



Township of Nipissing

Municipal Surplus and
Financial Indicators

June 7th, 2022



Agenda

1. Determining the Township's surplus
2. Assessing financial performance and position

Determining the Municipal Surplus



Operating Fund

What goes in:

- Taxes
- User fees
- Operating grants

What comes out:

- Salaries
- Materials
- Levies
- Transfers to reserves
- Transfers to capital fund



Reserve Fund

What goes in:

- Transfers from operations
- Interest (reserve funds only)
- Certain grants (obligatory reserve funds)

What comes out:

- Transfers to operating fund
- Transfers to capital fund



Capital Fund

What goes in:

- Capital grants
- Debt financing
- Transfers from operating fund
- Transfers from capital fund

What comes out:

- Capital expenditures
- Debt servicing costs

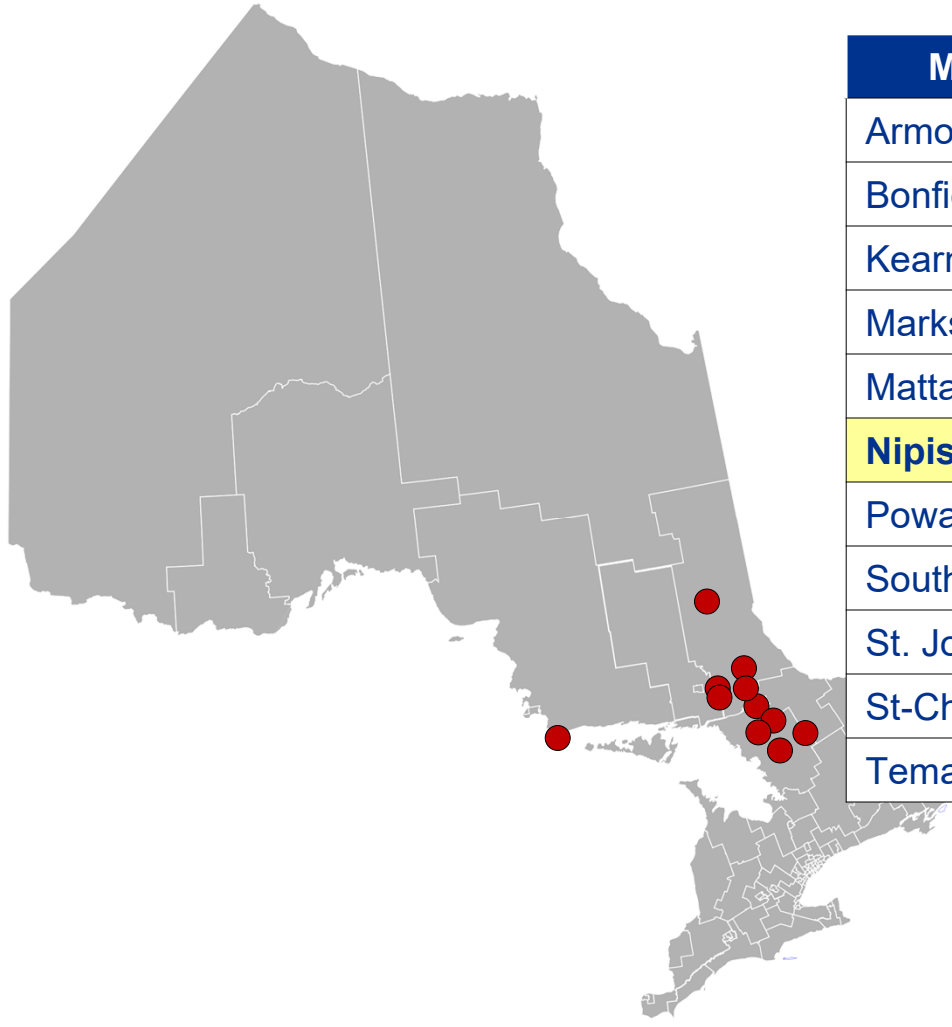
Determining the Municipal Surplus

Item	Budget Treatment	Financial Statement Treatment
Transfers to reserve	Reflected as an expense	Considered as a component of accumulated surplus and not shown as an expense
Transfers from reserves	Reflected as a revenue source	Considered as a component of accumulated surplus and not shown as a revenue
Capital expenditures	Reflected as an expense	Not expensed in the year of expenditure; rather, reflected on the statement of financial position as an addition to tangible capital assets
Amortization expense	Not budgeted	Reflected as an expense
Proceeds from debt issuance	Reflected as a revenue source	Not reflected as revenue; rather, reflected on the statement of financial position as an increase in liabilities
Principal repayment of long-term debt	Reflected as an expense	Not reflected as an expense; rather, reflected on the statement of financial position as a decrease in liabilities
Employee future benefit costs	Not budgeted	Reflected as an expense
Landfill closure and post-closure liability	Not budgeted	Reflected as an expense

