



Municipal Finance Planning

ABOUT MUNICIPAL FINANCE

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While major public attention is paid to changes in property tax rates, that is the result of a whole series of factors, some within the control of Council - like the long range strategic plan and the annual budget decisions on what the priorities will be for the year – and some outside of Council’s control – like changes in transfer programs from the provincial and federal governments and changes in taxpayers expectations of their municipal government. Council’s role in deciding and monitoring the financial area may be described as part of its fiduciary responsibilities.

UNDERSTANDING THE FINANCIAL ENVIRONMENT

1. What are the responsibilities of members of Council related to finance? Under legislation? Under the practices of our municipality?
2. What sources of revenue are available to us? What expenditures are we required to make?
3. What is changing in our municipality? Businesses opening/closing? Population growing/declining? Other factors?

DEVELOPING THE BUDGET

4. Is the process Council uses for developing the operating and capital budgets appropriate for our municipality? Does it allow for any desired public participation?
5. Do members of Council consider the financial and operational consequences of changing priorities? (e.g., what we won’t be able to do if we do this new thing, what will happen to our property tax rate if we do this new thing without changing anything else we do)
6. Does Council understand what proposed expenditures may be included in a capital budget?
7. Does Council have an effective communication plan to inform our stakeholders about our decisions?
8. When does Council pass the mill rate bylaw (and any others) required to implement our budget decisions?

MONITORING PERFORMANCE AGAINST THE BUDGET

9. Does Council receive regular budget/actual reports for the operating budget? For the capital budget? Do these reports adequately explain any material variations from the budgets?
10. Are there policies or processes in place in your municipality to deal with any material variations? Are they used?

REVIEWING AND APPROVING FINANCIAL POLICIES

11. Does Council have financial policies in place? (E.g. reimbursement of expenses for elected and appointed officials, signing authorities, etc.)
12. Does Council review these policies on a regular basis to make sure they are current?

REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS

13. Does Council understand the major terminology used in the annual financial statements such as the reporting entity, accrual accounting, accumulated surplus, etc.?
14. Does Council review the Notes to the financial statements provided by the Auditor?
15. Does the Chief Administrative Officer ensure that adequate resources are available when Council reviews the audited financial statements to help explain any items about which there may be questions?
16. How does Council ensure that any recommendations in the Auditor's management letter are addressed by the Chief Administrative Officer?

APPROVING THE ANNUAL REPORT TO RATEPAYERS

17. Does your municipality publish an annual report?
18. Is the annual report written in plain, clear language and does it provide a fair and balanced picture of your municipality?
19. Is any forward-looking information provided in the report reasonable and supportable, as well as useful to readers?
20. How does our annual report compare to those published by other similar-sized municipalities?