restructuring & Recovery

IT

Navigating through the maze of information technology needs and business optimization planning is a challenge to most businesses in today's evolving world.

- Security & Data Protection
- Network Assessment
- Infrastructure Recommendations & Implementation
- Backup Solutions

Local insight meets global reach