Determining the Municipal Surplus

	2021	2020
Surplus (deficit) per financial statements	(\$485,730)	\$65,462
Items in financial statements but not budgeted:		
• Amortization expense	\$672,135	\$667,852
• Landfill closure and post-closure costs	\$566,393	\$278,289
• Change in prepaid expenses	(\$10,149)	(\$3,270)
• Change in inventory	\$63,337	(\$71,761)
• Gain (loss) on sale of capital assets	(\$3,214)	—
Items in budget but not in financial statements:		
• Capital expenditures	(\$646,023)	(\$843,406)
• Proceeds on issuance of long-term debt	\$139,645	\$425,442
• Proceeds on sale of capital assets	\$130,000	—
• Principal repayments on long-term debt	(\$86,151)	(\$50,879)
Surplus (deficit) for budgeting purposes before reserve transfers	\$340,243	\$467,729

Comparator Municipalities

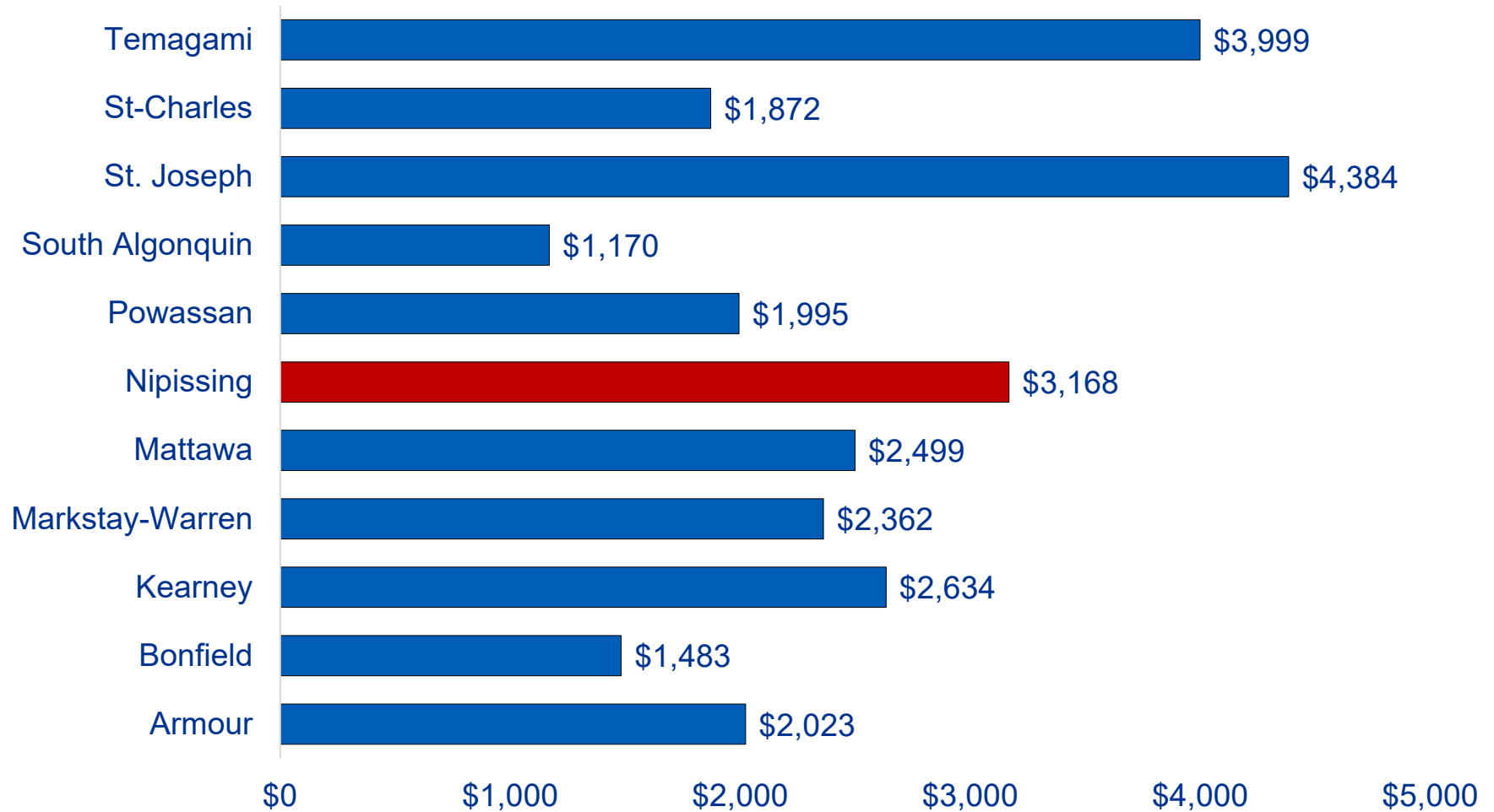


Municipality	Households	Population
Armour	1,087	1,459
Bonfield	1,080	2,146
Kearney	1,195	974
Markstay-Warren	1,199	2,708
Mattawa	929	1,881
Nipissing	1,012	1,769
Powassan	1,381	3,346
South Algonquin	894	1,055
St. Joseph	909	1,426
St-Charles	788	1,357
Temagami	928	862

