

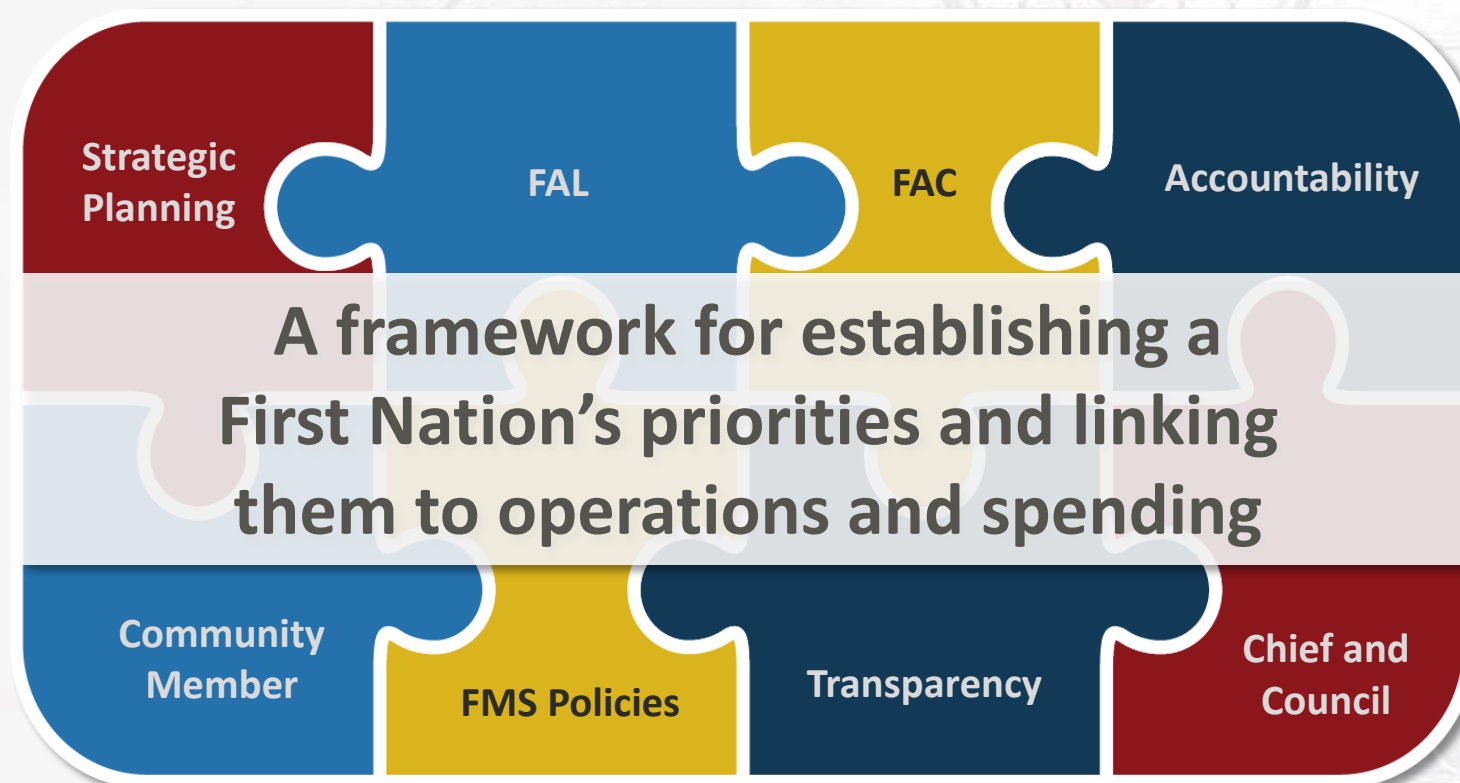
Integrated Planning



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**LE CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

What is Integrated Planning?



Why Should a Nation Care About Integrated Planning?

- Planning for the 7th generation – Nations serve current and future members
- Multi-year financial planning is important to secure the future health and wellness of a Nation
- Buildings and equipment today (water treatment, roads, houses, schools) serve both today's and tomorrow's generations



What Does Integrated Planning Look Like?

