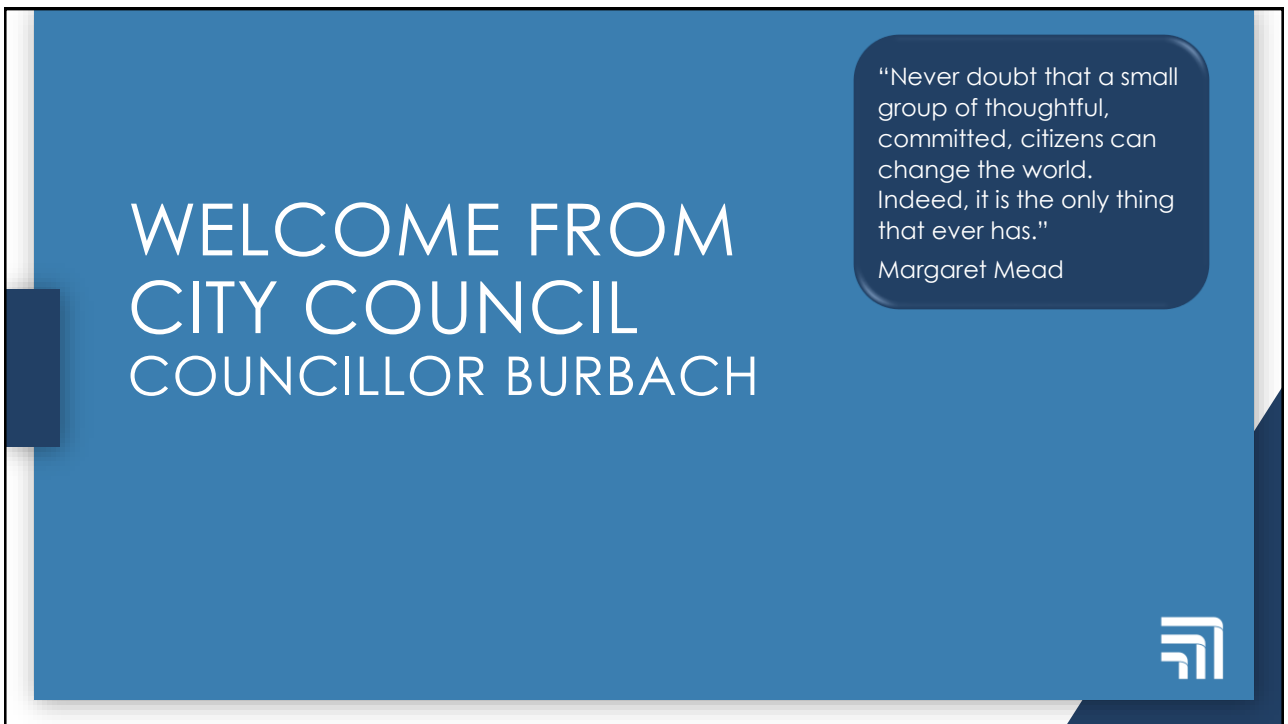


The slide features a blue background with a white rectangular area on the left containing the Stratford logo. The logo includes a yellow and blue crest with a tower and the text "Stratford ONTARIO CANADA". To the right of the logo, the words "MUNICIPAL FINANCE" are written in large, white, sans-serif capital letters. Below this, the date "October 20, 2021" is displayed in white. In the bottom right corner, the Strategic Steps Inc. logo is shown, consisting of a stylized white 'S' icon and the text "STRATEGIC STEPS INC".

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The slide has a blue background. On the left, the text "WELCOME FROM CITY COUNCIL COUNCILLOR BURBACH" is written in white, sans-serif capital letters. On the right, a dark blue rounded rectangle contains a quote in white text: "Never doubt that a small group of thoughtful, committed, citizens can change the world. Indeed, it is the only thing that ever has." Below the quote, the name "Margaret Mead" is written in white. In the bottom right corner, the Strategic Steps Inc. logo is visible, featuring a stylized white 'S' icon.

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TOPICS FOR THIS PUBLIC SERIES

- Overall
 - Overview of the role of local government for citizens and organizations
- September 15 – recording on city website
 - What the city can and can't do
- September 28 - recording on city website
 - Understanding roles in the city
- October 5 - recording on city website
 - Engagement in local government
- October 20 - today
 - City finance & wrap-up

Please ask questions or make comments as we go. Raise your hand or put your question into the chat box

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SESSION DECORUM

Working Together in an Online Environment

- Online is not ideal – some extra grace and patience is requested
- Listen and respect different ideas and diverging opinions. This is where much of the value lies
- Individuals who share inappropriate comments or content will be asked once to refrain. If the behaviour continues, the individual will be removed from the session.
- The session is being recorded for posting to the City's website

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OUR TIME TOGETHER

- This is your time
- This is not a lecture; it's more of a seminar – add your thoughts where you like
- There are lots of routes up the mountain of great governance
- Everyone brings something to their community, whether public, elected or appointed. That's the best team.
 - You want each other to be successful for the citizens, businesses, and organizations in Stratford
- Disagree with opinions or interpretations if you like

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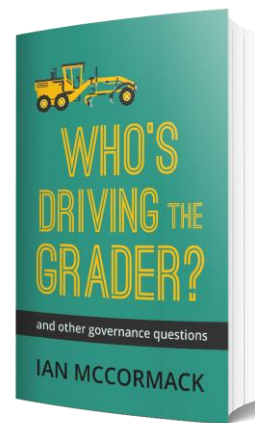


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CONVERSATION FACILITATOR

Ian McCormack, CMC

- President of Strategic Steps Inc.
- Operates in the space between elected and appointed officials
- Called in to assist with topics associated with good governance
 - Orientations
 - Strategic Planning
 - Governance, Organizational and Code of Conduct Reviews
- Author and speaker
 - Governance Voice column in *Municipal Voice (SUMA)*
 - *Who's Driving the Grader* published in 2020
 - Book on the aptitudes of the best mayors coming out this winter



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QUESTIONS FROM LAST SESSION



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ANY FOLLOW-UP TO DO?