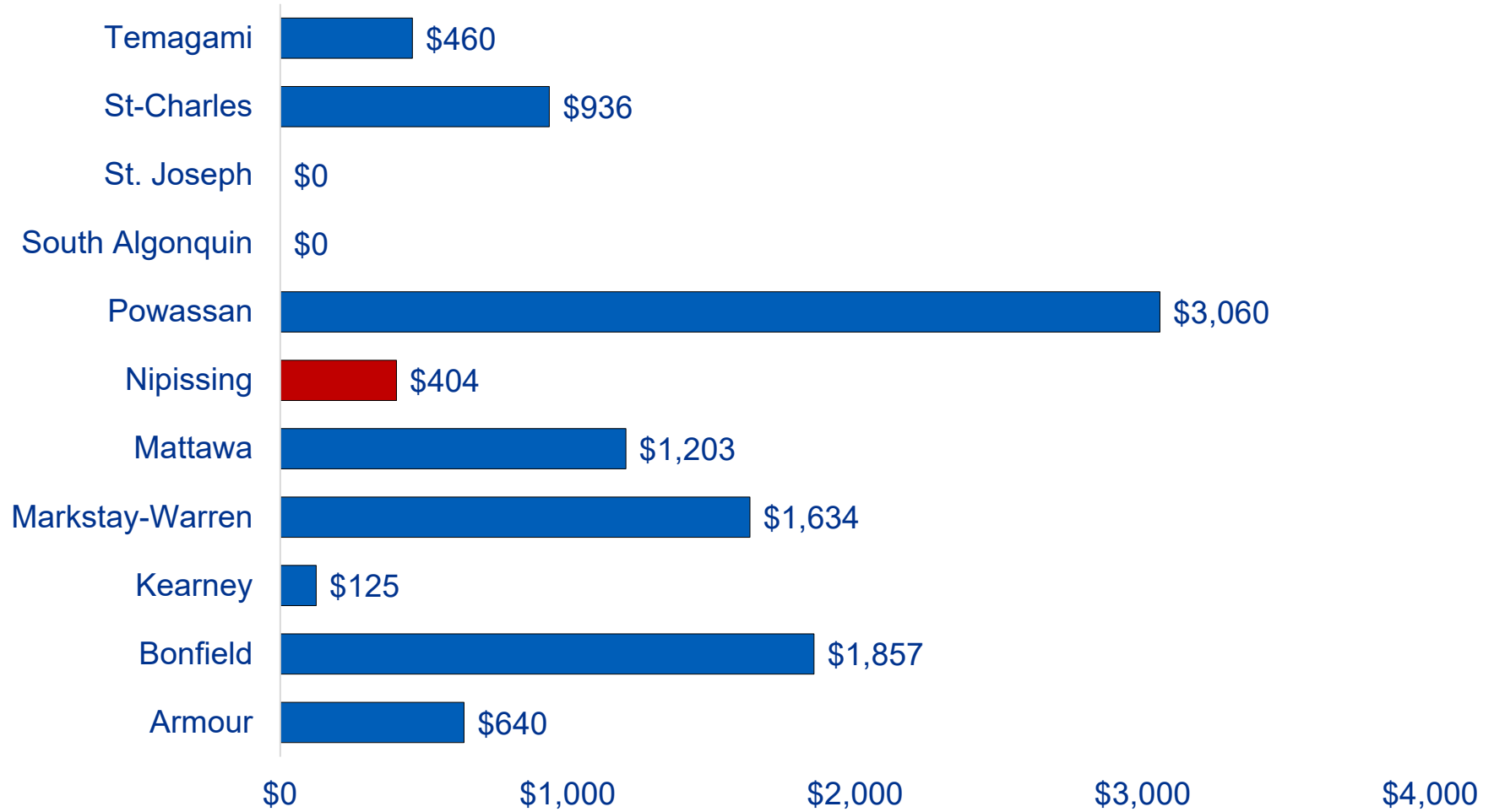
Financial Indicators of Performance

Category	Financial Indicators	Observations	For Council's Consideration
Sustainability Flexibility	<ul style="list-style-type: none"> Total reserves and reserve funds per household Total long-term debt per household 	<ul style="list-style-type: none"> Reserves and reserve funds are towards the upper end of the range Debt is in towards the lower end of the range 	Evaluate policy framework for reserves and reserve funds along with appropriate funding strategy
Vulnerability	<ul style="list-style-type: none"> Operating grants as a percentage of total revenues Capital grants as a percentage of total capital expenditures 	<ul style="list-style-type: none"> Operating grants are towards the lower end of the range, potentially reflecting service offerings Capital grants are in the mid-range of the comparator municipalities 	Continue to pursue operating and capital grants