A framework for establishing a First Nation's priorities and linking them to operations and spending



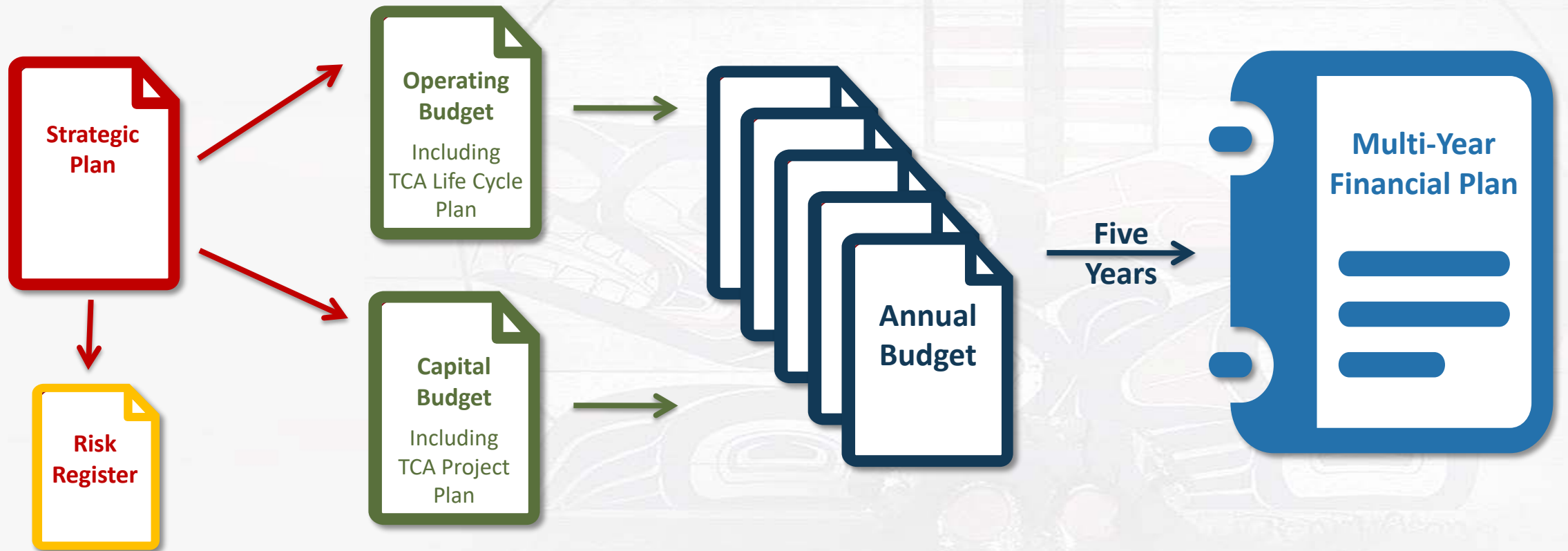
Why Do Integrated Planning?

- ✓ Ensure sufficient resources to deliver services
- ✓ Create cost effective service delivery
- ✓ Efficient and complete budgeting
- ✓ Build community trust and support
- ✓ Meet FMS Certification requirements

Integrated Planning – Strategic Planning



Integrated Planning



What Is Strategic Planning?



It identifies the place that a Nation is trying to get to – a shared vision for a better future



It guides the work of C&C and Nation staff by giving them direction on how to get to the destination



It's the basis for ALL your other plans

How is a strategic plan developed?



5

Determination of Key Performance Indicators

How do we track our progress, adjust if needed, and measure our achievements?

4

Prioritization of Activities

Where are we now? How do we get to where we want and need to be? What do we focus on first?

3

Strategic Priorities and Activities

How do we translate strategic priorities into actions?

2

Current State Analysis

What are our strengths, weaknesses, opportunities and threats? (SWOT analysis)

1

Mission, Visions and Values

Why do we exist? Where do we want to be? What's important to us?

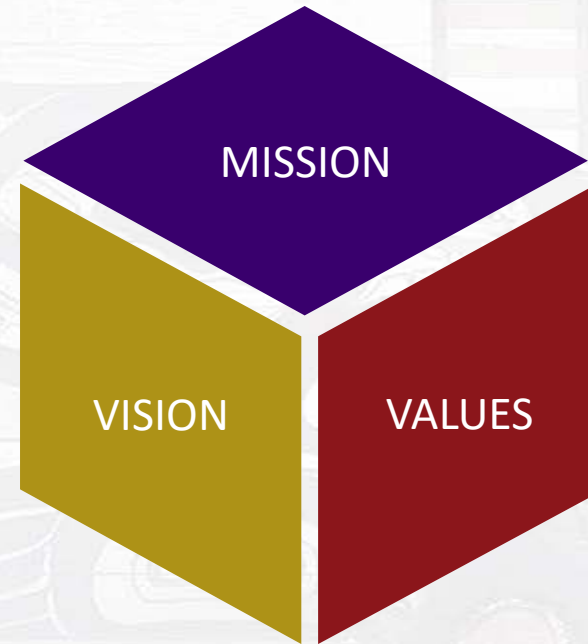
Step 1 – Mission, Vision and Values

Sets out why the First Nation exists, its purpose, and who it is doing it for

To improve the lives of our people both today and future generations

The Nation’s ideal state, where it wants to be in the future

Traditional laws will be applied to new challenges and opportunities to maximize the benefit of for all the community. We will contribute as individuals and families to a healthy community that ensures our safety and security.



