



Corporation of the Town of Kirkland Lake

Service Delivery and Operational Review Final Report
September 13th, 2016



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Ms. Nancy Allick
Chief Administrative Officer
Corporation of the Town of Kirkland Lake
3 Kirkland Street
Postal Bag 1757
Kirkland Lake ON P2N 3P4

September 13th, 2016

Dear Ms. Allick

Service Delivery and Operational Review

We are pleased to provide our report concerning KPMG's review of the operations of the Town of Kirkland Lake (the 'Town'). Our review was undertaken based on the terms of reference outlined in our engagement letter with the Town dated January 22, 2016.

The purpose of the review was to evaluate the services and organizational structure of the Town with the intention of identifying potential opportunities for efficiencies while at the same time balancing services and service levels with affordability concerns. As noted in our report, the results of our review have identified a series of opportunities that could be considered by the Town in this regard.

Our review benefitted significantly from the input and contributions of Town employees who participated in a number of different ways. Reviews such as this can be difficult for staff and we would be remiss if we did not express our appreciation for the cooperation afforded to us.

We trust our report is satisfactory for your purposes and appreciate the opportunity to be of service to the Town. Please feel free to contact the undersigned at your convenience should you wish to discuss any aspect of our report.

Yours truly,

Per Oscar Poloni, Partner
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Executive Summary

Town of Kirkland Lake Service Delivery and Operational Review

Executive Summary

KPMG LLP ('KPMG') has been retained by the Town of Kirkland Lake (the "Town") to undertake a service delivery and operational review of the Town's operations. This report outlines the results of our analysis, including potential courses of action for consideration by Town Council and staff.

A. Background to the Review

The Town's mandate is to meet the needs of the 8,500 residents of Kirkland Lake through the provision of municipal services that:

- Meet appropriate legislative and regulatory requirements established by the Province of Ontario and the Government of Canada; and
- Are consistent with residents' expectations as well as services that are provided by other municipalities.

In doing so, the Town attempts to demonstrate an appropriate level of stewardship and value-for-money with respect to taxpayer funds.

As elected officials, Town Council has expressed concerns over the affordability of tax levels in the community, particularly for residential customers. Faced with a residential tax rate that is noticeably higher than similar sized communities, we understand that Council views the current situation as potentially impactful on residents on fixed incomes, such as seniors, as well as potential new residents and home builders who may be deterred by the apparent high level of municipal taxation. In response to these concerns, Council has requested an operational and service delivery review that is intended to examine all aspects of the Town's operations and identify potential courses of action for reducing the municipal levy through operating efficiencies, service level adjustments and new sources of non-taxation revenue.

KPMG has been retained by the Town to assist with the service delivery and operational review. This document represents our final report and outlines our findings and recommendations for consideration by the Town.

Executive Summary

B. Key Themes

Our review of the Town's operations involved several approaches to gathering information and identifying areas for improvement:

- A review of relevant documentation, including financial reports, agreements and operating statistics;
- A comparison of key financial indicators against other municipalities; and
- Consultation with Town personnel and selected other parties through individual interviews as well as group working sessions.

The results of our analysis identified a number of strong aspects of the Town's operations, most notably a workforce that is focused on maximizing value for taxpayers through the sharing of staff between municipal departments, a reasoned approach to establishing user fees and the development of tax policy that attempts to provide for affordability and fairness in the distribution of the municipal levy. Notwithstanding these positive attributes, the results of our review also identified areas where the Town would benefit from change and additional focus. Key themes involving potential improvements include the following:

- **Aspects of the Town's operations are characterized by inefficiencies.** The results of our review have identified a number of instances where the Town's activities involve manual processes, duplication of efforts and insufficient systems of internal controls. In addition to reducing overall efficiencies and exposing the Town to financial cost (or in the case of insufficient controls, financial loss), the nature of certain processes may also adversely impact on customer service.
- **The Town's taxation levels are influenced by its financing approach to wastewater services.** To a certain extent, the Town's taxation levels are inflated by the fact that it funds almost all of its wastewater costs through the municipal levy, as opposed to user fees which are relied upon by most other municipalities to fund some or all of wastewater costs. Representing approximately 10% of the municipal levy, wastewater costs are estimated to add approximately \$210 to the average residential property tax bill in the Town.
- **Non-discretionary services also place pressure on the municipal levy.** Based on the results of our review, it appears that in excess of 15% of the Town's municipal levy relates to discretionary services that are either (i) not delivered by most other municipalities; or (ii) are funded to a lower extent by other municipalities. The continued delivery of these discretionary services as the levels established by the Town add to the concerns over affordability as approximately \$1.5 million of municipal levy is directed towards these services, whereas other municipalities contribute a much lower amount towards the delivery of these services.

Executive Summary

In addition to the key themes identified on the preceding page, it should be noted that the nature of the Town's assessment base, specifically the total value assigned to all properties within the municipalities, is significantly lower than other communities. As a result, while the Town's average residential taxes per household are low in comparison to other similar communities, it has the highest tax rate, which may provide a disincentive to new development, which is consistent with Council's concerns over affordability.

C. Opportunities for consideration

The key themes that have emerged from the service review have provided the basis for opportunities that the Town may wish to consider as it seeks to enhance its efficiency and effectiveness, enhance customer service and reduce its overall municipal levy. A summary of potential courses of action for the Town's consideration is presented on the following page.

Pursuant to the provisions of the Municipal Act, matters involving identifiable individuals (s.239(2)(b)), the proposed pending acquisition or disposition of land (s.239(2)(c)), and/or labour relations or employee negotiations (s.239(2)(d)) can be discussed during a closed session of Council due to the sensitive nature of the matters involved. KPMG has requested that opportunities meeting these conditions be included in a separate report for presentation to Council during closed session. As such, this report does not include all of the opportunities identified during the course of the review.

Executive Summary

Opportunity

1. Reduce landfill operating hours to a level consistent with other communities
2. Implement an appropriate cost recovery structure for non-residential waste collection
3. Establish a formal communications strategy for the Town
4. Implement full cost recovery for wastewater services through a phased, multi-year approach
5. Implement full cost recovery for building inspection services
6. Establish differential user fees for shoulder season ice rentals
7. Reduce airport maintenance standards to a level that is consistent with airports without scheduled passenger service
8. Address process inefficiencies, including duplication of efforts, manual processes and potential internal control risks



Study Overview

Town of Kirkland Lake Service Delivery and Operational Review

Study Overview

A. Terms of Reference

The terms of reference for our engagement were established in KPMG's engagement letter dated January 22, 2016, which is consistent with KPMG's Expression of Interest document dated January 11, 2016 and subsequent presentation to Town Council. As outlined in the terms of reference, the intention of our engagement was to provide the Town with a comprehensive review of its municipal services and operations and recommendations on its organizational structure, services and service levels and staffing resources that are intended to:

- Contribute towards the effectiveness and efficiency of the Town's operations;
- Enhance customer service excellence; and
- Assist the Town in its efforts to operate in an environment of fiscal responsibility, accountability and transparency.

B. Methodology

Our approach to the review involved the following phases.

Project Initiation

- An initial meeting was held with the Chief Administrative Officer (the 'CAO') to confirm the terms of the review including the objectives, deliverables, methodology and timeframes.
- Functional review teams were established to assist with the review of municipal services and the identification of potential opportunities. For the purposes of the review, the Town's various functional units were grouped on the basis of service type, with a total of eight review teams established, as summarized on the following page.

Study Overview

B. Methodology

Functional Team No.1	Functional Team No.2	Functional Team No.3	Functional Team No.4
<ul style="list-style-type: none"> • Teck Pioneer Residence 	<ul style="list-style-type: none"> • Parks and Recreation • Daycare • Crossing Guards 	<ul style="list-style-type: none"> • Sanitation • Recycling • Planning • Engineering 	<ul style="list-style-type: none"> • Roads • Waterworks
Functional Team No.5	Functional Team No.6	Functional Team No.7	Functional Team No.8
<ul style="list-style-type: none"> • Building Services • Cemetery • Landfill • Airport 	<ul style="list-style-type: none"> • Administration • Clerks • Treasury 	<ul style="list-style-type: none"> • Tourism • Economic Development • Museum • Heritage North 	<ul style="list-style-type: none"> • Fire • Police • Property Standards

- An initial meeting was held with representatives of the Town’s collective bargaining units to discuss the service delivery and operational review process
- Members of Council were interviewed to gain their perspective on the review, services provided by the Town and potential areas for focus.

Study Overview

B. Methodology

Environmental scan

- Information concerning the Town's operations, organizational structure, staffing and financial performance was reviewed and summarized to identify (i) the types of services provided; (ii) the Town's approach to delivering these services; (iii) the associated level of resources (financial and personnel; (iv) performance outcomes; and (v) funding sources.
- Working sessions were held with the functional review teams to discuss the nature of the services provided and the associated service levels, the rationale for the Town's involvement in the delivery of these services and the method of delivery.

Comparative analysis

- Discussions were held with Town representatives to determine appropriate municipal comparators that would be utilized during the course of the service delivery and operational review. Municipal comparators were selected based on the following considerations and the following communities were selected for inclusion in the comparative analysis:
 - Single tier municipalities
 - Located in Northern Ontario
 - Similar population and households

Community	Population	Households
Kirkland Lake	8,493	4,738
Dryden	6,267	2,853
Elliot Lake	10,218	6,359
Fort France	7,952	3,816
Kapuskasing	7,249	4,094
Temiskaming Shores	10,400	4,400

Study Overview

B. Methodology

Comparative analysis

- Information concerning municipal services, operating costs, staffing levels, and other aspects of the comparator municipalities was obtained through interviews with the comparator municipalities and analysis of available documentation (including information provided by the municipalities' websites and other information such as Financial Information Returns).
- Information concerning service levels for Ontario municipalities was also obtained from other sources, including the Ministry of Municipal Affairs and Housing and the Province of Ontario's legislative and regulatory website.

Opportunity Identification

- Working sessions were held with the functional review teams to discuss potential opportunities to enhance efficiencies, reduce costs, generate additional non-taxation revenues and/or enhance customer service.
- Summaries of each opportunity were developed and reviewed with Town management to ensure the accuracy of the information presented, the reasonableness of the estimated savings and implementation issues and the potential strategies for implementation

Communication and Council direction

- Interviews were conducted with individual members of Council to discuss the results of our review, identify any additional information required on the part of Council and solicit the initial level of Council support for the recommendations contained within this report.
- Subsequent to the Council interviews, KPMG incorporated appropriate changes to the final report.

Study Overview

Restrictions

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the Town of Kirkland Lake. KPMG has not and will not perform management functions or make management decisions for the Town of Kirkland Lake.

This report includes or makes reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the Town of Kirkland Lake nor are we an insider or associate of the Town of Kirkland Lake or its management team. Our fees for this engagement are not contingent upon our findings or any other event. Accordingly, we believe we are independent of the Town of Kirkland Lake and are acting objectively



Corporate Overview

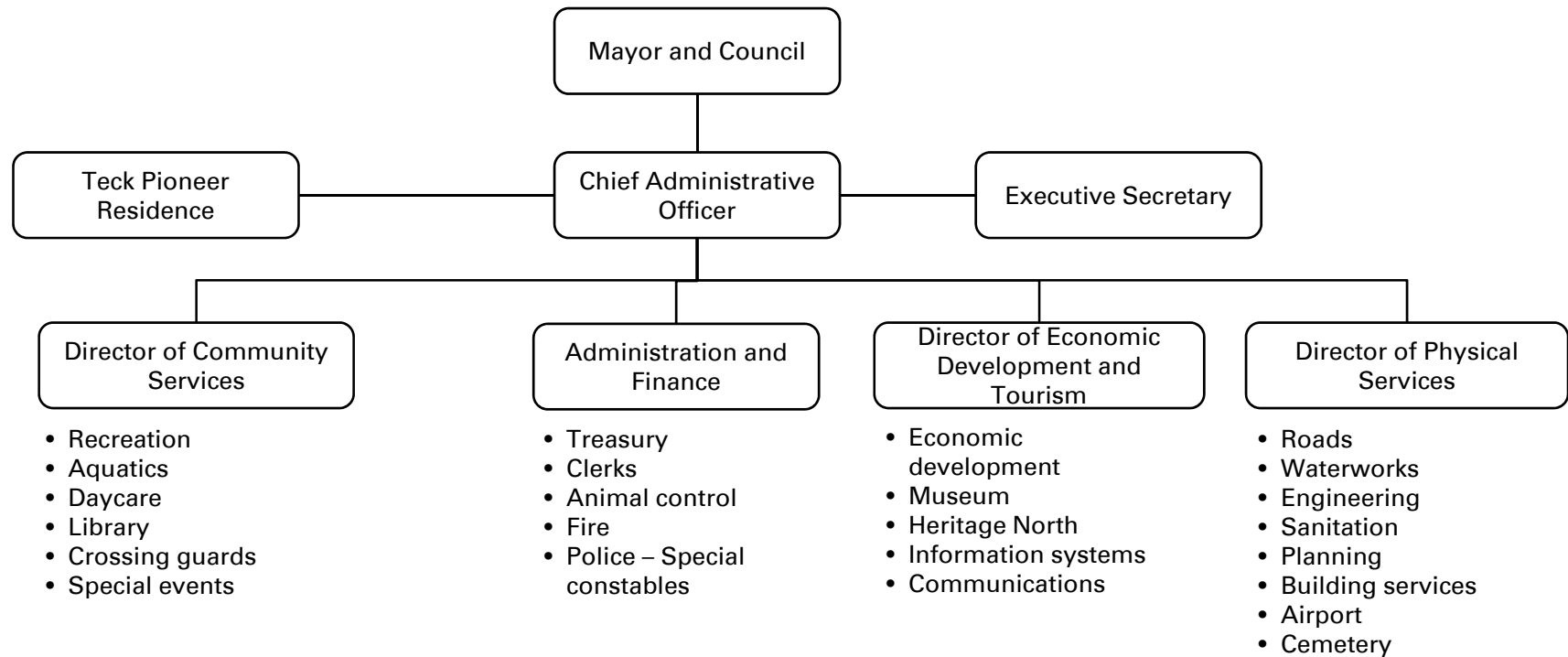
Town of Kirkland Lake Service Delivery and Operational Review

Corporate Overview

With a total population of just under 8,500, the Town is the eighth largest municipality in Northeastern Ontario (in terms of population), with 4,738 households located within the Town's 263 km² geographical area. In order to meet the needs of its residents, the Town employs 240 full and part-time employees and incurred \$23.6 million in operating costs during 2015.

A. Organizational Structure

Formally, the Town's operations are structured into four operating departments and Teck Pioneer Residence, each of which are headed by directors reporting to the CAO, who in turn reports to Council. At the present time, however, the CAO also acts as the Director of Administration and Finance and as such, has an additional five direct reporting functional units.



Corporate Overview

B. Operating Expenditures

On an annual basis, the Town incurs approximately \$27 million annual in operating expenditures, approximately half of which relates to employee wages and benefits. On average, the Town's operating expenditures have increased an average of 3% per year from 2011 to 2014, with operating costs decreasing by 1.9% during 2015 due primarily to staff vacancies that were not filled during the year.