Affordability	<ul style="list-style-type: none"> Residential taxes per household Residential tax rate 	<ul style="list-style-type: none"> Residential taxes per household are the third highest of the comparator group, potentially reflecting the absence of non-residential taxation in the community (less than 1%) Residential tax rates are the lowest of the comparator municipalities, reflect a higher level of assessment and (potentially) increased ability to pay 	Consider affordability as part of the Municipality's ongoing budget process, recognizing the current rate of inflation being experienced by municipalities
Capital Adequacy	<ul style="list-style-type: none"> Capital additions as a percentage of amortization expense Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets 	<ul style="list-style-type: none"> The Municipality has the second highest ratio of net book value to historical cost, reflecting a relatively higher level of reinvestment in infrastructure and (potentially) higher than average condition assessments 	Incorporate results of upcoming asset management planning into budgeting and future planning

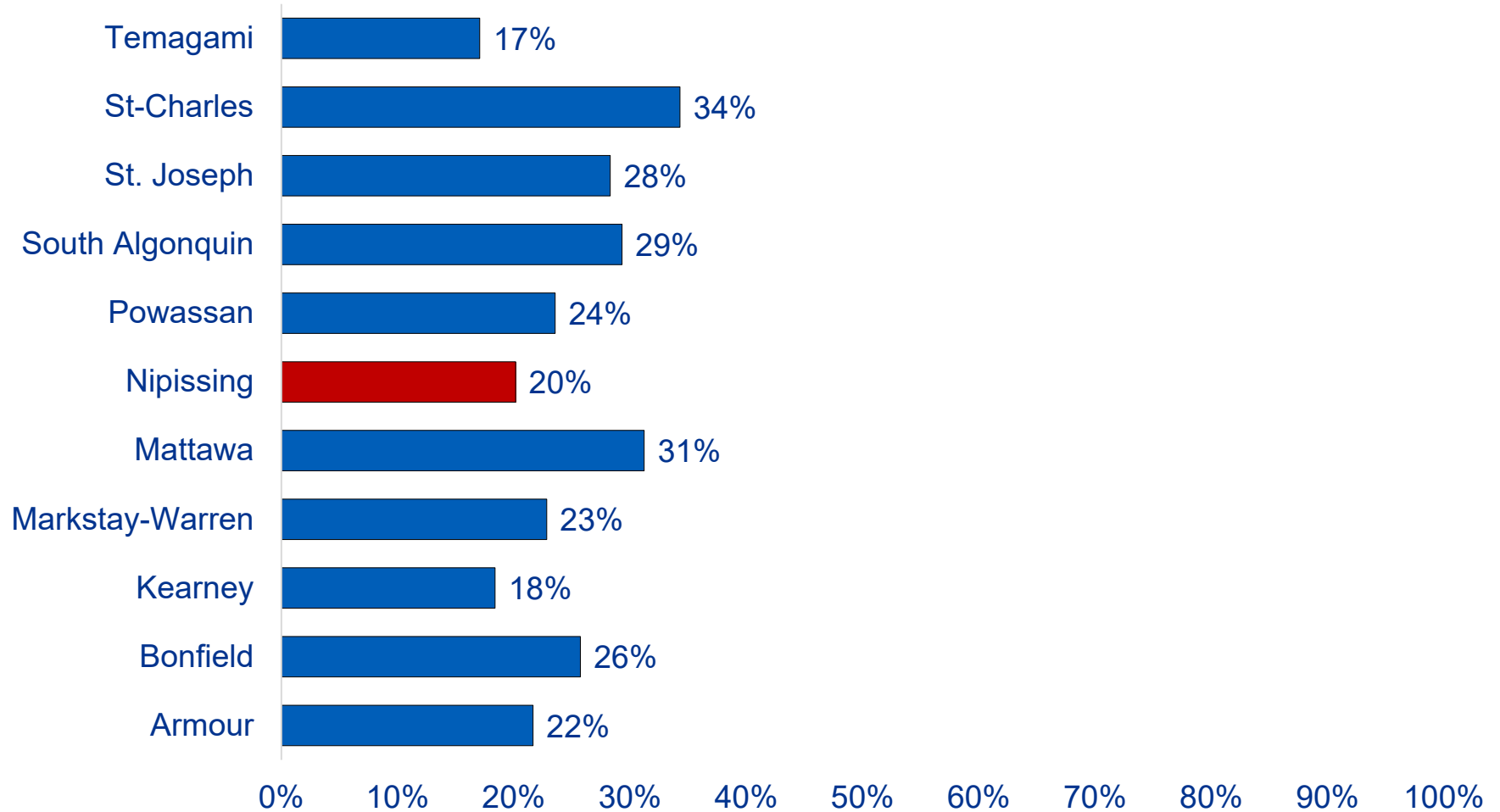
Reserves and Reserve Funds per Household