The Nation’s source of guidance and what it stands for – they are timeless and seldom change

Respect • Responsibility • Traditional language • Honesty • Living well • Take only what you need • Integrity • Fairness • Taking care of one another

Step 2: Current State Analysis

STRENGTHS

- Strengths on which we want to build on vs. those that provide the First Nation with less future advantages

WEAKNESSES

- Identify weaknesses that critical to address vs. those that are not

How are
we doing?

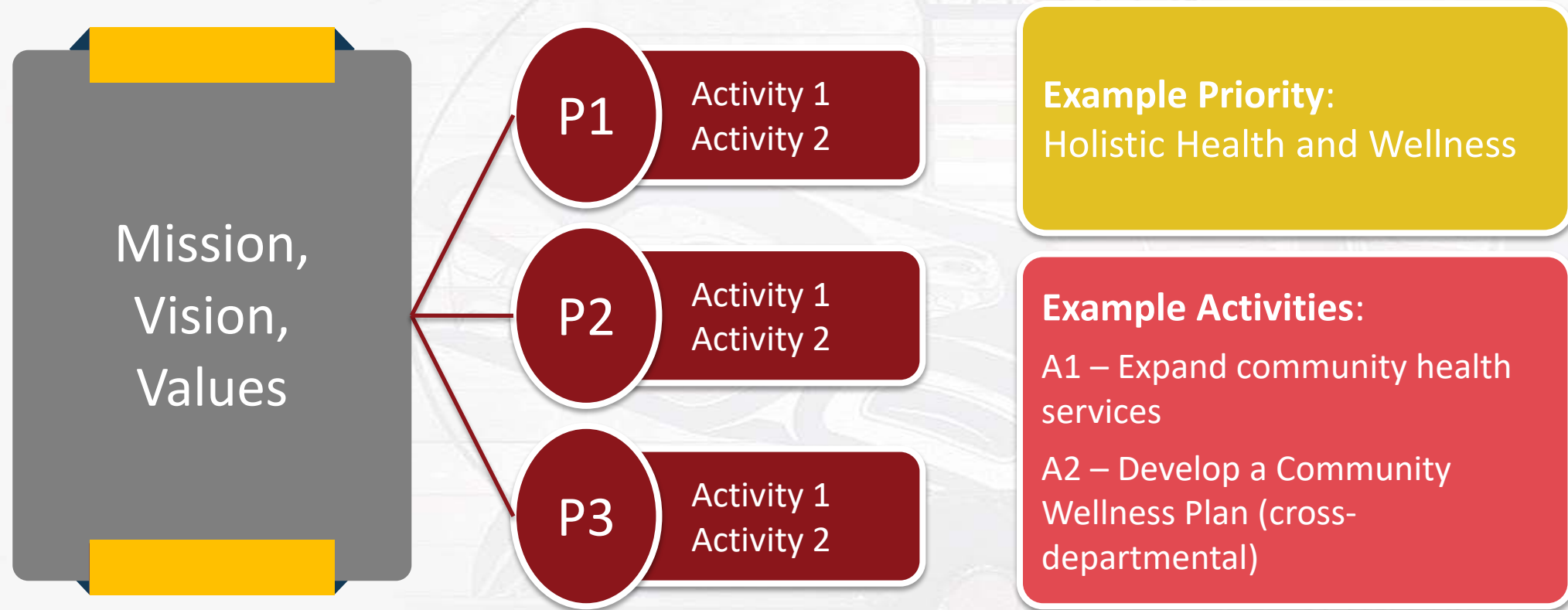
OPPORTUNITIES

- Identify and select opportunities that are aligned with the First Nation's vision

THREATS

- Identify and find ways to lessen the obstacles that may impact the First Nation's achievement of its strategic plan