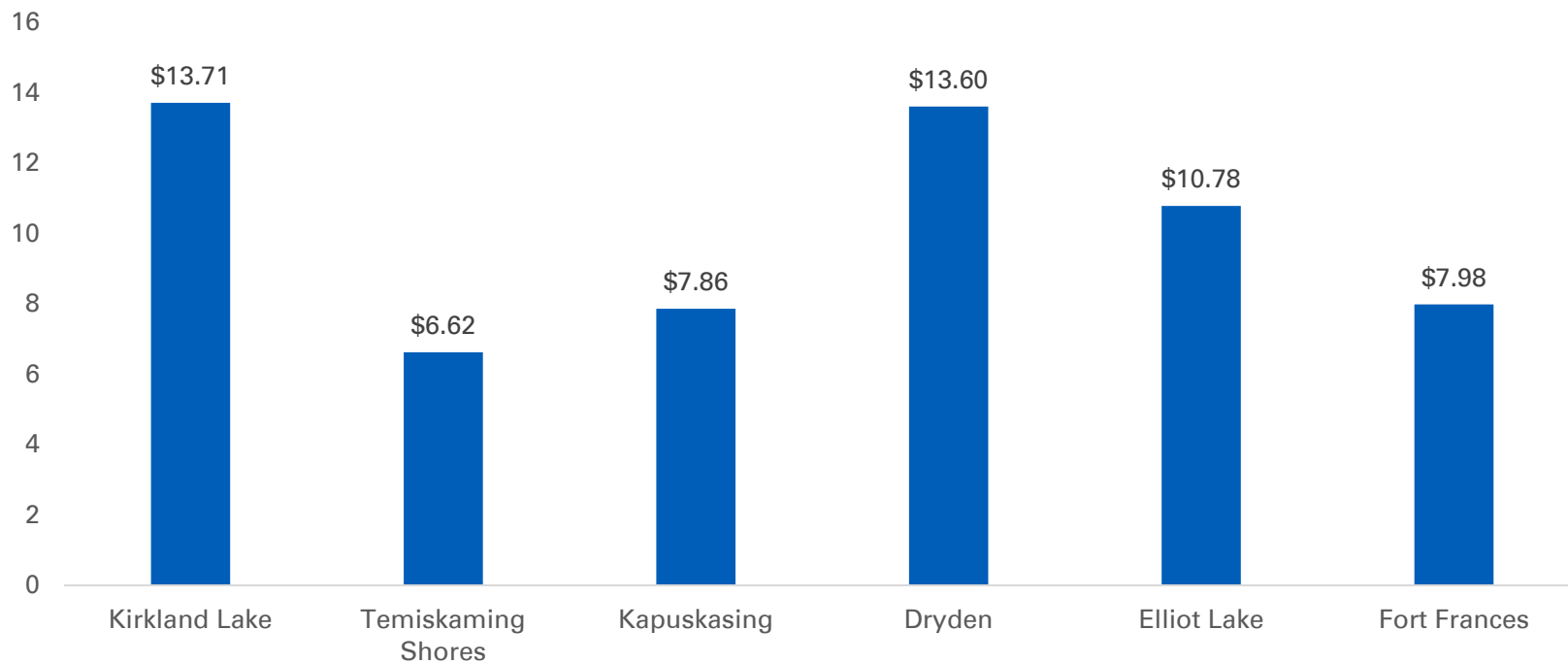
(in thousands)	2011	2012	2013	2014	2015
Wages and benefits	\$12,960	\$13,251	\$13,648	\$13,710	\$12,971
Contracted services	\$4,514	\$4,681	\$5,498	\$5,613	\$5,630
Materials and supplies	\$4,633	\$4,730	\$4,970	\$5,073	\$5,304
External transfers	\$1,794	\$1,823	\$1,872	\$1,899	\$1,914
Interest on long-term debt	\$509	\$472	\$386	\$376	\$332
Total reported operating costs	\$24,410	\$24,957	\$26,374	\$26,671	\$26,151
Increase from prior year		+2.2%	+5.7%	+1.1%	-1.9%

As noted above, contracted services represents the second largest category of operating costs. The largest single contract for the Town is for policing services with the Ontario Provincial Police (\$2.87 million in 2015), with other major contracted services items consisting of the Town's contract with the Ontario Clean Water Agency for the operation of its water and wastewater treatment facilities and equipment rentals.

Corporate Overview

In terms of operating expenditures, the Town's salary costs of \$13.7 million in 2014 are higher than the selected comparator municipalities, which generally report salaries of \$7 million to \$8 million. In large part, the Town's higher salary costs are not considered to be reflective of inefficiency but rather its involvement in long-term care and childcare, which are typically provided by DSSAB's and not directly by the comparator municipalities. In the case of Dryden, we note that their costs included policing salaries, which are provided by the OPP for the comparator municipalities. Excluding salary costs for long-term care (\$5.0 million) and childcare (\$0.5 million), the Town's salary costs are generally consistent with the other selected municipalities.

Reported Salary Costs, In Millions (2014)



Corporate Overview

C. Funding Sources

During the 2015 fiscal year, the Town generated a total of \$25.1 million to fund operating expenditures. Local funding sources (defined as taxes and user fees) accounted for \$13.9 million in 2015, representing 56% of all revenue for the Town. The Town's provincial funding under the Ontario Municipal Partnership Fund ('OMPF') remained constant over the past three years with the Town receiving \$6.2 million on an annual basis. Overall, operating revenues have remained relatively consistent over the past three years with average growth of 0.2%.

Operating Revenues

(in millions)	2013	2014	2015	Change (2013-2015)	Average Annual Change
Taxes	\$9,407	\$10,050	\$10,878	↑\$1,471	↑5.0%
User fees	\$3,138	\$3,010	\$3,066	↓\$72	↓0.7%
Operating grants	\$4,085	\$4,211	\$4,124	↑\$39	↑0.3%
OMPF	\$6,239	\$6,239	\$6,239	-	-
Other revenue	\$2,103	\$1,616	\$787	↓\$1,316	↓24.8%
Total	\$24,972	\$25,126	\$25,094	↑\$122	↑0.2%

Corporate Overview

D. Taxation and Assessment

Municipal property taxes represent the largest single source of revenue for the Town, accounting for 40% of total revenues.

In Ontario, the allocation of municipal taxes among different property classes is influenced by a number of factors, the most significant of which we consider to be:

- Assessed values of the property classes, which are determined every four years by MPAC. Where properties experience a decrease in assessed values, these are considered immediately for the purposes of calculating property taxes. For those properties experiencing increases in assessed values, the increases are phased in over four years.
- Tax ratios, which distribute the burden of municipal taxes between different property classes and which are intended to reflect the distribution of taxes prior to the implementation of the property tax regime (fair value assessment). In order to manage the use of tax ratios and prevent the unfair shifting of taxes between classes, the Province has established maximum and minimum tax ratios, as well as other rules concerning how municipalities can change tax ratios.

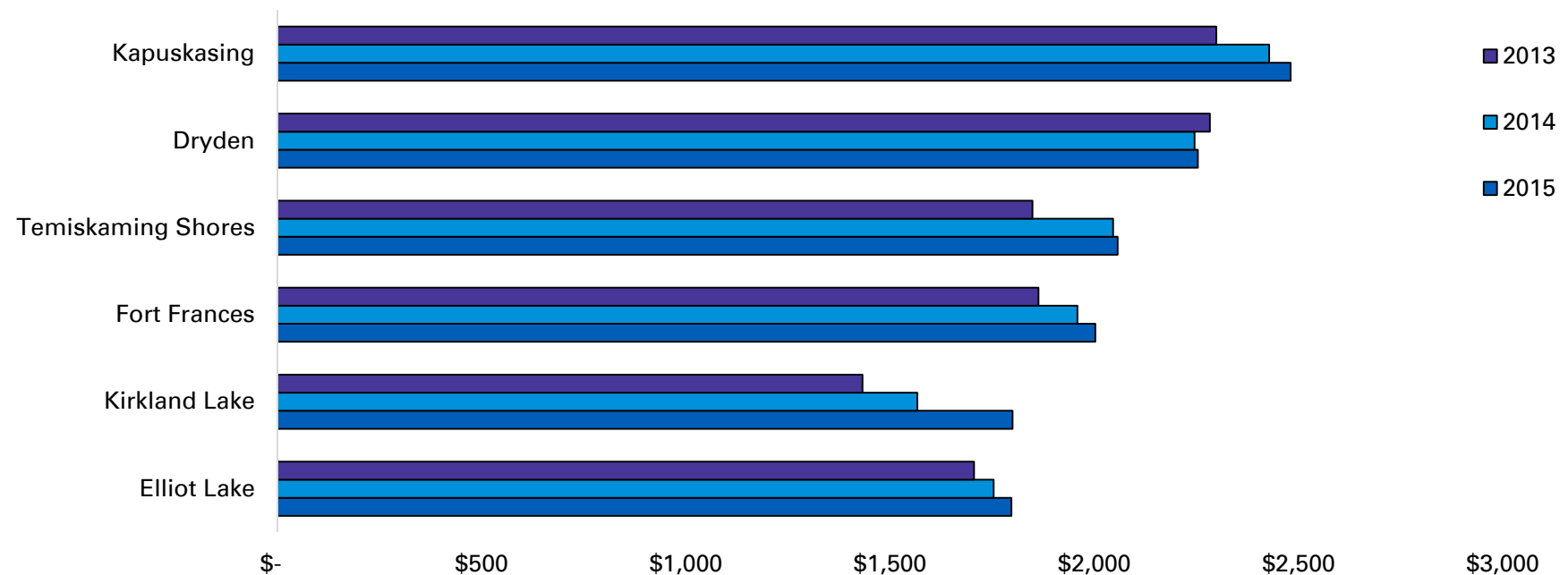
It is important to recognize that within Ontario, there can be little to no correlation between property taxes and the level of services received. Similar to income taxes, municipal property taxes can be argued to be a progressive tax, whereby individuals with higher property values pay higher taxes on the basis that they can afford to do so. Similarly, industrial and commercial taxation levels are further impacted by tax ratios, which in most (but not all) cases assign a higher burden of taxes to non-residential properties vs. residential properties even where assessed values are the same.

Corporate Overview

D. Taxation and Assessment

Among the comparator group selected for the purposes of this study, average residential property taxes per household in 2015 varied across the group with \$680 separating the highest average residential taxes (\$2,480 in the Town of Kapuskasing) to the lowest average residential taxes in the City of Elliot Lake (\$1,796). As noted below, the Town has the second lowest reported average taxes per household of the comparator group, although its rate of increase from 2014 to 2015 is the highest.

Average Residential Property Taxes

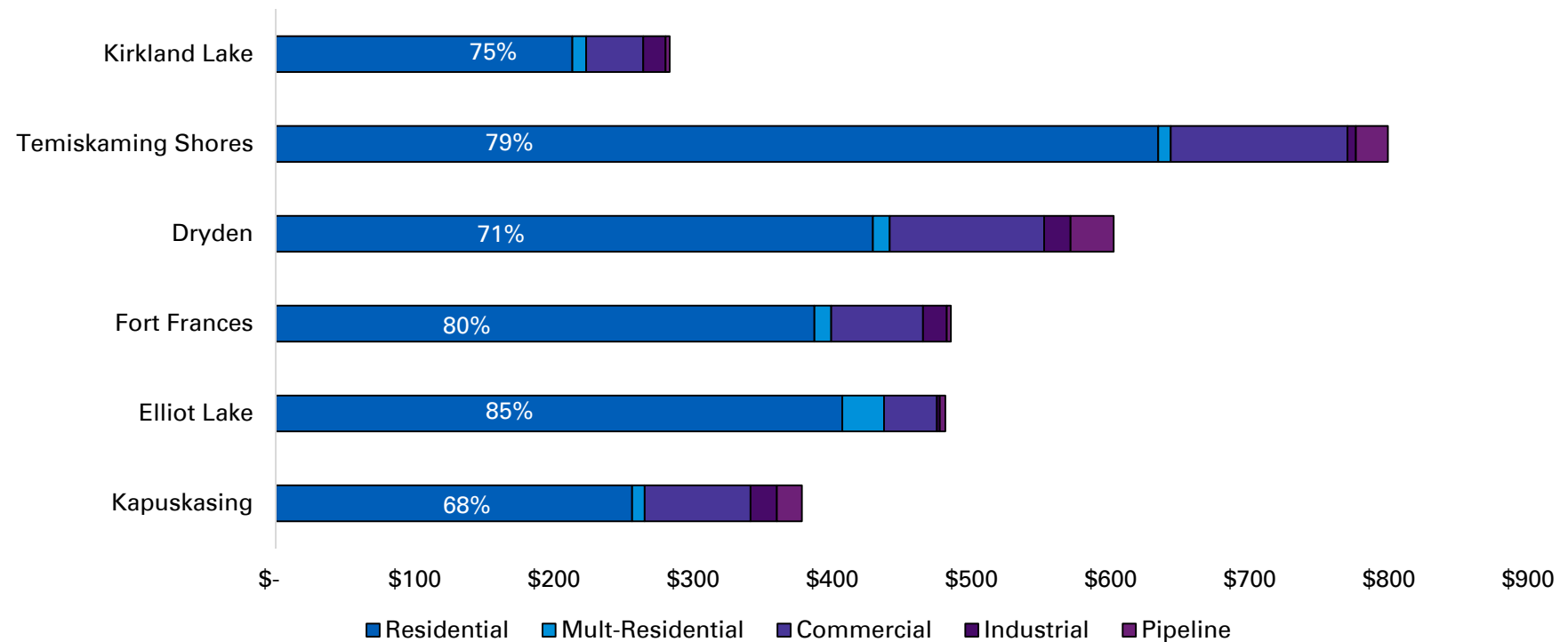


Corporate Overview

D. Taxation and Assessment

Among the comparator group selected for the purposes of this study, the Town has the lowest total assessment. Accordingly, assuming a consistent municipal levy across the comparator group, the Town will have the highest property tax rate of the selected municipalities. When examining the apportionment of assessment, the composition of the Town's assessment is generally consistent with the comparator group. As noted below, the Town's residential assessment is 75% of its total assessment whereas the comparators range from 68% (Kapuskasung) to 85% (Elliot Lake).

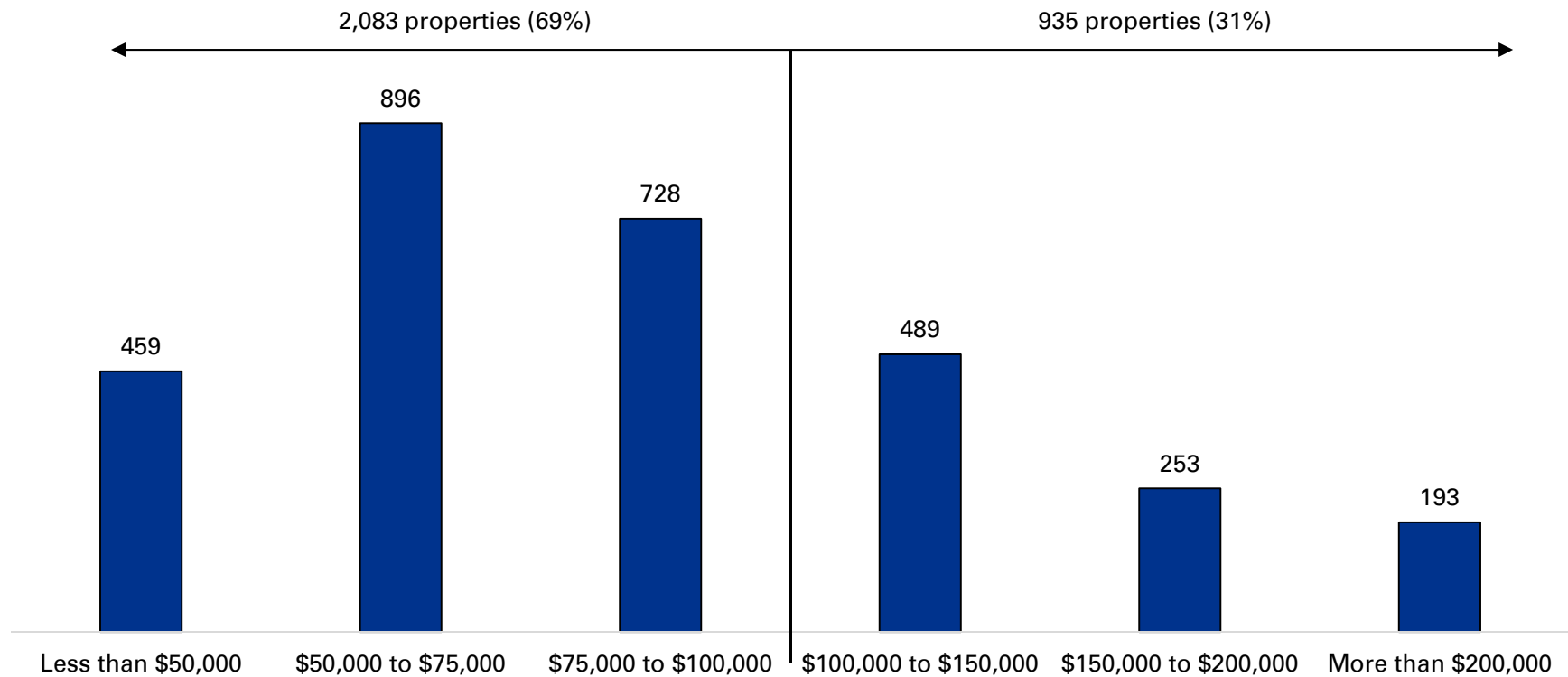
Total Assessment by Property Class, in Millions (2014)



Corporate Overview

D. Taxation and Assessment

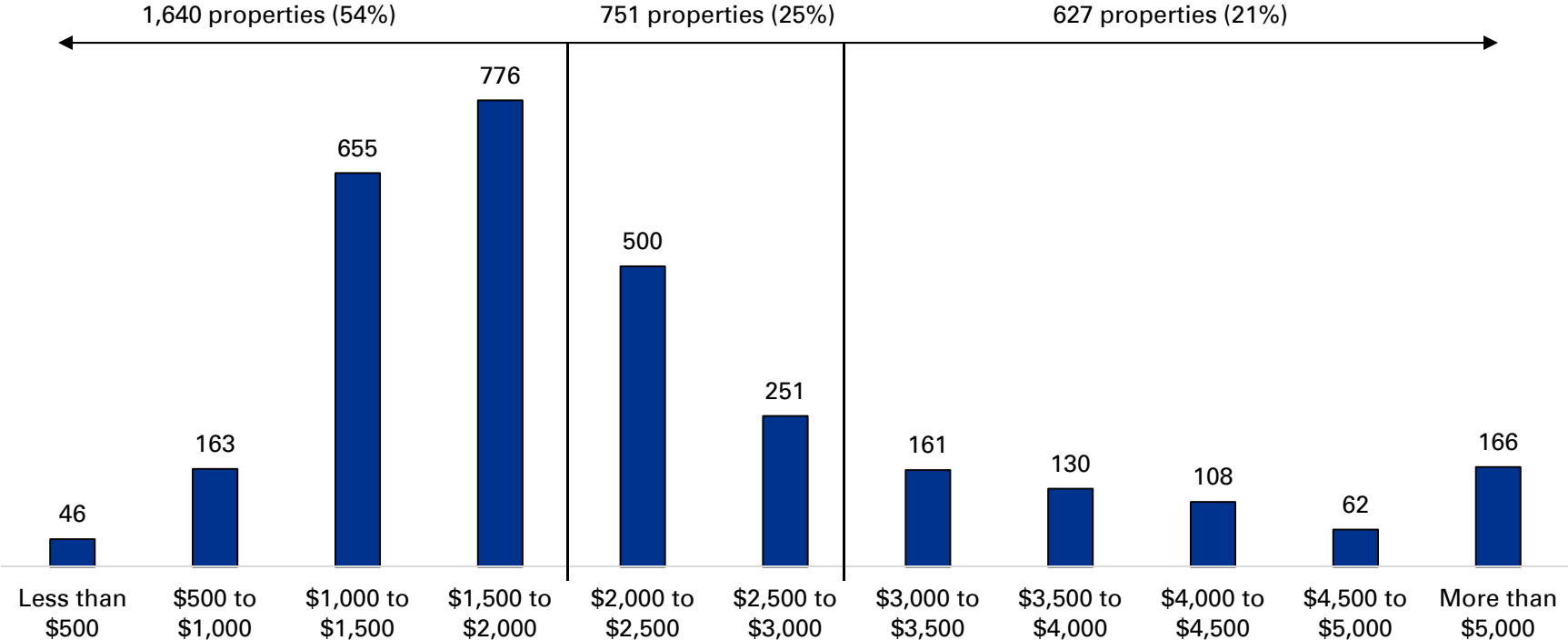
The following is a breakdown of the Town's residential properties, excluding vacant lots (which account for 617 tax accounts). The majority of the Town's residential properties (69%) have an assessed value of \$100,000 or less.