Comments about previous sessions

- Session one dealt with what the city can and can't do.
- Session two dealt with role clarity for council, councillor, mayor, administration
 - Relevant legislation – Act, Bylaws, Policy
 - Governance vs Administration
 - Principles
- Session three dealt with the differences between engagement and communication, and the various types of engagement that a municipality must/can do.

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QUESTIONS FOR THIS SESSION

- What is the difference between municipal finance and provincial or federal finance
- What requirements are there for budget setting and auditing?
- Is money the only City resource that it has to spend?
- Is there anything specific you want to cover in our time together?

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FINANCE BASICS



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MUNICIPAL ACT

Section 2

A lower-tier municipality and an upper-tier municipality may pass by-laws, subject to the rules set out in subsection (4), respecting the following matters:

1. Governance structure of the municipality and its local boards.
2. Accountability and transparency of the municipality and its operations and of its local boards and their operations.
- 3. Financial management of the municipality and its local boards.**
4. Public assets of the municipality acquired for the purpose of exercising its authority under this or any other Act.
5. Economic, social and environmental well-being of the municipality, including respecting climate change.
6. Health, safety and well-being of persons.
7. Services and things that the municipality is authorized to provide under subsection (1).
8. Protection of persons and property, including consumer protection

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THE FRAMEWORK RULES

- Fiscal year matches the calendar year – unlike other orders of government
- One-year budgets are mandatory, but 2-5 year budgets are acceptable too
- Balanced budgets

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INCOME AND OUTGO



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WHERE THE MONEY COMES FROM

Very Limited Sources

- Canadian municipalities can only get income from:
- Property tax (assessed value x tax rate)
 - Different on residential vs commercial and industrial
 - Linear, machinery and equipment
- Fees and charges
 - Admission fees
 - Permits and licenses
 - Fines
- Transfers from other orders of government
 - Cost sharing programs
 - Grants

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WHERE THE MONEY GOES

Lots of Demand for Limited Resources

- Staffing
- Buildings
- Operations
- Programs
- Governance

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SOME OF THE DIFFERENCE

Paying for the Big Stuff

- As a 'natural person', the City can incur long-term debt
- Debt is used for capital items like:
 - New buildings
 - New apparatus
 - Land purchases
- There is a debt ceiling that is reported and is part of the annual audit
 - The City can't change its debt limit

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THE BIG PROBLEM

If your outgo exceeds your income, your upkeep becomes your downfall

- Budgets must be balanced – unlike other orders of government
- Almost nothing the City does makes money.
- A business could never operate recreation centres, transit, snow clearing

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COUNCIL'S ROLE

Governance Oversight

- Council sets and monitors budgets
 - *Keep your nose in and your fingers out*
 - Annual budget setting
 - Regular review of variances
 - Changes to budget if needed
 - Stay out of operational finance – A/P, A/R, bank reconciliation
- Council reviews the annual audit
 - Council hires the auditor every few years
 - Must be external to the City

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TYPES OF BUDGETING



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BASIC MUNICIPAL BUDGETS

Types of Budgets

- A budget is a fiscal manifestation of the City's priorities, even if nobody mentions it. The City funds what is important for part or all of the City.
- Operating Budgets
 - Day-to-day running of the city. Staffing costs, fuel, insurance, rent on facilities
- Capital Budgets
 - Large-cost items. Grader replacement, IT systems, buildings, ice plants
- Reserves
 - Mandatory: vacation liability
 - Prudent but optional: saving for the new fire truck, arena ice plant replacement
 - Reserves have optimal balances

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BUDGETING OPTIONS

Building Annual Budgets

- Do you start with revenue side or expense side of the budget?
 - What is tolerable to citizens and businesses
- The easy way
 - Last year, plus X%
- Zero based
 - Start from nothing every year and add costs
- Priority based
 - Rank what's important (critical/timely) and fund from the top-down
- Risk based
 - What will go wrong if we don't address it? Fund that stuff first

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THE ROLE OF CITIZENS

Your Money, Your Role

- Participatory
 - Citizens polled about what is important
- Pre-emptive
 - Call, email or write your councillor about what is important
- Frequency
 - Can do a check-in every few years

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CLOSING THE FINANCIAL LOOP



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AUDITING REQUIREMENTS

Defined in Statute

- City finance is public
- The City must undergo an external audit every year
- The auditor is responsible to Council, but must not be an employee of the city
- Council must report financial situation to the public within 60 days after receiving the statements

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SERIES WRAP-UP



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TIME FOR YOUR QUESTIONS

Four Sessions

- What the City Can (and Can't) Do
- Role Clarity
- Engagement and Communication
- Municipal Finance

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THANK YOU
FOR YOUR
ONGOING
INTEREST IN
YOUR
COMMUNITY



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