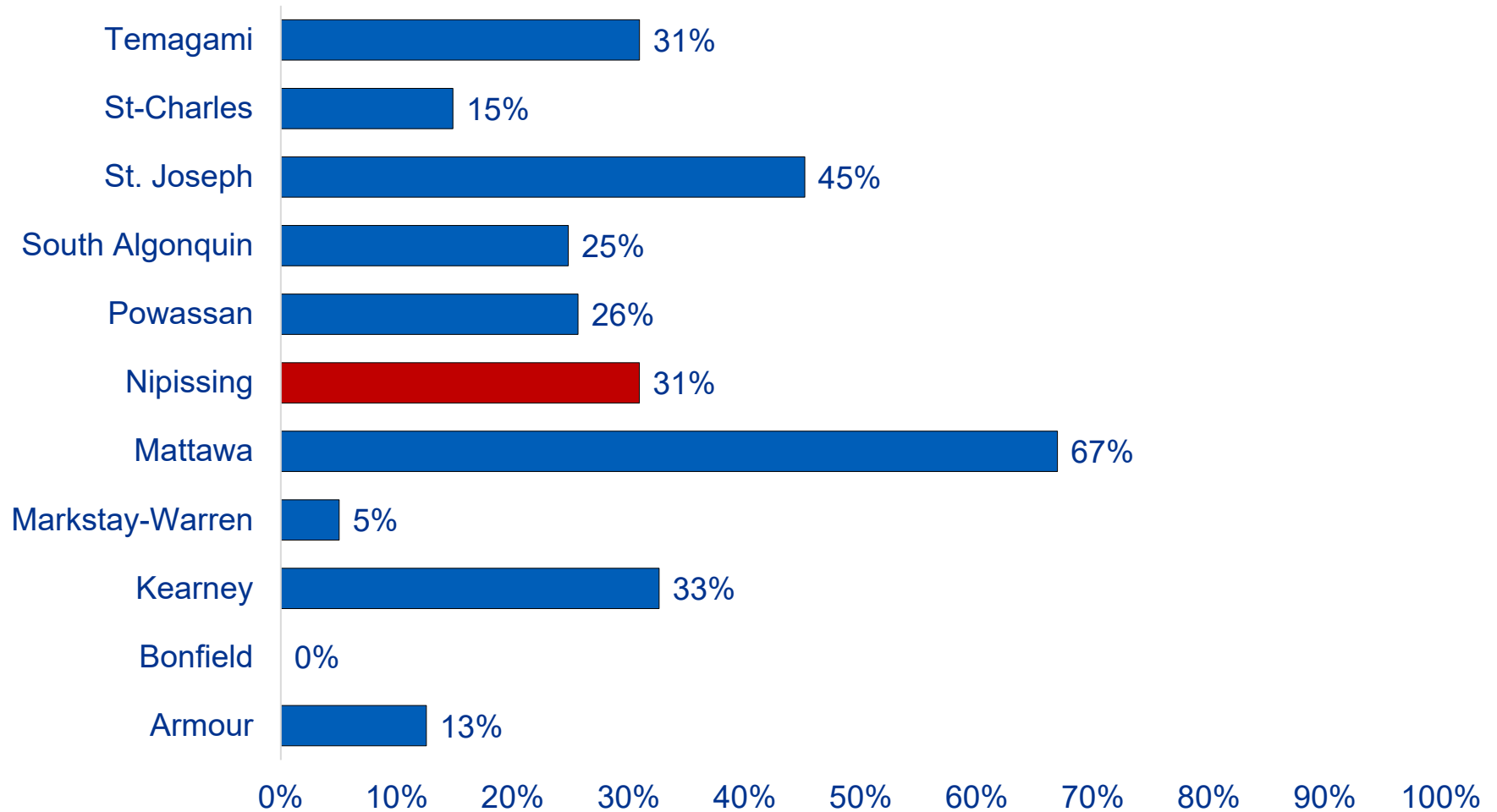
Long-term Debt per Household



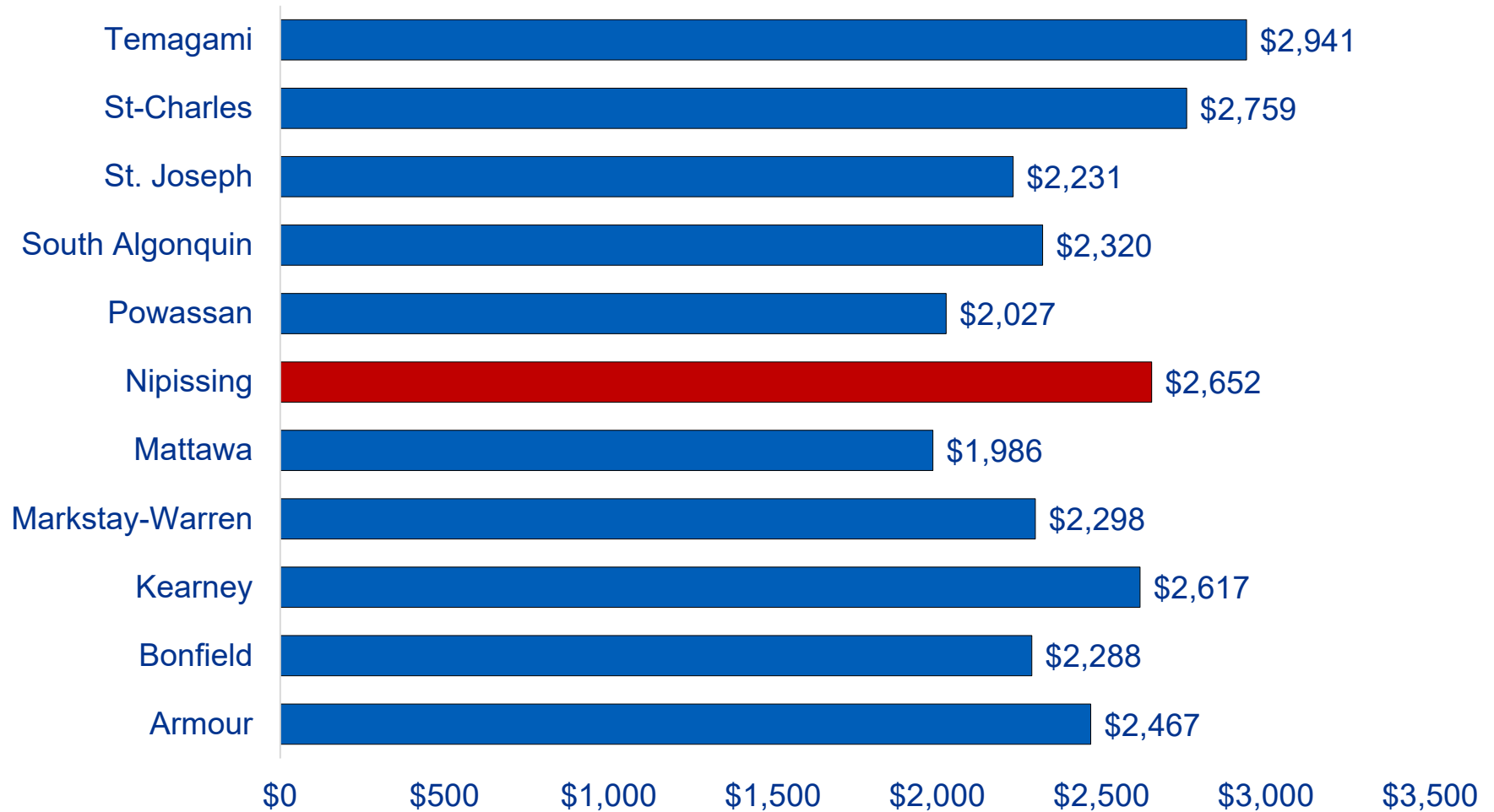