Corporate Overview

D. Taxation and Assessment

The following is a breakdown of the distribution of Town’s residential taxation, excluding vacant lots. The median residential taxation for single family dwelling in the Town is approximately \$1,800, with the average residential taxation amounting to just over \$2,300 per household. As noted below, 54% of the Town’s residents pay less than \$2,000 a year in taxes, while a further 25% pay between \$2,000 and \$3,000 in taxes.



Corporate Overview

E. The Issue of Affordability

As noted earlier in our report, the Town has the lowest total assessment of the selected municipal comparators, which will contribute to a higher than average municipal tax rate. To demonstrate the impact of the Town's low assessment on its tax rates, we have presented a hypothetical scenario involving an equal municipal levy (\$10 million) for each of the municipalities included in the comparative analysis. As summarized below, the Town has the third lowest residential levy under this scenario as its residential assessment percentage (75%) is the third lowest of the group. Notwithstanding what would appear to be a favourable position, however, its residential tax rate is actually the highest due to the fact that it has the lowest residential assessment. At the same time, however, the assumed residential tax per household is the second lowest of the comparator group.

	Kirkland Lake	Temiskaming Shores	Dryden	Fort Frances	Elliot Lake	Kapuskasing
Assumed municipal levy	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Residential percentage	75%	79%	71%	80%	85%	68%
Residential levy	\$7,500,000	\$7,900,000	\$7,100,000	\$8,000,000	\$8,500,000	\$6,800,000
Residential assessment	\$213,000,000	\$634,000,000	\$429,000,000	\$387,000,000	\$407,000,000	\$256,000,000
Assumed residential tax rate	3.52%	1.25%	1.65%	2.07%	2.09%	2.65%
Assumed residential tax	\$1,582.95	\$1,621.84	\$1,976.61	\$2,096.99	\$1,336.69	\$1,660.97

We would suggest that, for the most part, residential taxes per household and not residential tax rates are a meaningful indicator of whether a community has an affordability concern. With respect to the Town, however, the relatively high taxation rates could be problematic for new home construction if the assessed value assigned by MPAC does not reflect the relatively low overall assessment in the community.

Since 2010, we understand that a total of 17 new homes have been constructed in the Town, with assessments ranging from the mid-\$100,000 to mid-\$300,000 range and an average assessment of \$245,000 and average tax bill of just under \$5,900. Given our understanding of construction costs for new residential properties, it would appear as though the assessed value of new homes in Kirkland Lake is less than construction cost, with MPAC calculating assessments based on market conditions (i.e. discounted assessments).

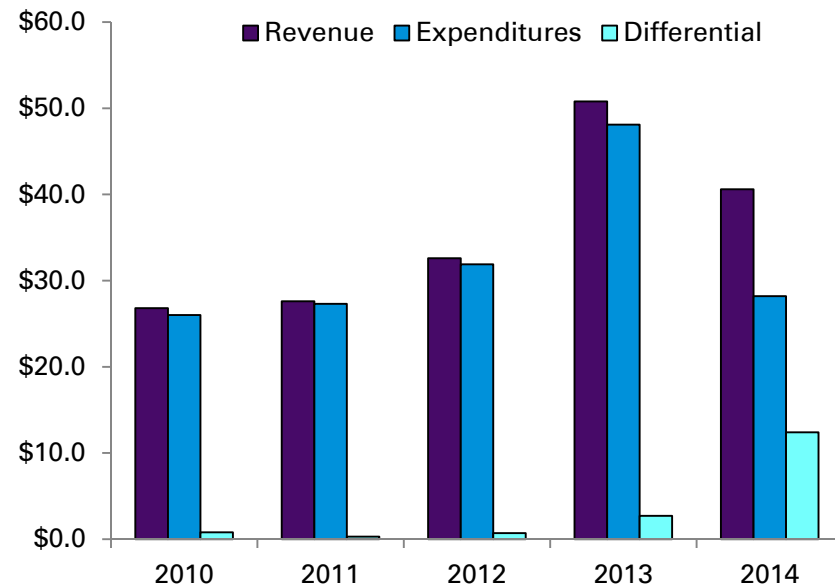
Corporate Overview

F. Financial Position

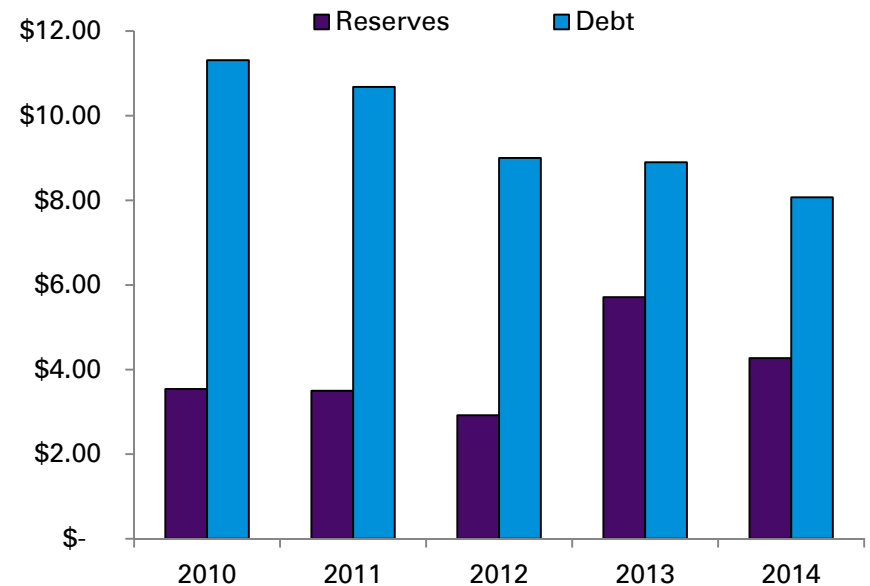
Overall, the financial performance of the Town of Kirkland Lake suggests progress towards long-term financial sustainability from an operating perspective with the Town managing its operating expenditures and revenues over the past five years while making significant investments in municipal infrastructure in 2010 and 2014.

Over the past five years, the Town decreased its long-term debt by 29%. Similarly, the Town has managed its reserves and reserves funds over the same five year period. The Town has increased its reserves and reserves funds by \$726,000 from 2010 to 2014 which represents an increase of 20.5% over that time period. This is the result of large investment into reserves in 2013.

Reported Operating Results (In Millions)



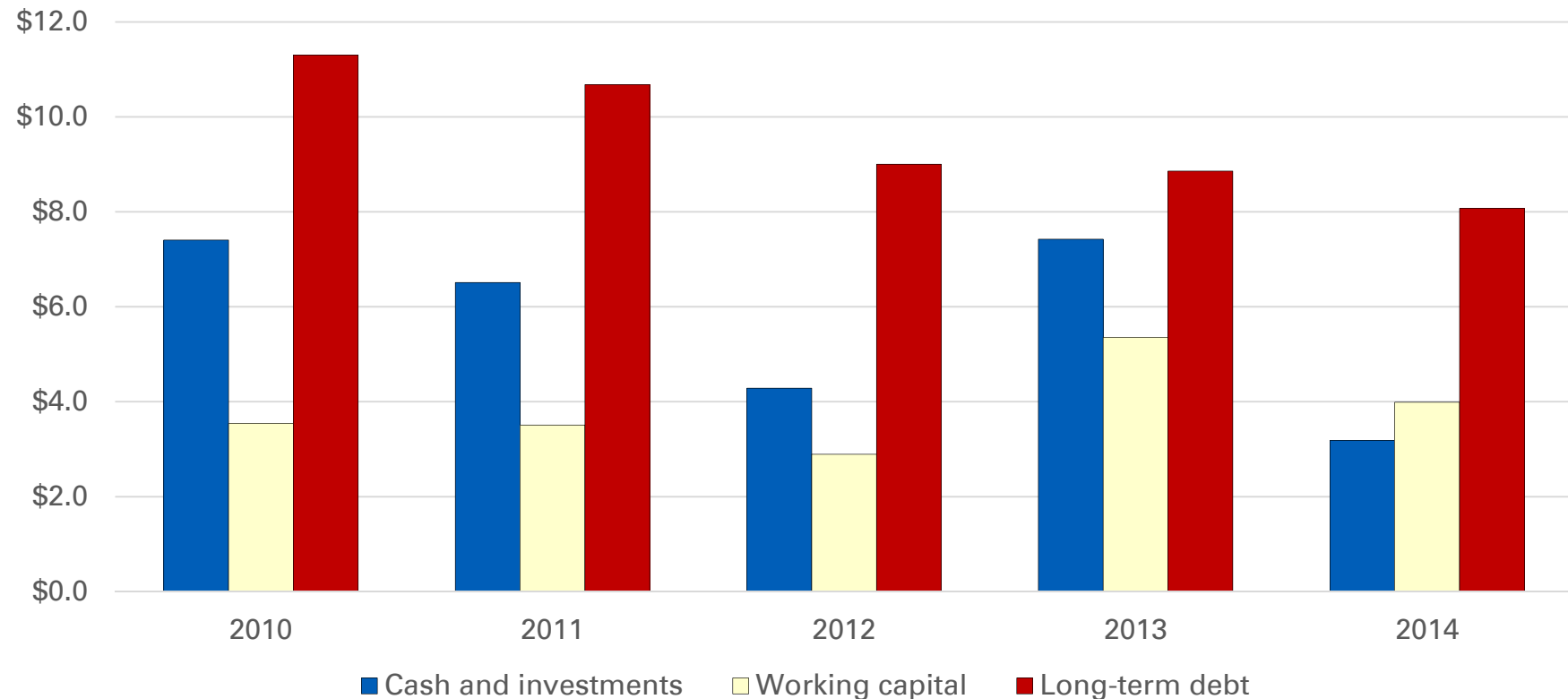
Debt and Reserves and Reserve Funds 2010-2013 (In Millions)



Corporate Overview

The Town has reported a slight increase in working capital – defined as financial assets less financial liabilities excluding long-term liabilities – with total working capital reported as \$3.99 million at the end of 2014. While the Town’s cash and temporary investments have decreased from \$7.4 million in 2010 to \$1.9 million in 2014, its long-term debt decreased by \$3 million over the same period.

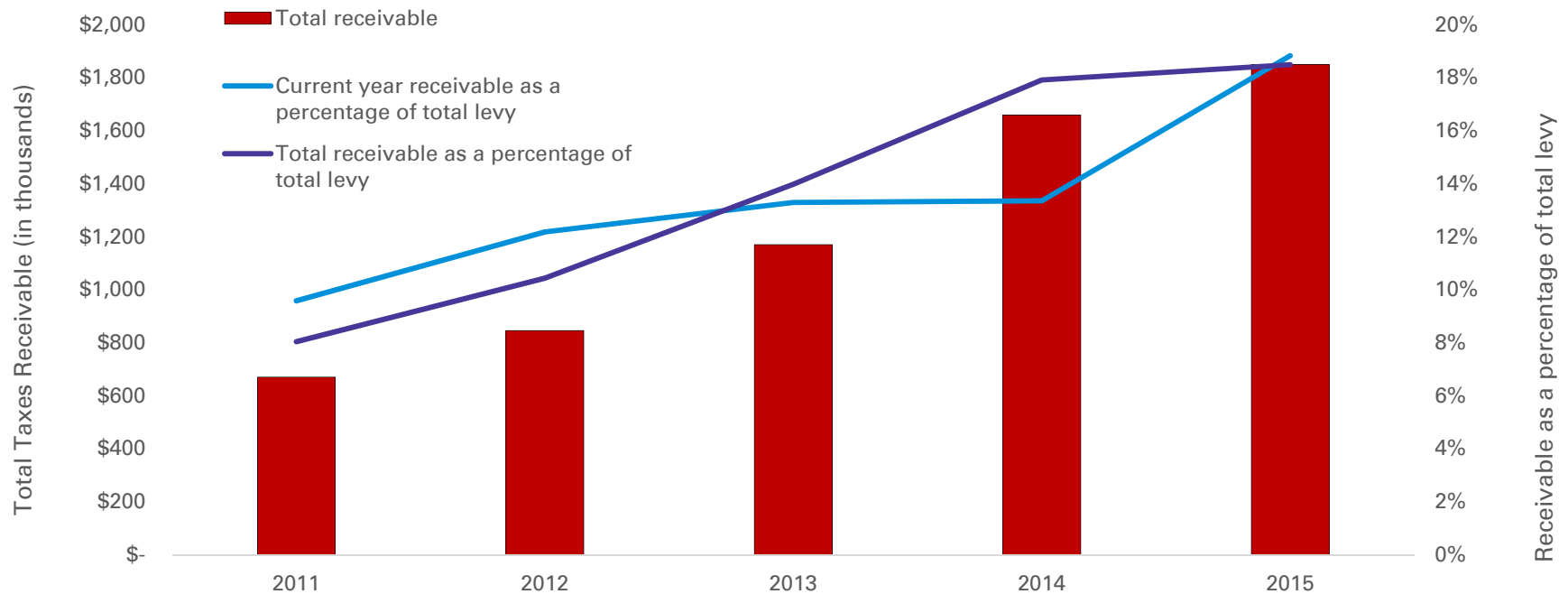
Cash, working capital and long-term debt (in millions)



Corporate Overview

Over the last five years, the Town has experienced an increase in its total taxes receivable, both in absolute value and as a percentage of the municipal levy. Since 2011, the Town's taxes receivable have increased from \$670,000 to \$1,800,000, while the municipal levy increased by \$1.7 million (\$8.3 million to \$10.0 million). As a percentage of the total levy, the Town's current taxes receivable increased from just under 10% to approximately 19% of the municipal levy, while its total taxes receivable increased from 8% to 10% over the same period. We note that the increase in the Town's taxes receivable balance is almost entirely due to three properties that are in arrears, with a total of \$1 million of taxes outstanding. Given that Provincial legislation does not allow municipalities to take the most severe collection measures until taxes have been outstanding for three years, the Town is only now in the position to address the collection issue for these properties.

Municipal taxes receivable



Corporate Overview

In comparison to the selected municipal comparators, the Town has the second highest level of taxes receivable of the comparator group, with total taxes receivable amounting to 17.2% of its total levy. With the exception of Dryden, the other comparator municipalities are reporting taxes receivable in the range of 4% to 6%, which would equate to a \$1 million reduction in the balance of taxes receivable (and a corresponding increase in its cash position). This is equivalent to the amount outstanding for the three properties in arrears that were noted on the preceding page.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Total taxes receivable (in thousands)	\$1,658	\$3,057	\$453	\$783	\$631	\$797
Total municipal levy (in thousands)	\$9,633	\$13,602	\$10,781	\$11,963	\$11,602	\$15,989
Taxes receivable as a percentage of municipal levy	17.2%	22.5%	4.2%	6.5%	5.4%	4.9%

G. Forecasted Financial Performance

The Town's asset management plan (completed in 2013) quantified the Town's capital investment needs over the next five years (2017 to 2021) to be in the order of \$30 million, or an average of \$6 million per year. In comparison, the Town contributes approximately \$2.3 million annually towards capital expenditures, resulting in an annual funding deficit of approximately \$3.7 million per year. To a large part, the Town's infrastructure deficit is due to two large infrastructure components – its pool and wastewater treatment plant – that are approaching the end of useful life. In addition, the Town's infrastructure deficit is not inconsistent with other municipalities in Northern Ontario or Ontario in general. The requirement for asset management plans under the Municipal Infrastructure Investment Initiative has identified infrastructure deficits that are as large and even larger in municipalities across the Province. For example, the asset management plan for Dryden identified \$248 million in required capital spending over a ten year period.

Corporate Overview

In addition to quantifying capital investment requirements, the asset management plan also provides a financing strategy for the Town that considers average annual increases of 2.3% per year in the Town's municipal levy for the purposes of funding inflationary pressures on the Town's operating costs, as well as a one-time 9% levy increase for the purposes of funding capital. Based on the current average residential taxes of \$2,300 per household, this would result in a projected average per household tax of \$2,500 by 2021 (excluding the one-time capital levy) or \$2,700 per household if the 9% capital levy was adopted. To a large extent, these tax increases can be offset by:

- Reductions in tax levels resulting from the shift of wastewater funding from the municipal levy to user fees; and
- Increased taxation revenue (approximately \$600,000 annually) resulting from the full assessment of rural properties that are currently taxed at a lower rate due to differences in municipal service levels.



Departmental Overview

**Town of Kirkland Lake Service Delivery and Operational
Review**

Mayor and Council

A. Mandate

Council acts as the governance body for the Town. As defined under the Municipal Act, 2001, S.O. 2001, c.25 (the 'Municipal Act'), Council's role includes:

- representing the public and consider the well-being and interests of the Town;
- developing and evaluating the policies and programs of the Town;
- determining which services the Town provides;
- ensuring that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of Council;
- ensuring the accountability and transparency of the operations of the Town, including the activities of the senior management of the Town;
- maintaining the financial integrity of the Town;
- carrying out other duties of Council as required.

As a governance body, Council's role is to establish corporate-level policies and programs that are then used by Town staff to deliver services in accordance with Council's direction. As noted above, Council's involvement in administrative and controllership aspects of the Town are limited to 'ensuring that these are in place'. Section 227 of the Municipal Act goes on to indicate that the role of the officers and employees of the Town is to 'implement council's decisions and *establish* administrative policies and procedures to carry out council's decisions' (emphasis added).

Mayor and Council

B. Basis for Delivery

The establishment of a municipal council is a requirement of the Municipal Act, which is the primary legislation governing Ontario municipalities. Among other things, the Municipal Act:

- defines the role of council (Section 224);
- defines the role of the head of council (Section 225); and
- establishes the head of council as the chief executive officer and defines the role of chief executive officer (Section 226.1).

C. Organizational Structure

Council is comprised of the Town's mayor and six councillors, all of which are elected on an at-large basis.

D. Financial Overview

The Town had total expenditures of \$140,742 for Council during 2015, representing a decrease of \$16,602 from the 2014 fiscal year. The decrease in expenditures occurred across various items including reductions in administrative costs (payroll and insurance) and reduced conference spending. Council remuneration represents the largest single expenditure item, amounting to \$112,000 or 73% of total expenditures.

Mayor and Council

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Council remuneration (including benefits)	\$108,880	\$108,903	\$102,904	↓5.5%
Sundry Payroll Costs	\$34,958	\$39,595	\$30,515	↓12.8%
Insurance	\$1,591	\$1,697	\$1,246	↓21.7%
Conferences and Seminars	\$8,949	\$5,670	\$4,047	↓54.8%
Office Expenses	\$6,269	\$1,479	\$2,030	↓67.6%
Total	\$160,647	\$157,344	\$140,742	↓12.4%

E. Municipal Comparison

As noted below, the Town's council size is consistent with other similar sized municipalities, all of which have seven member council. From the perspective of number of councillors per household and per capita, the Town's council size is also consistent with the other comparator municipalities.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Number of councillors (including mayor)	7	7	7	7	7	7
Number of councillors elected at large	6	6	6	6	6	4
Population	8,493	6,267	10,218	7,952	7,249	10,400
Number of households	4,738	2,853	6,359	3,816	4,094	4,400
Residents per councillor (excluding mayor)	1,416	1,045	1,703	1,325	1,208	1,733
Households per councillor (excluding mayor)	790	476	1,060	636	682	733

Administration

A. Mandate

Chief Administrative Officer (CAO)

Pursuant to Section 229 of the Municipal Act, municipalities may (but are not required) to appoint a CAO. Notwithstanding the optional nature of this position, our experience demonstrates that many Northern Ontario municipalities including all municipalities within the comparator group have a dedicated CAO as opposed to sharing in either the Clerk or Treasury function. The concept of a Clerk-Treasurer within the Town's organizational structure counters what is found in the municipal sector for municipalities of similar size to the Town of Kirkland Lake and reflect a position which appears to be becoming less popular in the municipal sector as the treasury function continues to evolve and become more complex and as result, more time consuming.

Municipal Clerk

Under the provisions of the Municipal Act, the formal duty of the clerk includes:

- recording, without note or comment, all resolutions, decisions and other proceedings of the council;
- if required by any member present at a vote, recording the name and vote of every member voting on any matter or question;
- keeping the originals or copies of all by-laws and of all minutes of proceedings of the council;
- performing other duties required under the Municipal Act or under any other act; and
- performing other duties as are assigned by the Town.

Administration

B. Basis for Delivery

CAO

As outlined in the Municipal Act, the role of the CAO is to exercise general control and management of the affairs of the Town for the purposes of ensuring the efficient and effective operation of the Town. In doing so, the CAO is tasked with implementing Council's strategic direction and seeking guidance, approval and revisions to this direction where considered appropriate.

CAOs in communities of similar size to the Town's tend to be more strategic in nature, focusing on policy development, strategic planning, communications and special projects, including major economic development initiatives unlike smaller municipalities where the CAO is typically operational in nature (i.e. directly involved in service delivery). Regardless, the size of a community does not necessarily restrict a CAO from shifting towards becoming strategic versus operational.

The CAO acts as the go-between for Council and staff and as such, is responsible for monitoring the activities and performance of the other members of the senior management team. The role of the CAO as the only direct report to Council is intended to preserve the distinction between governance and operations.

Inherent in this oversight role is both the requirement for the CAO to monitor major aspects of the Town's operations and the need for the CAO to assess the performance of the direct reports and hold them accountable for their performance in achieving the strategic direction established by Council.

In addition to the CAO's role within the Town, the CAO serves as the Director of Corporate Services and is responsible for oversight of the Town's clerk, treasury, animal control, police (special constables) and fire services.

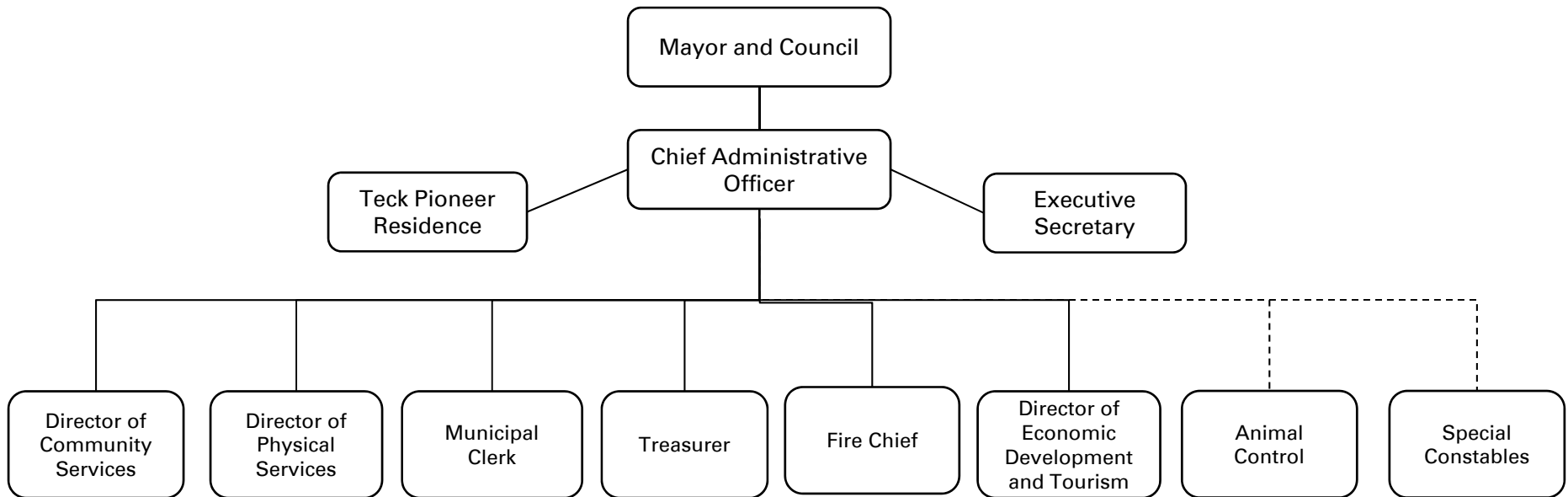
Clerks

Section 228 of the Municipal Act requires all municipalities to appoint a clerk.

Administration

C. Organizational Structure

The position of CAO sits atop of the Town's organizational chart and based on the Town's current organizational chart, the CAO has seven direct reporting relationships and two indirect reporting relationships which the CAO assumes as the Director of Corporate Services.



Administration

D. Financial Overview

The Town spent \$415,434 in 2015 for its administration within the Town's Corporate Services department, which represents a decrease of 5.1% from the previous year. Salaries and benefits represents the largest single expenditure item, amounting to \$329,544 or 79% of total expenditures which is typically consistent with the provision of administrative services.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$339,258	\$347,090	\$329,544	↓2.9%
Sundry Payroll Costs	\$1,210	\$1,210	\$1,001	↓17.2%
Materials and Supplies	\$28,258	\$29,502	\$23,045	↓18.4%
Conferences and Training	\$2,326	\$7,651	\$3,680	↑58.2%
Office Expenses	\$5,323	\$2,224	\$3,306	↓37.9%
Legal	\$1,500	\$658	\$4,766	↑217.7%
Insurance	\$34,446	\$34,812	\$35,262	↑2.4%
Contracted Services	\$5,670	\$12,715	\$13,599	↑139.8%
Advertising	\$1,202	\$1,949	\$1,231	↑2.4%
Total	\$419,193	\$437,811	\$415,434	↓0.9%

Administration

E. Municipal Comparisons

The following is the comparative analysis for the entire administration department for the Town which includes CAO, clerks and treasury functions and its municipal comparator group. The Town's operating costs per household are the lowest among the comparator group with the fewest fulltime equivalents.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Administration Costs	\$2,007,169	\$3,313,045	\$3,203,555	\$2,342,737	\$1,915,991	\$2,819,671
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$423.63	\$1,161.60	\$503.78	\$613.92	\$468.00	\$640.83
Fulltime Equivalents	12.0	24.0	16.0	14.0	14.0	15.0
Wages and Benefits	\$1,320,186	\$2,268,260	\$1,809,397	\$1,235,764	\$1,054,611	\$1,461,292
Wages and Benefits As a % of Operating Costs	65.8%	68.4%	56.5%	52.7%	55.0%	51.8%
Administration Costs as a % of Total Operating Costs	7.6%	13.7%	14.4%	11.2%	9.3%	12.3%

Treasury

A. Mandate

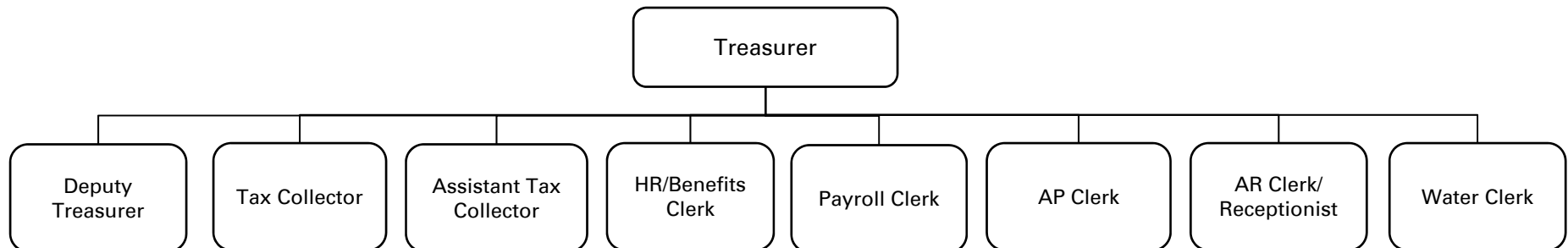
The Town's Treasury department is responsible for all aspects of the Town's financial management, including budgeting, levying and collecting taxes and water fees, transaction processing (cash receipts, cash disbursements, payroll), procurement, human resources and benefits administration, and financial planning and reporting.

B. Basis for Delivery

Pursuant to Section 286(1), all Ontario municipalities are required to appoint a treasurer "who is responsible for the handling of all financial affairs of the municipality on behalf of and in a manner directed by the council of the municipality".

C. Organizational Structure

The Treasurer directly reports to the CAO as part of the Town's Corporate Services department. The Treasurer sits atop of the organizational chart for Town's finance department with eight positions directly reporting to the Treasurer.



Treasury

D. Financial Overview

The Town spent \$862,592 in 2015 for its finance function within the Town's Corporate Services department, which represents an increase of 1.6% from the previous year but a decrease of 5.1% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to \$749,295 or 87% of total expenditures which is typically consistent with the provision of financial services.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$760,753	\$740,296	\$749,295	↓1.6%
Materials and Supplies	\$14,411	\$15,569	\$15,322	↑6.3%
Conferences and Training	\$6,090	\$3,382	\$6,916	↑13.5%
Office Expenses	\$21,292	\$15,362	\$17,894	↓16.0%
Legal	\$1,566	\$1,353	\$2,707	↑72.9%
Insurance	\$3,195	\$3,227	\$3,096	↓3.1%
Contracted Services	\$57,438	\$26,728	\$28,446	↓50.5%
Audit	\$44,474	\$43,424	\$38,916	↓12.5%
Total	\$909,219	\$849,341	\$862,592	↓5.1%

Fire Services

A. Mandate

The Town's Fire Department are responsible for ensuring the health and safety of residents through the provision of programs and services focusing on three areas:

- Education, including fire prevention and education programming in schools and public venues
- Prevention, including home inspections to ensure compliance with applicable legislation (e.g. residential smoke detectors) and non-residential inspections of specified properties on a quarterly, bi-annual and annual basis
- Suppression.

In addition to the above, Fire Department also contributes towards the health and safety of residents through:

- Medical response, with the Fire Department responding to medical assist calls where ambulances are not available within a specified timeframe or where the individual is classified as 'vital signs absent'
- Vehicle extrications for motor vehicle accidents
- Situations involving hazardous materials

Fire Services also provides assistance to other municipalities and the Ministry of Natural Resources as required.

Fire Services

B. Basis for Delivery

The Fire Prevention and Protection Act, 1997, S.O. 1997, c.4 (the 'FPPA') is the primary legislation impacting municipal fire services in Ontario. Pursuant to Section 2(1) of the FPPA, every municipality is required to:

- Establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention; and
- Provide such other fire protection services as it determines may be necessary in accordance with its needs and circumstances.

While Section 2(2) of the FPPA requires municipalities to either (i) appoint a community fire safety officer or a community fire safety team; or (ii) establish a fire department, the size of the municipality and its associated fire safety risks requires a fire department.

Under the FPPA, the Town is responsible for determining the level of fire services provided within the community. While Section 2(7) of the FPPA permits the Office of the Fire Marshal and Emergency Management ('OFMEM') to 'monitor and review the fire protection services provided by municipalities to ensure that municipalities have met their responsibilities', the FPPA further states that the OFMEM can make recommendations to the council to address threats to public safety. Accordingly, the OFMEM cannot direct the Town to change its fire services. Ultimately, if a municipality does not adopt recommendations from the OFMEM or take compensating measures to address threats to public safety, the Province could make regulations establishing standards for fire protection services in a municipality.

C. Organizational Structure

The Town's fire service operates as a composite force with a mix of fulltime and volunteer employees. The department is structured with a Fire Chief atop of the organization supported by three platoon chiefs. Currently, the Fire Department has 10 fulltime firefighters and a 24 person volunteer complement.