Operating Grants as a Percentage of Revenues



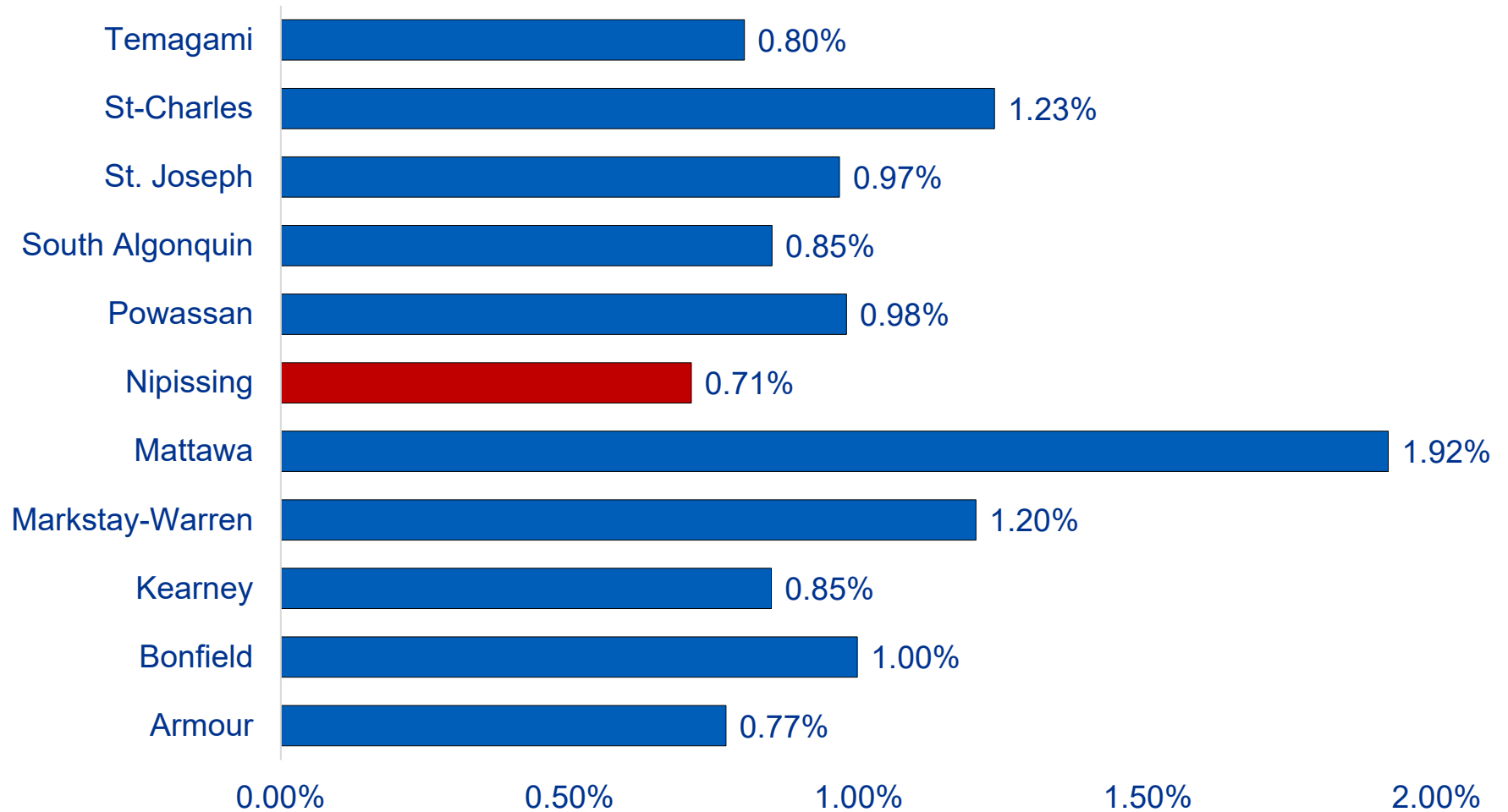
Capital Grants as a Percentage of Additions