Fire Services

D. Financial Overview

The Town spent \$1.5 million in 2015 for fire services, which represents a decrease of 3.3% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to \$1.3 million or 85% of total expenditures which is typically consistent with the provision of fire services.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits – Fulltime	\$1,355,366	\$1,362,182	\$1,284,790	↓5.2%
Wages and Benefits – Volunteer	\$83,998	\$103,010	\$79,397	↓5.5%
Materials and Supplies	\$41,274	\$30,119	\$30,333	↓26.5%
Training and Conferences	\$204	\$6,048	\$5,881	↑2,782.8%
Office Expenses	\$7,146	\$4,414	\$5,502	↓23.0%
Legal	\$10,335	\$10,550	\$18,026	↑74.4%
Insurance	\$14,737	\$15,050	\$16,197	↑9.9%
Contracted Services	\$14,684	\$17,276	\$28,845	↑96.4%
Vehicle Maintenance and Repair	\$13,380	\$15,090	\$15,279	↑14.2%
Building Maintenance and Repair	\$4,424	\$4,645	\$10,048	↑127.1%
Utilities	\$16,824	\$16,228	\$16,376	↓2.7%
Total	\$1,562,372	\$1,584,610	\$1,510,674	↓3.3%

Fire Services

E. Municipal Comparisons

The following is the comparative analysis for the fire services for the Town and its municipal comparator group. The fire services compared are a mix of composite and volunteer based fire services. Excluding the comparators with volunteer based fire services, the Town's fire operating costs per household are generally consistent with the comparator group.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Nature of Fire Service	Composite	Volunteer	Composite	Composite	Composite	Volunteer
Fire Costs	\$1,585,251	\$578,704	\$1,542,669	\$887,216	\$1,571,603	\$590,050
User Fees and Service Charges	\$24,173	-	\$12,189	\$30,407	\$1,694	\$58,490
Cost Recovery	1.5%	0.0%	0.8%	3.4%	0.1%	9.9%
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$329.48	\$202.84	\$240.68	\$224.53	\$383.47	\$120.81
Wages and Benefits	\$1,465,056	\$354,799	\$1,397,251	\$793,798	\$1,190,031	\$373,130
As a % of Operating Costs	92.4%	61.3%	90.6%	89.5%	75.7%	63.2%

Police Services

A. Mandate

Police Services

Under Section 4 of the Police Services Act, “every municipality to which this subsection applies shall provide adequate and effective police services in accordance with its needs.”

The legislation provides what adequate and effective police services at a minimum for municipalities and that is:

- Crime prevention
- Law enforcement
- Assistance to victims of crime
- Public order maintenance
- Emergency response

B. Basis for Delivery

The Town contracts out police services and as part of the agreement with the Ontario Provincial Police, the Town is responsible for providing administrative support, court security and bylaw enforcement . The Town receives police services from the Ontario Provincial Police and its contract with the police service expires in 2017.

C. Organizational Structure

Not applicable based on the basis of service delivery.

Police Services

D. Financial Overview

The Town had total expenditures of \$3.3 million for police services in 2015. Police contract costs have decreased by nearly 5% from the 2014 fiscal year but expenditures increased by 9% in comparison to the 2013 fiscal year. OPP contract costs represent the largest single expenditure item which is consistent with municipalities who contract out police services.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
OPP Contract Costs	\$2,647,455	\$3,037,011	\$2,880,960	↑8.8%
Wages and Benefits – Other Policing Services	\$347,567	\$395,766	\$390,622	↑12.4%
Materials and Supplies	\$12,627	\$11,633	\$8,416	↓33.3%
Training and Conferences	-	\$230	\$436	-
Office Expenses	\$1,271	\$1,764	\$1,568	↑23.4%
Insurance	\$5,856	\$6,502	\$7,149	↑22.1%
Vehicle Maintenance and Repair	\$680	\$3,258	\$1,651	↑142.8%
Building Maintenance and Repair	\$1,914	\$822	\$2,226	↑16.3%
Utilities	\$14,481	\$27,270	\$24,972	↑72.4%
Total	\$3,031,851	\$3,484,256	\$3,318,000	↑9.4%

Police Services

E. Municipal Comparisons

The following is the comparative analysis for the police services for the Town and its municipal comparator group. All of the municipalities compared receive police services from the Ontario Provincial Police ('OPP') with the exception of the City of Dryden which provides its own police services. Additionally, the Town of Kirkland Lake provides additional services with the use of special constables including bylaw enforcement within this department whereas the other municipalities have bylaw enforcement in other departments.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Police Service Delivery Model	OPP with Municipal Special Constables	Municipal Service	OPP	OPP	OPP	OPP
Police Costs	\$3,436,307	\$4,352,145	\$3,547,470	\$2,833,334	\$2,334,594	\$2,447,506
Households	4,738	2,853	6,359	3,816	4,094	4,400
Policing Costs per Household	\$722.70	\$1,525.46	\$557.87	\$742.49	\$570.25	\$556.25

Planning and Building Services

A. Mandate

Planning Services

The Town's Planning Services division is responsible for municipal planning function, including:

- Overseeing the Official Plan and zoning by-law;
- Participating in Ontario Municipal Board meetings as required;
- Liaising with developers and consultants on land use planning matters; and
- Providing guidance on planning-related matters to other Town departments (e.g. Building Services).

Building Services

In Ontario, the Building Code Act and its regulation, the Ontario Building Code set out the rules for construction. The following describes what the two pieces of legislation deal with:

Building Code Act

- Governs the construction, renovation, change of use, and demolition of buildings;
- Provides specific powers for inspectors and rules for the inspection of buildings; and
- Allows municipalities to establish property standard by-laws.

Planning and Building Services

A. Mandate

Building Services

Ontario Building Code – A Regulation of the Act

- Focuses primarily on ensuring public safety in newly constructed buildings, but also supports the government’s commitments to energy conservation, barrier-free accessibility and economic development;
- Sets out objectives and requirements for new construction;
- Does not provide standards for existing buildings, with the exception of small on-site sewage systems; and
- Establishes the qualification and registration requirements in Ontario for certain building practitioners

Municipalities play a significant role in Ontario’s building regulatory environment, in that municipalities including the Town are required to appoint a chief building official and as many qualified inspectors as are needed to carry out their duties regarding Building Code enforcement. The responsibilities of those qualified personnel include:

- Review and issue building permits;
- Conduct inspections during construction to make sure work is in compliance with the Building Code and building permits;
- Set fees for building permits; and
- Enforce compliance through inspections and if necessary, issue orders (e.g., stop work orders and orders to comply)

Planning and Building Services

B. Basis for Delivery

Planning Services

The Planning Act, R.S.O. 1990, c. P.13 (the 'Planning Act') establishes the responsibility for municipalities to:

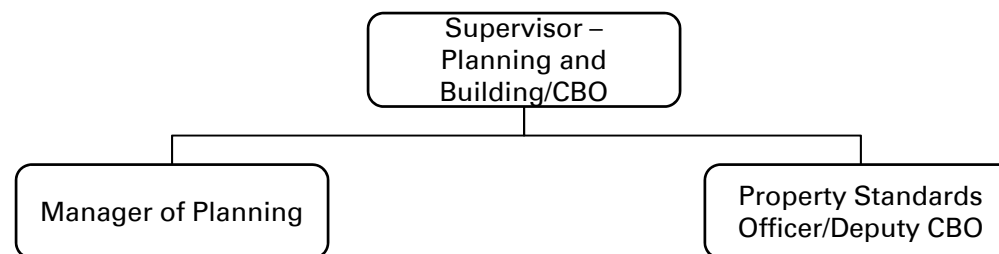
- Make local planning decisions that will determine the future of their community;
- Prepare planning documents such as an official plan, community improvement plan and zoning by-laws; and
- Ensure planning decisions and planning documents are consistent with the Provincial Policy Statement and do conform or do not conflict with Provincial plans.

Building Services

Pursuant to Section 3.1 of the BCA, municipalities are mandated the responsibility to enforce the BCA and in doing so, are required to appoint a chief building officer and such inspectors under Section 3(2) of the BCA. Consistent with other Provincial legislation, the BCA does allow for collaboration and joint enforcement involving two or more municipalities (Section 3(3)).

C. Organizational Structure

The Town's Planning and Building Services department is comprised of three full-time employees, with the Supervisor of Building and Planning Services reporting to the Director of Physical Services. A graphical depiction of the organizational structure is provided below.



Planning and Building Services

D. Financial Overview

The Town spent \$204,661 in 2015 for planning and building services, which represents an increase of 9% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to nearly \$195,000 or 95% of total expenditures which is typically consistent with the provision of planning and building services.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$176,218	\$186,560	\$194,844	↑10.6%
Materials and Supplies	\$4,083	\$3,660	\$4,643	↑13.7%
Training and Conferences	\$672	\$832	\$1,554	↑127.9%
Office Expenses	\$1,016	\$571	\$575	↓43.4%
Insurance	\$653	\$665	\$680	↑4.1%
Vehicle Maintenance and Repair	\$4,734	\$2,896	\$2,365	↓50.0%
Total	\$187,376	\$195,184	\$204,661	↑9.2%

Planning and Building Services

E. Municipal Comparisons

The following is the comparative analysis for planning and building services for the Town and its municipal comparator group. The Town's net operating costs per household are consistent the comparator group. However, the Town's level of cost recovery is the second lowest in the comparator group at nearly 23% whereas the average is 30%.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Planning and Building Costs	\$204,661	\$134,590	\$453,544	\$151,309	\$190,752	\$235,362
Planning and Building Revenue	\$46,765	\$25,000	\$158,120	\$54,500	\$61,500	\$85,000
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$33.32	\$38.54	\$46.46	\$25.36	\$31.57	\$34.17
Cost Recovery	22.8%	18.6%	34.9%	36.0%	32.2%	36.1%

Roads

A. Mandate

Physical services is responsible for the maintenance of the City's municipal road network, including traffic signals, sidewalks and laneways and also plows Town parking lots during the winter season. In addition to maintaining the road network, the Town's stores and carpentry functions fall within the roads department.

B. Basis for Delivery

Section 44(1) of the Municipal Act establishes the Town's responsibility to keep highways or bridges under its jurisdiction "in a state of repair that is reasonable in the circumstances". Ontario Regulation 239/02: Minimum Maintenance Standards for Municipal Highways (which has been amended by Ontario Regulation 47/13) provides further clarification by establishing minimum maintenance standards for a range of road network maintenance activities, including but not limited to:

- Patrolling highways to monitor conditions
- Snow plowing
- Ice prevention (sanding and salting)
- Surface repairs, including potholes and surface cracking

Under Ontario Regulation 239/02, municipal roads are divided into one of six classes, with the categorization depending on the average annual daily traffic volume and the posted speed limit (see next slide). As noted on the following slides, maintenance standards will vary by class of road, with the standards decreasing (both in terms of response time and service level) as the classification progresses from Class 1 to Class 5. Under the regulation, minimum maintenance standards do not apply to Class 6 roads.

Roads

Classification of Roads Under Ontario Regulation 239/02

Average Annual Daily Traffic	Speed Limit (kilometres per hour)						
	>90	81-90	71-80	61-70	51-60	41-50	<41
>15,000	Class 1			Class 2			
12,000-14,999	Class 1			Class 2		Class 3	
10,000-11,999	Class 1			Class 2	Class 3		
8,000-9,999	Class 1			Class 2		Class 3	
6,000-7,999	Class 1		Class 2	Class 3			
5,000-5,999	Class 1		Class 2	Class 3			
4,000-4,999	Class 1		Class 2	Class 3		Class 4	
3,000-3,999	Class 1		Class 2	Class 3		Class 4	
2,000-2,999	Class 1		Class 2	Class 3		Class 4	
1,000-1,999	Class 1		Class 2	Class 3		Class 4	
500-999	Class 1		Class 2	Class 3		Class 4	
200-499	Class 1		Class 2	Class 3		Class 4	
50-199	Class 1		Class 2	Class 3		Class 4	
<50	Class 1		Class 2	Class 6			

Roads

Minimum maintenance standards by class of road (selected standards only – not inclusive of all standards)

	Class					
	1	2	3	4	5	6
Maximum accumulation before snow clearing commences	2.5 cm	5.0 cm	8.0 cm	8.0 cm	10.0 cm	Minimum maintenance standards are not established for Class 6 roads
Minimum depth that snow must be cleared to	2.5 cm	5.0 cm	8.0 cm	8.0 cm	10.0 cm	
Maximum time that snow clearing must be commenced once snow accumulates to maximum level	4 hours	6 hours	12 hours	16 hours	24 hours	
Maximum time to treat icy roadway	3 hours	4 hours	8 hours	12 hours	16 hours	
Maximum surface area of potholes on paved roadways before repairs are required	600 cm ²	800 cm ²	1000 cm ²	1000 cm ²	1000 cm ²	
Maximum depth of potholes on paved roadways before repairs are required	8 cm	8 cm	8 cm	8 cm	8 cm	
Maximum time within which required pothole repairs are to be completed	4 days	4 days	7 days	14 days	30 days	
Maximum dimension of cracks before repairs are required	5 cm width 5 cm depth	5 cm width 5 cm depth	5 cm width 5 cm depth	5 cm width 5 cm depth	5 cm width 5 cm depth	
Maximum time within which required crack repairs are to be completed	30 days	30 days	60 days	180 days	180 days	
Maximum time within which to complete required streetlight repairs (three or more consecutive are not functioning)	7 days	7 days	14 days	14 days	14 days	

Roads

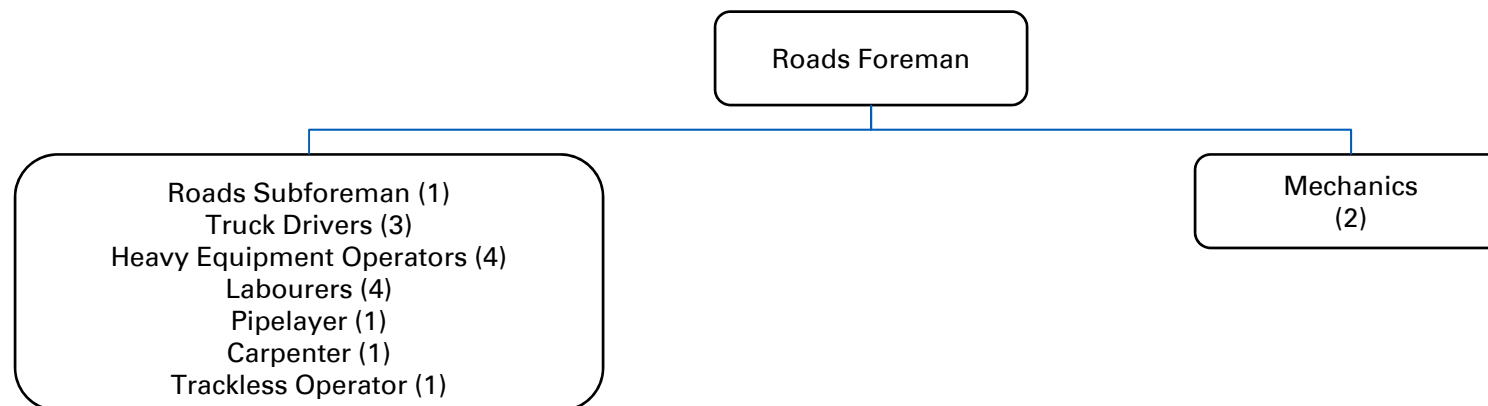
In addition to Ontario Regulation 239/20, a number of other Provincial and Federal acts and regulations also impact the operations of Transportation Services.

The issue of what constitutes minimum maintenance standards with respect to the prevention of icing has emerged as a major issue for municipalities. Litigation continues to refine the specific definition of municipal responsibility for roads maintenance (e.g. Montani v. Matthews, 1996; Giuliani v. Halton, 2011), with significant financial costs to those municipalities that have been found to be non-compliant with the minimum maintenance standards. The potential financial risk to the Town in the event of non-compliance with minimum maintenance standards is compounded by:

- The presumption of liability on the part of the municipality, which places the onus on the Town to demonstrate that it was not at fault; and
- The presence of joint and several liability, which may result in the Town paying a higher portion of damages than its share of the associated liability.

C. Organizational Structure

The Town's roads department is comprised of 18 full-time employees, with the Roads Foreman reporting to the Director of Physical Services. A graphical depiction of the organizational structure is provided below.



Roads

D. Financial Overview

The Town spent \$3 million in 2015 for its road network, which represents an increase of 2.8% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to nearly \$1.6 million or 51% of total expenditures with the remainder of the expenditures in materials and supplies (35%).

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$1,583,767	\$1,642,786	\$1,558,470	↓1.6%
Materials and Supplies	\$897,969	\$995,808	\$1,072,150	↑19.4%
Training and Conferences	\$136	\$1,665	\$1,907	↑1,302.2%
Office Expenses	\$7,252	\$4,500	\$6,130	↓15.5%
Legal	\$0	\$1,474	\$27,161	-
Insurance	\$137,735	\$141,201	\$147,366	↑7.0%
Contracted Services	\$271,367	\$220,343	\$173,075	↓36.2%
Utilities	\$55,179	\$45,193	\$49,606	↓9.7%
Total	\$2,953,405	\$3,052,970	\$3,035,865	↑2.8%

Roads

E. Municipal Comparisons

As noted below, the Town's reported road costs are the highest among the municipal comparator group, amounting to approximately \$16,600 per lane kilometre. In comparison, the average cost for the selected municipal comparators is approximately \$8,300 per lane kilometre, although this average is significantly influenced by Temiskaming Shores which has a very low cost per lane kilometre due to both the size of its road network and the high proportion of gravel roads (which typically have a lower maintenance cost).

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Road costs	\$2,438,677	\$1,722,306	\$2,122,661	\$1,957,849	\$2,379,149	\$1,958,502
Total Lane Kilometres	147	252	250	162	202	841
Operating Costs per Lane Kilometre	\$16,589.63	\$6,834.55	\$8,490.64	\$12,085.49	\$11,777.97	\$2,328.78

Engineering

A. Mandate

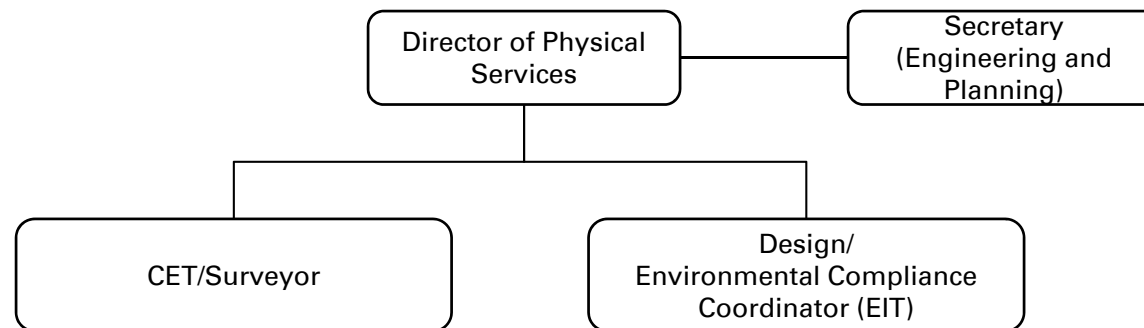
The Town's Engineering division as part of the Town's Physical Services department is responsible for the provision of engineering and other technical support to Town departments, including project management, engineering design, quality control, including testing, for major projects, contract administration, surveying services, GIS support, asset management and procurement.

B. Basis for Delivery

The requirement for an engineering capacity is practical and not a regulatory requirement.

C. Organizational Structure

A graphical depiction of the division's organizational structure, along with full-time staffing complement is provided below



Engineering

D. Financial Overview

The Town spent \$431,923 in 2015 for engineering services, which represents a decrease of 23.5% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to slightly over \$250,000 or 58% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$361,077	\$221,690	\$252,023	↓30.2%
Materials and Supplies	\$15,589	\$12,755	\$18,634	↑19.5%
Training and Conferences	\$4,796	\$958	\$4,275	↓10.9%
Office Expenses	\$3,918	\$4,089	\$3,098	↓20.9%
Insurance	\$1,427	\$977	\$1,627	↑14.0%
Contracted Services	\$38,718	\$69,537	\$53,692	↑38.7%
Utilities	\$139,088	\$168,571	\$98,574	↓29.1%
Total	\$564,613	\$468,577	\$431,923	↓23.5%

Engineering

E. Municipal Comparisons

The following is the comparative analysis for engineering services for the Town and its municipal comparator group. The Town's operating costs per household for the provision of engineering is the highest in the comparator group. This appears to be a reflection of the level of service/internal capacity built by the Town to which the other comparator municipalities have not.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Fulltime Equivalents	2.5	1.0	1.0	1.0	0.5	1.0
Position(s)	CET/Surveyor Design/ Environmental Coordinator Shared Secretary	Engineering Technician	Engineering Consultant	Engineering Technician	General Manager of Public Works – CET designation	Engineering Technician Intern
Operating Costs	\$431,923	Not specified	\$184,830	\$28,755	Not specified	Not specified
Households	4,738	2,853	6,359	3,816	4,094	4,400
Operating Costs per Household	\$91.16	-	\$29.07	\$7.53	-	-

Airport

A. Mandate

The Kirkland Lake Airport provides infrastructure for air transportation without scheduled air service. The Airport's main usage is directly related to medivac transportation. In addition to medivac services, the airport also has Ministry of Natural Resources and Forestry activity and private users associated the mining sector. The certified facility provides fuel service, offers private hangar rentals and hosts military exercises.

B. Basis for Delivery

There is no regulatory requirement for Ontario municipalities to operate airports and unlike most municipal services, the legislation governing airport operations is Federal as opposed to Provincial.

C. Organizational Structure

The Airport employs a total of one fulltime position – airport attendant and the Town's GIS manager also serves as the airport's supervisor.

Airport

D. Financial Overview

The Town spent \$274,699 in 2015 for the Kirkland Lake Airport, which represents an increase of 28% from the 2013 fiscal year. Salaries and benefits represents the largest single expenditure item, amounting to slightly over \$112,000 or 41% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$92,867	\$102,330	\$112,430	↑21.1%
Materials and Supplies	\$48,633	\$34,658	\$68,742	↑41.3%
Aviation Fuel	\$33,027	\$29,960	\$49,104	↑48.7%
Training and Conferences	\$0	\$1,754	\$1,780	-
Office Expenses	\$6,522	\$6,336	\$6,386	↓2.1%
Insurance	\$15,302	\$15,534	\$15,894	↑3.9%
Contracted Services	\$6,155	\$25,058	\$11,669	↑89.3%
Utilities	\$12,039	\$17,718	\$8,694	↓27.8%
Total	\$214,345	\$233,348	\$274,699	↑28.2%

Airport

E. Municipal Comparisons

The following is the comparative analysis for municipal airports for the Town and its municipal comparator group. All of the municipalities compared have a municipal airport with three of the comparators having airports with scheduled air services (Dryden, Fort Frances and Kapuskasing). The Town's airport costs are consistent with the municipal comparators who operate airports without scheduled service.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Year Round Operations	Yes	Yes	Yes	Yes	Yes	Yes
Scheduled Air Service	No	Yes	No	Yes	Yes	No
Airport Operating Costs	\$233,308	\$752,065	\$393,205	\$579,023	\$967,815	\$55,181
Revenues	\$114,987	\$226,754	\$305,877	\$511,651	\$329,875	-
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Cost per Household	\$24.97	\$184.13	\$13.73	\$17.66	\$155.82	\$12.54

Sanitation

A. Mandate

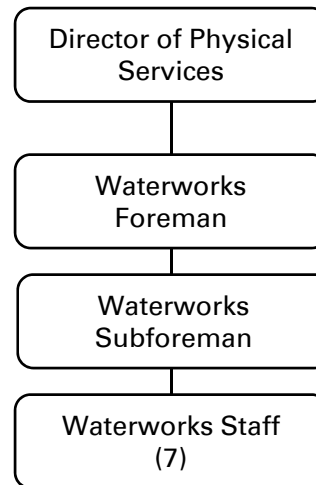
The Town's Physical Services division is responsible for the water distribution and wastewater collection networks. The Ontario Clean Water Agency ('OCWA') is responsible for the operation and maintenance of the Town's water and wastewater treatment facilities.

B. Basis for Delivery

Under the Municipal Act, there is no requirement for municipalities to maintain drinking water systems. Where municipalities choose to maintain a drinking water system, the provisions of the Safe Drinking Water Act, 2002, S.O. 2002, c.32 ('SDWA') and related regulations apply, most notably Ontario Regulation 188/07: Licensing of Municipal Drinking Water Systems, Ontario Regulation 169/03: Water Quality Standards and Ontario Regulation 170/03: Drinking Water Systems.

C. Organizational Structure

The Town's waterworks department is comprised of eight fulltime employees: a waterworks foreman who reports directly to the Director of Physical Services and has nine full-time employees who report to the foreman.



Sanitation

D. Financial Overview

The Town spent \$1.8 million in 2015 for the sanitation services, which represents an increase of 89% from the 2013 fiscal year. Contracted services represents the largest single expenditure item, amounting to \$917,608 or 50% of total expenditures, which is consistent given OCWA has been contracted to operate the water and wastewater treatment facilities.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Wages and Benefits	\$300,785	\$363,854	\$219,322	↓27.1%
Materials and Supplies	\$54,538	\$61,841	\$82,378	↑51.0%
Office Expenses	\$6,043	\$4,528	\$4,648	↓23.1%
Insurance	\$34,900	\$35,183	\$34,417	↓1.4%
Contracted Services	\$401,904	\$686,293	\$917,608	↑128.3%
Utilities	\$171,906	\$223,251	\$574,265	↑234.1%
Total	\$970,076	\$1,374,950	\$1,832,638	↑88.9%

Sanitation

E. Municipal Comparisons

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Water Treatment Service Delivery Model	OCWA	Municipal Service	Municipal Service	OCWA	Municipal Service	OCWA
Wastewater Treatment Service Delivery Model	OCWA	Municipal Service	Municipal Service	OCWA	OCWA	OCWA
Distribution and Collection Service Delivery model	Municipal Service	Municipal Service	Municipal Service	Municipal Service	Municipal Service	Municipal Service
Operating Costs	\$3,117,980	\$2,766,808	\$2,851,203	\$3,468,113	\$3,118,475	\$2,935,531
Revenue	\$1,975,963	\$4,472,341	\$3,481,898	\$5,187,081	\$2,679,053	\$278,295
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$241.03	(\$597.80)	(\$99.18)	(\$450.46)	\$107.33	\$603.92
Cost Recovery	63.4%	161.6%	122.1%	149.6%	85.9%	9.5%

Waste Management

A. Mandate

Physical Services department is responsible for the management of the Town's solid waste and recyclables collection contract and the operation of the Town's landfill.

B. Basis for Delivery

There is no requirement under the Municipal Act for municipalities to collect solid waste or maintain landfill operations. However, where a municipality chooses to do so, the provisions of the Environmental Protection Act, R.S.O. 1990, c.E.19 and Ontario Regulation 232/98: Landfilling Sites ('EPA') apply.

C. Organizational Structure

Solid waste and recyclable collection is a contracted service. The Town's landfill employs two fulltime employees – a landfill attendant who reports to the Town's cemetery foreman who is also responsible for the landfill.

Waste Management

D. Financial Overview

The Town spent \$929,597 in 2015 for waste management, which represents an increase of 12% from the 2013 fiscal year. Based on the nature of the service delivery, contracted services represents the largest single expenditure item, amounting to \$686,352 or 74% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$656,255	\$706,993	\$686,352	↑4.5%
Wages and Benefits	\$115,858	\$172,187	\$162,979	↑40.7%
Materials and Supplies	\$45,730	\$62,691	\$24,732	↓45.9%
Office Expenses	\$900	\$786	\$771	↓14.3%
Insurance	\$612	\$625	\$640	↑4.6%
Landfill Closure Costs	\$10,000	\$205,900	\$50,000	↑400.0%
Legal	\$0	\$1,960	\$3,953	-
Total	\$829,355	\$1,151,142	\$929,567	↑12.1%

Waste Management

E. Municipal Comparisons

The following is the comparative analysis for the provision of solid waste management service including garbage collection, recycling programs and landfill operation for the Town and its municipal comparator group. All of the municipalities compared contract out solid waste management services but vary in the level of revenues associated with the service. The Town's net operating costs and cost recovery are consistent with the municipal comparators, although its landfill operating hours per week (54) are the highest of the comparator group.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Service Delivery Model	Contracted Service	Contracted Service	Contracted Service	Contracted Service	Contracted Service	Contracted Service
Operating Costs	\$929,567	\$938,700	\$926,285	\$829,417	\$658,105	\$1,407,378
Revenue	\$430,739	\$977,450	\$166,000	\$678,339	\$41,850	\$599,690
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$105.29	(\$13.58)	\$119.56	\$39.59	\$150.50	\$183.57
Cost Recovery	46.3%	104.1%	17.9%	81.8%	6.4%	42.6%
Number of landfills	1	1	1	1	1	1
Operating hours per week	54.0	44.0	43.0	47.0	49.0	40.0

Teck Pioneer Residence

A. Mandate

Teck Pioneer Residence is an 81-bed municipal facility that provides long-term care to residents. Under the terms of the Long-Term Care Homes Act, 2007, S.O. 2007, c.8 (the 'LTCHA'), Teck Pioneer Residence is required to deliver a range of mandated services, including:

- Nursing services, including the presence of at least one registered nurse on a 24/7 basis;
- Personal support services;
- Restorative care;
- Recreational and social activities;
- Dietary services and hydration;
- Medical services;
- Access to religious and spiritual practices;
- Accommodation services, including housekeeping, laundry and maintenance; and
- Volunteer programs.

Teck Pioneer Residence

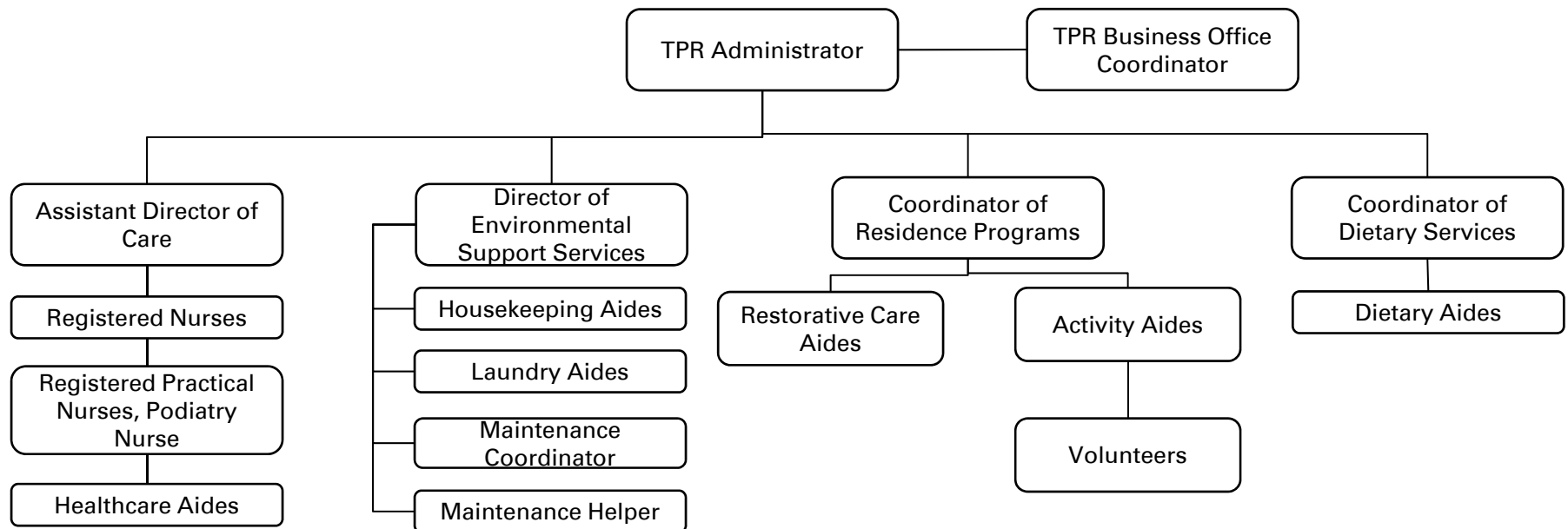
B. Basis for Delivery

While the LTCHA requires Southern Ontario municipalities to establish and maintain a municipal home, the requirement for a municipal home is optional for northern municipalities.

Within Ontario, municipal homes represent the minority of both long-term care facilities and beds. A recent publication by the Ontario Association of Non-Profit Homes and Services for Seniors ('OANHSS') indicates that municipal homes account for only 17% of long-term care homes in Ontario and 21% of long-term care beds.

In at least one instance – the F.J. Davey Home in Sault Ste. Marie – a municipality has chosen to discontinue municipal support of a long-term care home in favour of a not-for-profit model that does not involve municipal support.

C. Organizational Structure



Teck Pioneer Residence

D. Financial Overview

The Town spent \$5.5 million in 2015 for services related to the operation of Teck Pioneer Residence, which represents an increase of 4% from the 2013 fiscal year. Based on the nature of the service delivery, wages and benefits represents the largest single expenditure item, amounting to \$4.5 million or 82% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$93,504	\$94,582	\$79,298	↓15.2%
Wages and Benefits	\$4,423,357	\$4,512,669	\$4,490,415	↑1.5%
Materials and Supplies	\$546,382	\$600,672	\$654,505	↑19.8%
Office Expenses	\$16,638	\$12,064	\$11,993	↓27.9%
Insurance	\$19,370	\$19,682	\$19,838	↑2.4%
Utilities	\$155,674	\$172,565	\$172,456	↑10.8%
Training and Education	\$12,883	\$8,336	\$7,341	↓43.0%
Legal	\$1,571	\$4,231	\$23,103	-
Total	\$5,269,379	\$5,424,801	\$5,458,949	↑3.6%

E. Municipal Comparisons

The other municipalities selected for comparison do not directly operate long-term care facilities and as such, a comparison of the level of financial support is not available. However, we have included an analysis of performance level indicators (which can be an indicator of service levels) on the following page.

Teck Pioneer Residence

For the purpose of our analysis, the following service level indicators were selected:

- Antipsychotic Drugs – The percentage of long-term care home residents without psychosis using antipsychotic medication
- Pressure Ulcers – The percentage of long-term care home residents who developed a new stage 2 to 4 pressure ulcer or had an existing pressure ulcer that worsened to stage 2, 3, or 4
- Falls – The percentage of long-term care home residents who fell
- Physical restraints – The percentage of long-term care residents who were physically restrained daily

As noted below, Teck Pioneer Residence reported quality indicators that were generally lower than the average for both the North East Local Health Integration Network and the Province of Ontario.