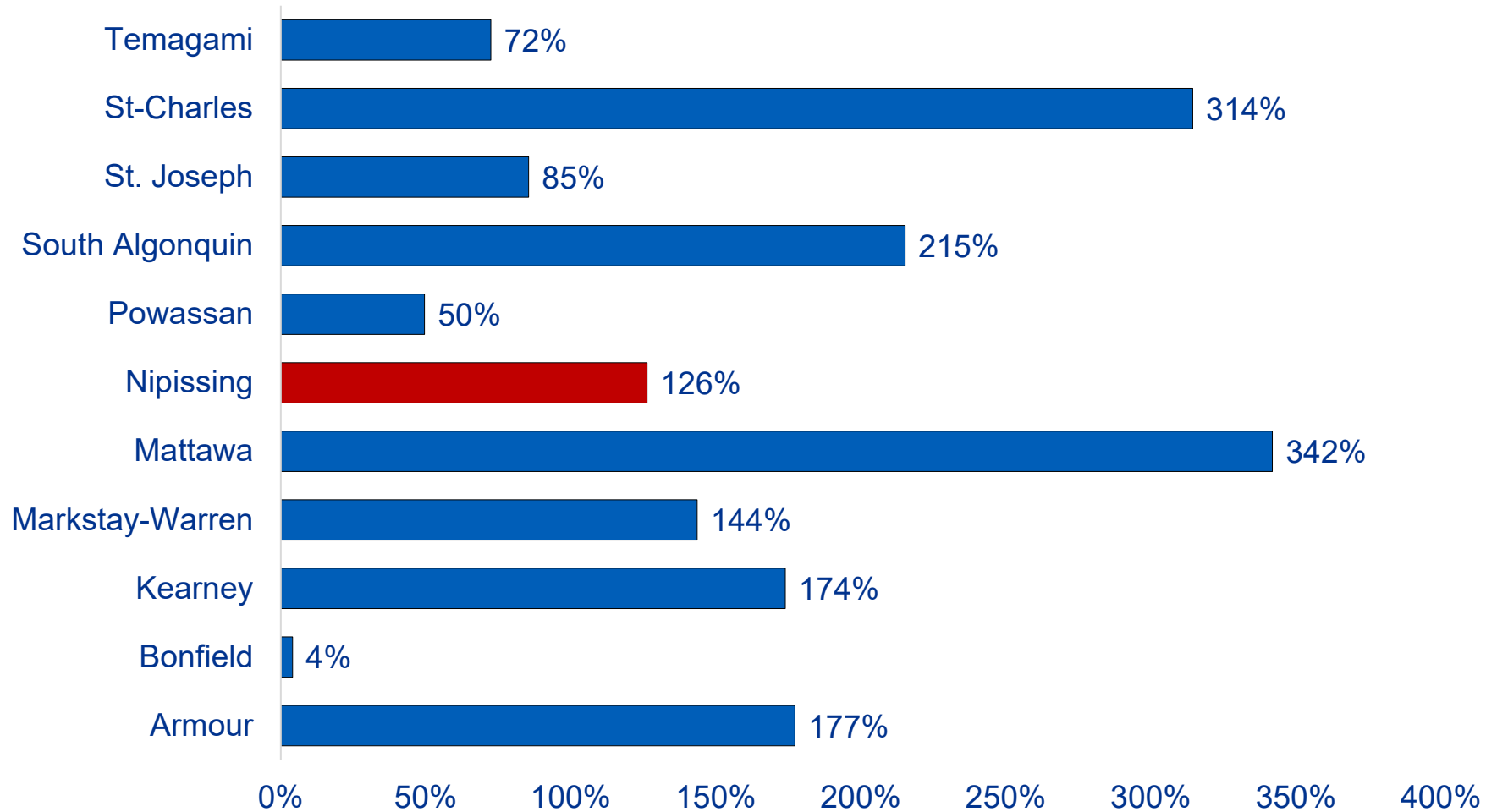
Residential Taxes per Household



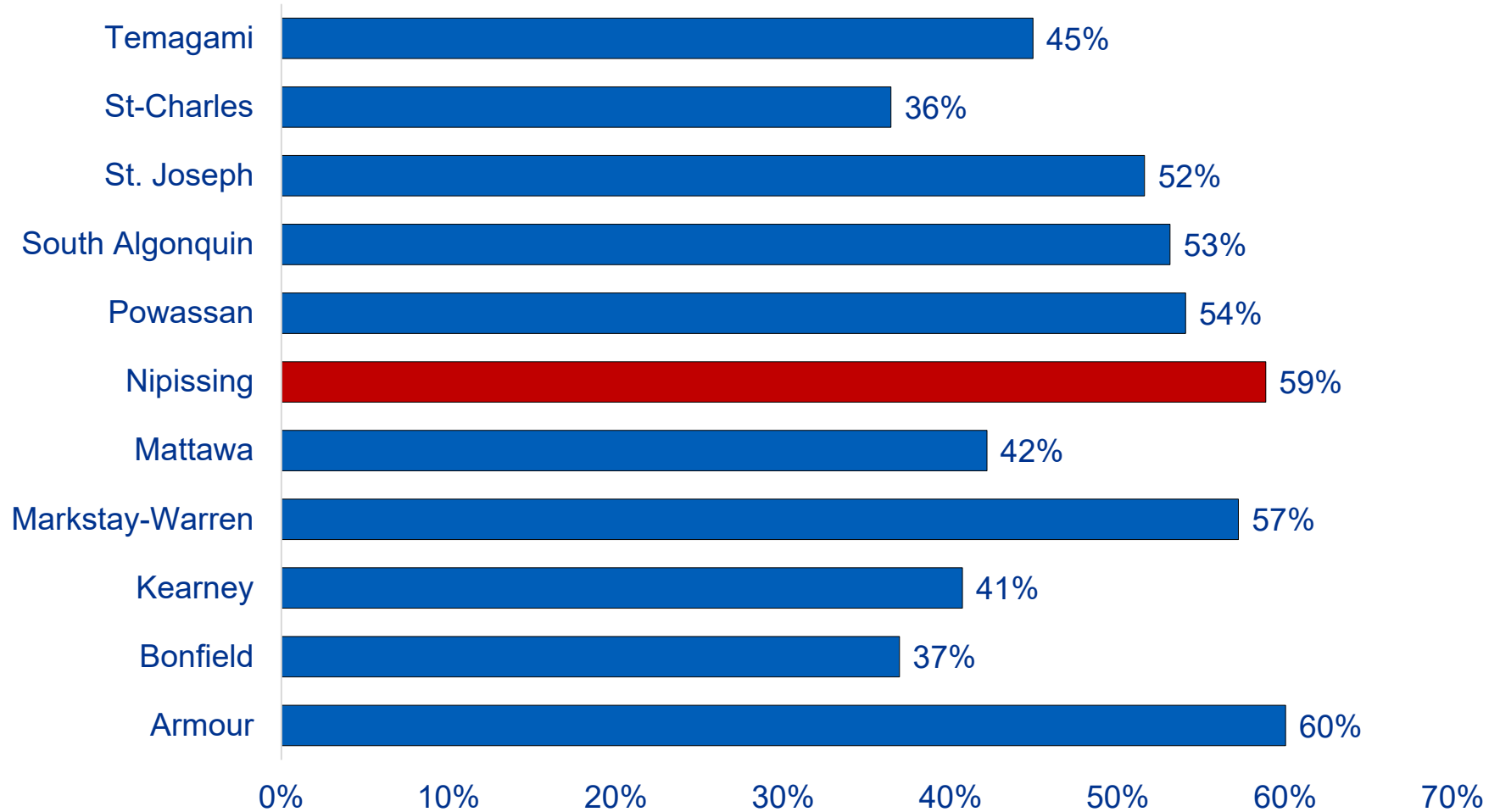
Residential Tax Rate



Additions as a Percentage of Amortization



Net Book Value as a Percentage of Cost





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