Home	Anti-Psychotic Drugs	Pressure Ulcers	Falls	Physical Restraints
Teck Pioneer Residence	35.7%	2.5%	9.1%	16.8%
North East Local Health Integration Network	26.5%	3.5%	15.3%	10.1%
Province of Ontario	27.3%	3.1%	14.8%	7.4%

Teck Pioneer Residence does not control admissions of residents; rather the Northeastern Ontario Community Care Access Centre is responsible for admissions and waitlist management. To a large extent, the quality indicators for Teck Pioneer Residence do not reflect quality of care but rather:

- Residents with dementia (including but not limited to Alzheimer's Disease), which require higher levels of anti-psychotic drugs and the restraint of residents (which leads to pressure ulcers);
- The absence of mental health or allied dementia services in the immediate vicinity of Kirkland Lake, which results in the use of Teck Pioneer Residence as the primary care provider for individuals with dementia; and
- The suspicion of the quality of reporting by long-term care facilities.

Child Care

A. Mandate

The Kirkland Lake Day Care Centre is a municipally owned and operated child care facility which is licensed under the *Child Care and Early Years Act* and provides a full range of services to the community including:

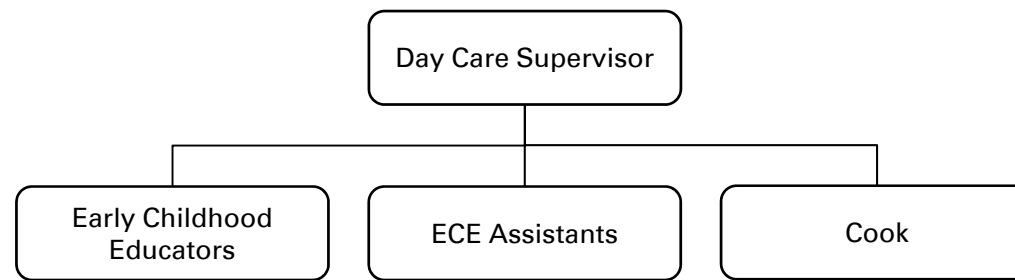
- Full and part-time day care for infants to age 5 years;
- Before and after school care for Kindergarten students;
- Limited before and after school care for school-aged children; and
- Socialization program

B. Basis for Delivery

There is no legislated requirement for a municipality to operate a child care facility. Many municipalities choose not to provide the service and allow for other community organizations to do so.

C. Organizational Structure

The Kirkland Lake Day Care Centre's supervisor reports to the Director of Community Services and oversees the Centre's 10 fulltime and 2 part-time staff.



Child Care

D. Financial Overview

The Town spent \$625,079 in 2015 for the operation of the municipal day care, which represents a decrease of 3.5% from the 2013 fiscal year. Based on the nature of the service delivery, wages and benefits represents the largest single expenditure item, amounting to \$556,958 or 89% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$4,521	\$3,754	\$3,532	↓21.9%
Wages and Benefits	\$571,755	\$501,259	\$556,958	↓2.6%
Materials and Supplies	\$60,512	\$47,320	\$53,630	↓11.4%
Office Expenses	\$795	\$406	\$403	↓49.3%
Insurance	\$1,939	\$1,975	\$2,128	↑9.7%
Training and Education	\$212	\$882	\$1,508	↑611.3%
Utilities	\$7,840	\$7,922	\$6,920	↓11.7%
Total	\$647,574	\$563,518	\$625,079	↓3.5%

Child Care

E. Municipal Comparisons

The following is the comparative analysis for child care services for the Town and its municipal comparator group. Only the City of Dryden and Town of Fort Frances directly provide child care services. The City of Elliot Lake, the Town of Kapuskasing and the City of Temiskaming Shores do not own and operate child care facilities. While the Town does not operate its child care services at full cost recovery similar to the Town of Fort Frances, the Town of Kirkland Lake provides child care services at lower net operating cost than the City of Dryden but with lower recovery of its costs.

	Kirkland Lake	Dryden	Fort Frances
Child Care Operating Costs	\$625,079	\$1,732,490	\$1,440,290
Revenues	\$527,525	\$1,639,710	\$1,440,290
Households	4,738	2,853	3,816
Net Operating Cost per Household	\$20.59	\$32.52	\$0.00
Cost Recovery	84.4%	94.6%	100%

Parks and Recreation

A. Mandate

The Town's Community Services department is responsible for the operation and delivery of recreational and community based activities. The majority of the Town's recreational services are delivered in the Joe Mavrinac Community Centre. The Town's recreational maintenance is also a responsibility of the Town's Community Services department. The Joe Mavrinac Community Centre houses the following services:

- Arena;
- Indoor swimming pool;
- 2 squash courts; and
- Fitness centre which includes an aerobic room and a weight room.

Beyond the physical infrastructure at the Joe Mavrinac Community Centre, the Town also offers a variety of recreational programming including aquatics, a summer day camp, cross-country skiing and snowshoeing, sports fields, parks (including splash parks, dog parks, Kinross park) and running/walking trail programs.

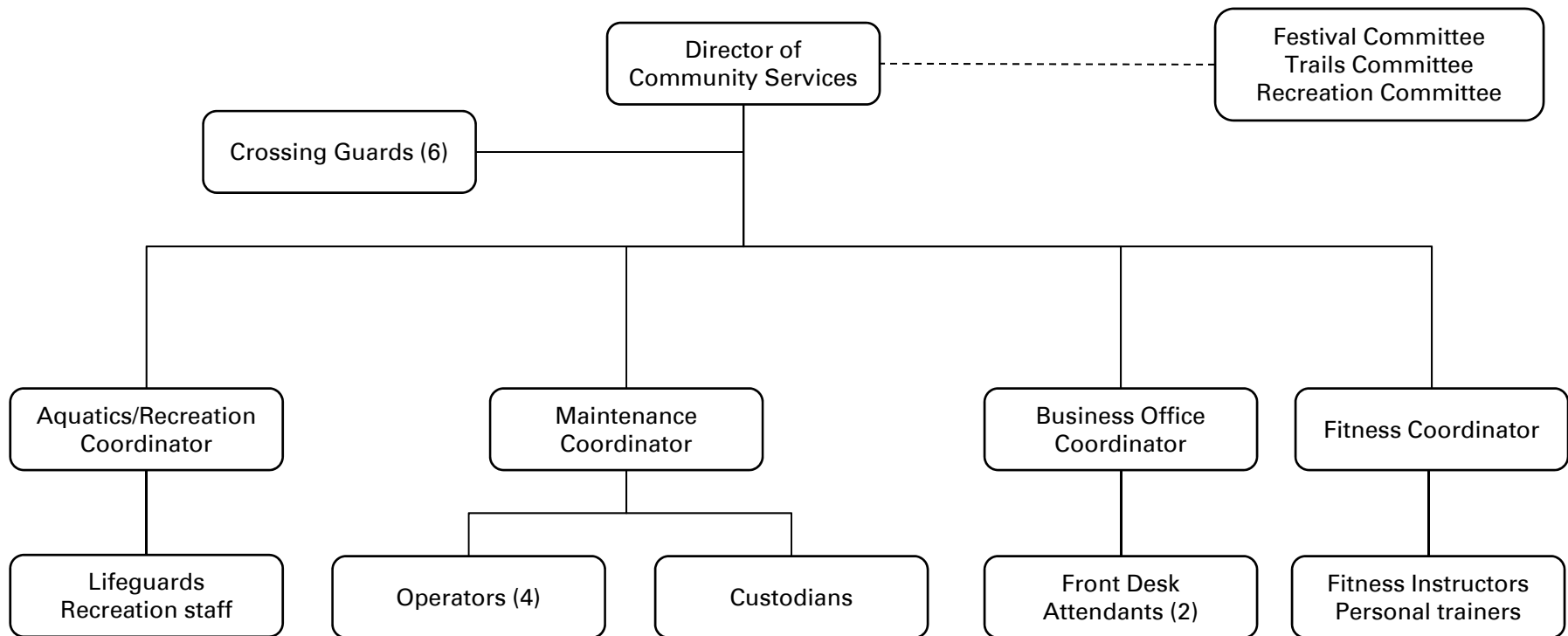
B. Basis for Delivery

The provision of parks and recreation services (either through programming or access to recreational facilities) is not legislated and as such, represents a discretionary (although expected) municipal service.

Parks and Recreation

C. Organizational Structure

The Town's parks and recreation services is comprised of 12 fulltime employees and 3 part-time employees with the use of student employees to provide lifeguard and front desk attendant services.



Parks and Recreation

D. Financial Overview

The Town spent \$1.7 million in 2015 for its parks recreation services which includes the operations of its municipal complex (arena, pool, and fitness centre) which represents an increase of 4% from the 2013 fiscal year. Based on the nature of parks and recreation services being staff intensive, wages and benefits represent the largest single expenditure item, amounting to \$1.1 million or 64% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$76,528	\$45,920	\$45,454	↓40.6%
Wages and Benefits	\$971,730	\$1,060,295	\$1,070,985	↑10.2%
Materials and Supplies	\$180,274	\$180,397	\$181,142	↑0.5%
Office Expenses	\$7,640	\$3,747	\$3,477	↓54.5%
Insurance	\$83,673	\$85,772	\$86,706	↑3.6%
Utilities	\$289,210	\$245,057	\$289,091	↓0.1%
Training and Education	\$3,256	\$691	\$1,392	↓57.2%
Total	\$1,612,311	\$1,621,879	\$1,678,247	↑4.1%

Parks and Recreation

E. Municipal Comparisons

The following is the comparative analysis for the provision of parks and recreation services for the Town and its municipal comparator group. For the purposes of the comparative analysis, all of the municipalities compared operate at least one ice pad at its recreational complexes (Fort Frances and Dryden have two ice pads at their respective complexes and Temiskaming Shores operates two municipal arenas), all operate a municipal indoor swimming pool and all except Elliot Lake and Temiskaming Shores house these facilities in one complex facility.

The net operating costs for the Town's recreation facilities is the second lowest among the comparator municipalities. The Town's rate of cost recovery is the highest within in the comparator group at 46.0%.

Recreational Facilities

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Operating Costs	\$1,219,825	\$1,525,845	\$1,015,901	\$1,110,332	\$1,334,940	\$1,233,974
Revenue	\$561,067	\$667,988	\$435,635	\$463,029	\$346,466	\$325,038
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$139.04	\$300.69	\$91.25	\$169.63	\$241.44	\$206.58
Cost Recovery	46.0%	43.8%	42.9%	41.7%	26.0%	26.3%

Library

A. Mandate

The goal of the Teck Centennial Library is “to enrich the lives of Kirkland Lake residents by promoting literacy, and by providing access to recreational materials and information in a welcoming environment that fosters connections with others in the community.”

Basis for Delivery

The operations of the Teck Centennial Library are established under the *Public Libraries Act* and the library is governed by a separate Board with one representative from the Town’s municipal Council.

C. Organizational Structure

The library interacts with the Town through its Board and the library staff report to the Chief Librarian, who is the only the fulltime position within the library’s organizational structure. The remainder are part-time employees and students.

Library

D. Financial Overview

The Town's library under the stewardship of the Teck Centennial Library Board spent \$285,128 in 2015, which represents an increase of 7.6% from the 2013 fiscal year. The Teck Centennial Library Board develops and adopts its own budget for the library's operations and wages and benefits represent the largest single expenditure item, amounting to \$198,505 or 70% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$17,452	\$21,501	\$18,549	↑6.3%
Wages and Benefits	\$194,319	\$208,940	\$198,505	↑2.2%
Materials and Supplies	\$32,219	\$32,983	\$46,635	↑44.7%
Office Expenses	\$3,712	\$3,276	\$2,397	↓35.4%
Insurance	\$3,273	\$3,381	\$3,399	↑3.8%
Utilities	\$13,692	\$12,722	\$15,495	↑13.2%
Training and Education	\$295	\$92	\$148	↓49.8%
Total	\$264,972	\$282,895	\$285,128	↑7.6%

Library

E. Municipal Comparisons

The following is the comparative analysis for library services the Town and its municipal comparator group. For the purposes of the comparative analysis, all of the municipalities compared operate one library site. The Town's net operating costs are the lowest in the comparator group. The level of cost recovery is consistent with the comparator group and the Public Libraries Act restricts a library's ability to recover costs through user fees.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Operating Costs	\$282,856	\$317,958	\$408,143	\$604,239	\$251,550	\$482,493
Revenue	\$6,318	\$14,375	\$5,687	\$40,116	\$4,235	\$22,216
Households	4,738	2,853	6,359	3,816	4,094	4,400
Net Operating Costs per Household	\$58.37	\$106.41	\$63.29	\$147.83	\$60.41	\$104.61
Cost Recovery	2.2%	4.5%	1.4%	6.6%	1.7%	4.6%

Museum

A. Mandate

The Town operates the Museum of Northern History located at the Sir Harry Oakes Chateau. The museum features a number of ongoing series of exhibits and special shows throughout the year.

The Museum's mandate is based on the following principal objectives:

- The Museum will ensure that the integrity of the Sir Harry Oakes Chateau (a designated heritage site) is maintained both as an artifact and a building, while providing education and cultural programs and facilities and other such activities as are compatible with the function of a public historical museum.
- The Museum will celebrate and reflect the community recognizing its personality and ethnic diversity.
- The Museum will foster pride in the community by educating the community about itself.
- The Museum will make a contribution to the economic, social, cultural, and educational life of Kirkland Lake.

B. Basis for Delivery

Museum services are discretionary in nature and are not required to be delivered under legislation or regulation.

C. Organizational Structure

Reporting through the Director of Economic Development and Tourism, the Museum of Northern History has two fulltime employees – the museum curator and a facilities administrator and three part-time employees sharing a 20 hour work week.

Museum

D. Financial Overview

The Town spent \$206,233 in 2015 for services associated with the Museum of Northern History, which represents a decrease of 15% from the 2013 fiscal year. Wages and benefits represent the largest single expenditure item, amounting to \$134,583 or 65% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$19,877	\$18,393	\$19,189	↓3.5%
Wages and Benefits	\$173,671	\$111,580	\$134,583	↓22.5%
Materials and Supplies	\$18,034	\$22,093	\$27,864	↑53.7%
Office Expenses	\$4,304	\$2,455	\$1,642	↓61.8%
Insurance	\$8,116	\$8,438	\$8,564	↑5.5%
Utilities	\$17,543	\$12,334	\$14,391	↓18.0%
Total	\$241,545	\$175,293	\$206,233	↓14.6%

Museum

E. Municipal Comparisons

The following is the comparative analysis for the operation of a municipal museum for the Town and its municipal comparator group. For the purposes of the comparative analysis, all of the municipalities compared operate a museum site with the exception of the City of Temiskaming Shores. The Town's net operating costs are consistent with the comparator group and the level of cost recovery is second highest in the comparator group.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Operating Costs	\$206,233	\$117,420	\$156,827	\$192,387	\$63,566	N/A
Revenue	\$59,644	\$36,700	\$21,410	\$45,938	\$2,500	N/A
Households	4,738	2,853	6,359	3,816	4,094	N/A
Net Operating Costs per Household	\$30.94	\$28.29	\$21.30	\$38.38	\$60.41	N/A
Cost Recovery	28.9%	31.3%	13.7%	23.9%	3.9%	N/A

Heritage North

A. Mandate

Originally named Hockey Heritage North, the former hockey based exhibit hall now operates under the name Heritage North and is a conference and event centre. The facility has a large banquet hall, boardrooms and other space available for rent for a variety of events.

B. Basis for Delivery

The operation of Heritage North is discretionary in nature and are not required to be delivered under legislation or regulation.

C. Organizational Structure

Reporting through the Director of Economic Development and Tourism, Heritage North has two fulltime employees – a facilities administrator and an events coordinator.

Heritage North

D. Financial Overview

The Town spent \$684,379 in 2015 for the operation of Heritage North which represents an increase of 14% from the 2013 fiscal year. Unlike other areas of the Town's operations, repayment of the initial loan for the facility's construction represents the largest single expenditure item, amounting to \$378,489 or 55% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$15,276	\$16,511	\$14,336	↓6.2%
Wages and Benefits	\$122,222	\$88,306	\$187,733	↑53.6%
Materials and Supplies	\$20,550	\$11,828	\$36,238	↑76.3%
Office Expenses	\$2,844	\$1,538	\$1,180	↓58.5%
Insurance	\$14,759	\$15,124	\$14,965	↑1.4%
Loan and Interest Payments	\$378,343	\$378,295	\$378,489	↑0.1%
Utilities	\$45,364	\$31,201	\$51,438	↑13.4%
Total	\$599,358	\$542,803	\$684,379	↑14.2%

E. Municipal Comparisons

Not applicable – Other municipal comparators do not own and operate a facility similar to Heritage North.

Economic Development and Tourism

A. Mandate

The Town of Kirkland Lake's Economic Development and Tourism department is responsible for the promotion and support of economic and community development initiatives approved by Council. The responsibilities include:

- Developing and implementing strategic plans to guide Kirkland Lake's economic and community development;
- Conducting project planning, administration and management;
- Liaison with provincial and federal government agencies on issues and initiatives that impact on the economic future of Kirkland Lake;
- Marketing the community to prospective investors and tourists;
- Providing basic research and information analysis on local conditions to prospective investors; and
- Working with other municipal departments and extra-Corporate organizations such as community interest groups, government agencies and businesses on projects that will contribute to making Kirkland Lake a better place to live, work, play, invest and visit.

Additionally, the Town's Information Technology and corporate communications staff are part of this department.

B. Basis for Delivery

Economic development and tourism services are not required under any legislation and as such, represents a discretionary (although expected) municipal service.

C. Organizational Structure

The department is overseen by the Director of Economic Development and Tourism. There are three other fulltime employees within the department including communications coordinator, information systems manager and a marketing intern.



Economic Development and Tourism

D. Financial Overview

The Town spent \$320,051 in 2015 for economic development and tourism activities, which represents a decrease of 31% from the 2013 fiscal year. Based on the nature of the service delivery, wages and benefits represents the largest single expenditure item, amounting to \$203,462 or 63% of total expenditures.

Operating Costs	2013 Actual	2014 Actual	2015 Actual	13-15 Change
Contracted Services	\$83,588	\$27,109	\$42,415	↓49.3%
Wages and Benefits	\$252,973	\$290,087	\$203,462	↓19.6%
Materials and Supplies	\$74,924	\$52,353	\$58,150	↓22.4%
Office Expenses	\$3,041	\$942	\$971	↓68.1%
Insurance	\$591	\$632	\$502	↓15.1%
Loan and Interest Payments	\$50,666	\$90,000	\$15,000	↓70.4%
Total	\$465,783	\$461,123	\$320,501	↓31.3%

Economic Development and Tourism

E. Municipal Comparisons

The following is the comparative analysis for economic development and tourism for the Town and its municipal comparator group. All of the municipalities compared undertake economic development and tourism activities but vary in how they deliver the service. Two comparators provide a separate corporation with an annual contribution for economic development activities – the City of Dryden and the Town of Kapuskasing. The Town’s contribution towards economic development and tourism is consistent with the comparator group.

	Kirkland Lake	Dryden	Elliot Lake	Fort Frances	Kapuskasing	Temiskaming Shores
Delivery Model	Municipal Service	Economic Development Corporation	Municipal Service	Municipal Service	Economic Development Corporation	Municipal Service
Operating Costs	\$320,501	\$179,680	\$482,173	\$187,895	\$250,000	\$325,898
Households	4,738	2,853	6,359	3,816	4,094	4,400
Operating Costs per Household	\$67.64	\$62.98	\$75.83	\$49.24	\$61.06	\$74.07



Key Themes

Town of Kirkland Lake Service Delivery and Operational Review

Key Themes

During the course of our review, a number of themes emerged concerning both positive aspects to the Town's operations and areas of potential improvements (which support the rationale for the service review and its focus on enhancing the efficiency of the Town's operations), which we have summarized below.

1. Town management appears to be focused on cost containment and tax minimization

During the course of our review, we note that the Town's overall approach to municipal operations appears to be focused on cost containment, with the overriding goal of maintaining costs within the approved municipal budget. Examples of management's focus on cost containment and tax minimization include:

- The allocation of personnel between different departments. In a number of different instances, Town employees are assigned shared responsibilities across functions, eliminating the risk of excess staffing;
- A systemic approach to determining user fees. In our experience, municipalities vary in their approach to establishing user fees. Many municipalities will adjust their user fees by the rate of inflation (approximately 3%) on an annual basis without reviewing the operating costs of providing the service while also taking into account the future capital needs of the associated infrastructure. Based on information shared during the review, the Town appears to approach recreational user fees in a manner that considers the operating and capital costs associated with the service. In addition, the Town has established non-resident user fees for recreational services, which addresses the issue of non-residents utilizing municipal services that are funded partially through municipal taxes.
- The consideration of tax policy scenarios that attempt to provide for a reasonable and fair allocation of the municipal levy. We understand that as part of the 2016 municipal budget process, the Town contemplated changes to property ratios, the intention of which was to address a perceived under assessment of certain non-residential property classes and provide for a better allocation of the municipal levy between residential and non-residential taxpayers.
- Where programs are established, the Town has developed practical criteria for eligibility. For example, financial support for sports tourism requires applicants to demonstrate that the event will result in incremental visits to the community, thereby justifying the Town's involvement.
- The Town has entered into shared service arrangements with other organizations, most notably the Kirkland and District Hospital, which allows it to reduce operating and capital costs.

Key Themes

2. The Town's approach to financing wastewater services significantly impact municipal tax levels

As noted earlier in our report, the Town continues to fund wastewater services through the municipal levy as opposed to user fees. This is inconsistent with the other municipalities included in the comparative analysis, which rely on user fees to a much greater extent to fund wastewater services. As noted below, the Town currently funds 4.5% of wastewater operating costs through user fees, compared to other municipalities that fund between 21% and 180% of operating costs through user fees (municipalities with user fees in excess of 100% of operating costs also fund a portion of capital costs through user fees).

(In Thousands)	User Fees	Operating Costs	Differential	Percentage Funded Through User Fees
Kirkland Lake	\$61	\$1,358	(\$1,297)	4.5%
Dryden	\$2,205	\$1,222	\$983	180.4%
Elliot Lake	\$1,813	\$1,524	\$289	119.0%
Fort Frances	\$2,492	\$1,885	\$607	132.2%
Kapuskasing	\$845	\$1,627	(\$782)	51.9%
Temiskaming Shores	\$147	\$706	(\$559)	20.8%

Given the significant difference in wastewater user fees between the Town and other municipalities, any comparison of municipal tax levies should consider the fact that wastewater costs account for approximately 10% of the Town's municipal levy, whereas other communities have a much lower reliance on taxes for wastewater services.

We understand that the Town will be shifting towards a greater reliance on user fees to fund wastewater services, with the expectation that this will result in a reduction of the municipal levy, as noted on the following page.

Key Themes

Scenario (based on 2015 budgeted amounts)	Decrease in Municipal Levy (in thousands)	Decrease in Municipal Levy (percentage)	Residential Tax Rate
Current scenario	–	–	2.391069%
User fees fund 20% of wastewater costs (next lowest municipality)	(\$206)	1.97%	2.343965%
User fees fund 50% of wastewater costs	(\$516)	4.93%	2.273189%
User fees fund 75% of wastewater costs	(\$773)	7.37%	2.214847%
User fees fund 100% of wastewater costs	(\$1,031)	9.84%	2.155788%

3. Taxation levels are also impacted by discretionary services

As identified in our report, there are a number of services currently provided by the Town that are (i) discretionary in nature, with no legislative or regulatory requirement for the Town's involvement; or (ii) funded to a higher degree than other municipalities.

Examples of discretionary services that are either not provided or funded to a lesser extent by other (but not all) municipalities or include the following:

- Teck Pioneer Residence – tax support of \$770,000 in 2015 (7.4% of municipal levy)
- Heritage North – tax support of \$602,000 in 2015 (5.7% of municipal levy)
- Museum operations – tax support of \$152,000 in 2015 (1.5% of municipal levy)
- Childcare operations – tax support of \$63,000 in 2015 (0.6% of municipal levy)

Key Themes

4. Aspects of the Town's operations are characterized by inefficiencies and potential internal control weaknesses

The results of our review have identified instances where the Town's activities involve manual processes, duplication of efforts and insufficient internal controls. Some examples identified during the course of our review include:

- The Town's policies with respect to fuel usage by municipal vehicles requires employees to complete slips that list vehicle number, the amount of fuel used and odometer readings, which are then to be summarized to provide a perpetual inventory (i.e. running total) of fuel inventory. The Town's policies further require fuel tanks to be dipped in order to compare the amount of fuel on hand to the perpetual inventory, with discrepancies investigated. Notwithstanding these policies, we observed that slips were not fully completed at the time that vehicles are fueled and were not used for reconciliation purposes, precluding the maintenance of a perpetual inventory system. As the Town does not maintain a perpetual inventory system for fuel, it is unable to determine the extent, if any, of losses due to the personal use of municipal fuel.
- The Town's current processes for user fees involves staff within the various functional departments (e.g. parks and recreation) preparing customer invoices for services rendered. However, these invoices are not sent to the customers but rather are forwarded to another employee within Town who is responsible for preparing a final invoice based on the information listed on the initial invoice, which represents a duplication of efforts.
- The Town is currently in the process of implementing purchase orders, the intention of which is to ensure that purchases are appropriately authorized prior to individuals committing the Town to an expenditure. However, we note that the proposed purchase order system may permit individuals to approve purchases in excess of their authorization levels, thereby precluding the effectiveness of the system.
- The Town's payroll processes include the use of manual processes to track certain information as opposed to reliance on the Town's payroll system.



Opportunities for Consideration

**Town of Kirkland Lake Service Delivery and Operational
Review**

Opportunities for Consideration

This section of our report outlines potential opportunities that could be considered by the Town as a means of addressing the findings from our review. The majority of the opportunities identified from the review fall into one of three categories:

- Changes to services and service levels;
- Changes to the Town's approach to funding municipal services; and
- Organizational changes to staffing and job functions that will support the Town's delivery of services

Pursuant to the provisions of the Municipal Act, matters involving identifiable individuals (s.239(2)(b)), the proposed pending acquisition or disposition of land (s.239(2)(c)), and/or labour relations or employee negotiations (s.239(2)(d)) can be discussed during a closed session of Council due to the sensitive nature of the matters involved. KPMG has requested that opportunities meeting these conditions be included in a separate report for presentation to Council during closed session. As such, this report does not include opportunities relating to organizational and staffing matters.

We believe that opportunities will differ based on the nature of the approval required for implementation. Specifically, we suggest that some opportunities – those that are purely operational in nature – could be implemented by management without Council's explicit approval on the basis that these are operational matters and fall within management's discretion. Other opportunities – for example those involving major changes to staffing – are considered to be more strategic in nature and as such, would likely require Council approval prior to implementation. Ultimately, the distinction between operational and strategic opportunities rests with the Town, recognizing that Council's role is that of a governance body.

The potential opportunities for consideration follow.

Reduce Landfill Operating Hours

Currently, the Town's landfill operates Monday to Friday, 8:00 am to 6:00 pm and Saturday, 8:00 am to 12:00 pm, with no differentiation between winter and summer hours. With a total of 54 operating hours per week, the Town provides the highest level of service (in terms of operating hours) of the selected municipal comparator group, which other municipalities providing between 40 and 49 hours per week (average of 45 hours per week).

As a means of reducing operating costs and providing a level of service that is consistent with other similar municipalities, the Town may wish to consider reducing its landfill operating hours, either through:

- The introduction of a reduced operating schedule in winter months; or
- The overall reduction of operating hours on a year-round basis.

Establish an Appropriate Rate for Non-Residential Waste Collection

We understand that the Town currently provides solid waste collection for non-residential customers, including industrial, commercial and institutional properties as well as large multi-residential properties and that its new contract for waste collection includes the continuation of this service. We note, however, that municipalities typically do not provide solid waste collection to non-residential customers (including large multi-residential properties) but rather require these customers to make arrangements with third party providers.

Given that the Town has entered into a contract that includes the provision of waste collection services to non-residential customers, we do not believe that it can discontinue this service at the present time. We understand that the Town is currently in the process of establishing a user fee for this service and consideration should be given to determining the user fee with reference to market rates for similar services.

Establish a Formal Communications Policy

During the course of our review, we noted that the Town does not appear to have corporate communications and social media communications policies in place. As a result, there are multiple points of contact for municipal services such as various social media pages without any corporate coordination. In addition to risk of contradictory messaging, the absence of a formal communications policy can result in a duplication of effort as multiple Town personnel may be involved in the same activities.

Policies such as these are considered to be municipal best practice and assist in the delivery of effective and efficient municipal services where the community and beyond has the opportunity to inform themselves as to the Town's activities.

Establish a Phased Approach to Full Cost Recovery for Wastewater Services

As noted earlier in our report, the Town currently finances the majority of its wastewater costs through the municipal levy, which has resulted in:

- A higher level of municipal taxes than comparable communities that fund wastewater services through user fees (with the differential representing as much as 10% of the municipal levy or approximately \$210 per household; and
- An order by the Ontario Municipal Board to reduce taxes for certain areas of the Town where wastewater services are not available, which has impacted the level of taxation revenue as well as the allocation of the levy within the Town.

We understand that the Town is currently moving towards a full-cost recovery system for water services. In contemplation of this change in funding model, the Town may wish to consider:

- Establishing a wastewater rate that is determined as a percentage of the customer's water billing (either flat or metered). The determination of the wastewater rate percentage should reflect the budgeted wastewater costs as a percentage of water costs;
- Establishing a schedule for additional wastewater fees that would be invoiced in addition to the regular wastewater billings;
- Utilizing a five-year phase in period for full cost recovery whereby the Town increases the percentage of costs funded through user fees by 20% per year. This will provide a transition period for ratepayers to adjust to full-cost recovery; and
- Approaching major non-residential taxpayers who may not receive wastewater services (and as such may benefit from the transition to full cost recovery) for some form of transitional financial support (e.g. donation) to mitigate the impact of the transition on residential taxpayers.

Establish Full Cost Recovery for Building Inspection Services

Under Section 7 of the *Ontario Building Code Act*, municipalities are provided with the authority to establish fees for building services and associated permits and provided with the ability to operate respective building departments at full cost recovery.

In 2015, the Town of Kirkland Lake generated \$26,327 in building permit revenues while spending \$446,773 within its Planning and Building department in 2015, resulting in a cost recovery rate of 6%. Establishing a full cost recovery structure would allow the Town to reduce its municipal levy by as much as 3% assuming full cost recovery for planning and building inspection services.

While the Town may not wish to consider full cost recovery for building inspection services, consideration could be given to increasing the level of cost recovery to a defined target (for example, 50% of costs). Should the Town wish to pursue this opportunity, it may wish to consider establishing a phase-in period (for example, three years) to allow for a transition from the current to the contemplated rate recovery structure.

Establish Differential Ice Rental Rates for Shoulder Season

Under its current operating model, the Town provides ice rental times at the Joe Mavrinac Complex in early August and based on need, the ice is typically removed by the beginning of April. In some cases, municipalities will charge a “shoulder season” rate which is higher than their normal user fees for the months of August and September and any ice beyond the month of March. The rationale behind charging these increased fees is the operational costs for maintaining an ice surface in those months are higher as a result of warmer temperatures.

The Town may wish to consider the implementation of increased user fees for ice at the complex for the months that fall outside of typical ice operations to provide for a higher level of cost recovery during the shoulder season.

Reduce Maintenance Levels at the Municipal Airport

The Town owns and operates its municipal airport and maintains its runway to the national certification standard, which is a requirement for airports with scheduled air service. However, the Town currently does not have scheduled flight service and the likelihood of securing regular scheduled air service is extremely low. As such, the Town's current maintenance requirements for the airport exceeds the actual level required.

The Town may wish to consider a reduction in maintenance levels to a standard that is consistent with the requirements for medical related flights (i.e. Ornge) and the Ministry of Natural Resources and Forestry, which we understand is significantly lower than the current standard. We anticipate that the financial impacts associated with the change in service will be reflected in both the operating and capital costs associated with the airport.

Address Process Inefficiencies

The results of our review noted a number of instances where the Town's internal processes are characterized by inefficiencies and potential weaknesses from an internal control perspective. We understand that the Town is currently in the process of revising its policies to provide for greater operational efficiency as well as to address potential internal control risks and suggest that the Town consider the of following:

- The elimination of duplication of efforts identified in connection with the Town's invoicing processes, with only one Town employee completing invoices.
- The extension of purchase orders to all functional units within the Town, with:
 - Functional units required to utilize purchase orders for larger, non-recurring transactions;
 - The finance department undertaking a match between invoices and purchase orders to ensure that all purchases are either (i) appropriately approved prior to commitment; or (ii) invoices without purchase orders fall within a pre-defined list of exceptions; and
 - The finance department reviewing the authorization of purchase orders and invoices to ensure that the individual approving the purchase order and invoice has the appropriate authority to do so.
- A review of and adjustment to the Town's purchasing and procurement policy/by-law to ensure that:
 - Approval levels are appropriate given the size of the Town;
 - The Town's conflict of interest policy is sufficiently worded to avoid the risk of individuals purchasing from family members or otherwise receiving a personal benefit;
 - An appropriate approval process is adopted for sole source/single source procurements, which may include the requirement for all sole/single source procurements below a certain dollar value (e.g. \$25,000) to be approved by the CAO, with sole/single source procurements above this amount approved by Council;
 - The requirement for all Town procurements to be advertised on an electronic bidding site (e.g. Biddingo), thereby ensuring that all potential bidders have the opportunity to propose. Currently, some Town opportunities (but not all) are advertised on Biddingo; and
 - The requirement for the Treasurer to report to Council annually with respect to compliance with the procurement policy.

Address Process Inefficiencies (continued)

- The elimination of duplicate efforts and manual record keeping in connection with the Town's payroll processing function
- The use of procurement cards for selected Town employees as a means of reducing the number of low-volume invoices processed
- The establishment of a formal inventory reconciliation process and system of associated controls over fuel utilization by Town personnel



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