Step 3 – Identify Strategic Priorities and Activities



Step 4: Prioritization of Activities



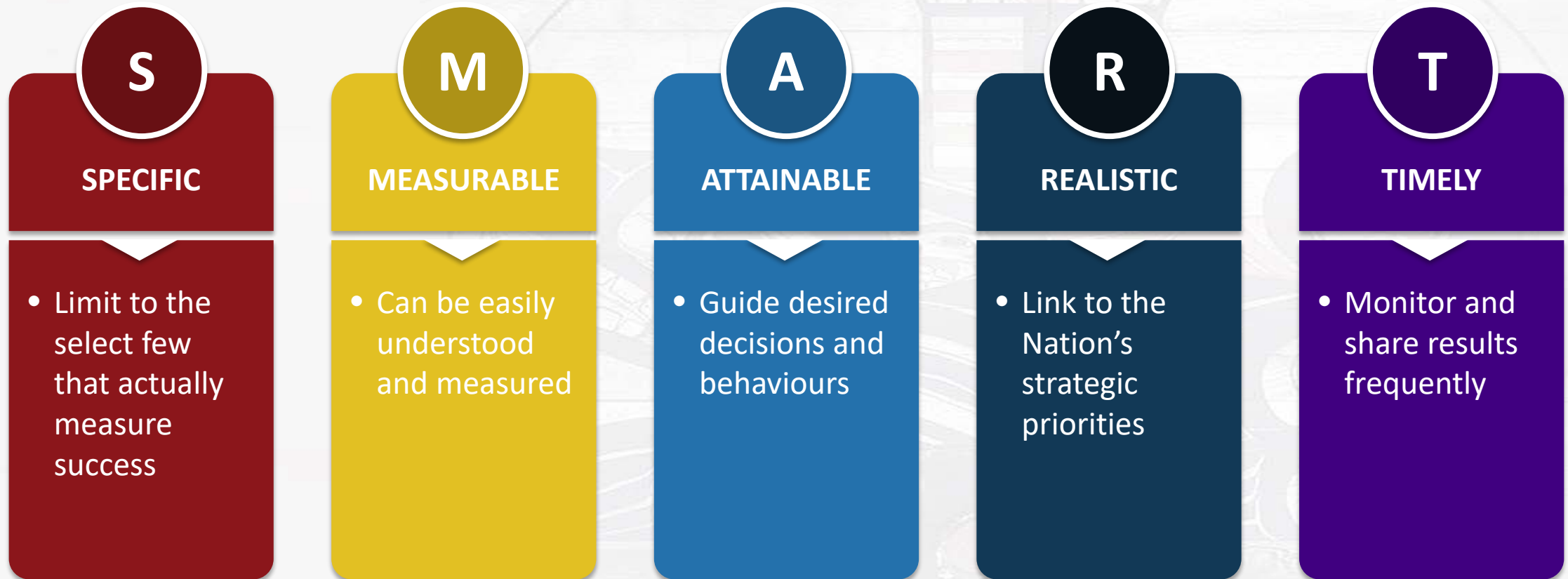
Typical Criteria to Identify Benefits:

- Alignment with Nation's mission, vision and values
- Increases economic well-being of citizens
- Improved social and environmental well-being

Typical Criteria to Quantify Costs:

- Direct **and indirect** costs
- Time required to implement activities
- Change management/transition required
- Level of risk and complexity
- Socio-economic impact in terms of improved quality of life and cost savings

Step 5: Determination of Key Performance Indicators / Targets



Integrated Planning – Annual Budget



Annual Budget



Annual Budget

One Year Plan

Projected Revenues, Expenses, and Transfers between accounts

- Revenues segregated by significant category
- Expenses segregated by significant category
- Transfers to include transfers for Tangible Capital Assets

Show all categories of Restricted Cash

Indicate whether there is an expected surplus/deficit in the year from net revenues in the respective year

Connects with strategic plan and policies

Departmental Budgets



How can you get your Managers to take ownership of department budgets?



How can you get Managers to create strategic, complete and reasonable budgets?



Departmental Work Plans

Pathway to achieving the community mission and vision

Every department need have one

Should be created by the Department Manager

Should contain

- goals/objectives that are **ALIGNED** with the strategic plan
- key activities to be undertaken by Department Manager and staff

Should guide decisions of Department Manager and staff



Departmental Budgets

Managers need to develop a budget that reflects the goals and objectives of the department

Considerations in departmental budget development:

- How much is it going to cost to carry out this activity?
- What supplies, resources, and staff will I need?
- Do I have enough money? Are there other sources of funds I can pursue?
- What are my fixed and/or recurring costs? Do they support my goals and objectives?
- Can I eliminate or reduce some costs, or even some activities, in order to free up cash for more strategic activities?
- **Can certain activities or projects be undertaken in Year 2, 3, 4 or 5 rather than now?**



Departmental Budgets – Capital Project Plans

Capital project plans form the departmental work plan for infrastructure

Managers of all departments need to consider capital plans though!

New capital assets often have associated operating costs that need to be budgeted for (i.e. training, maintenance, fuel, etc.)



Capital Project Plans and Life Cycle Planning

Why does my Nation need life cycle planning?

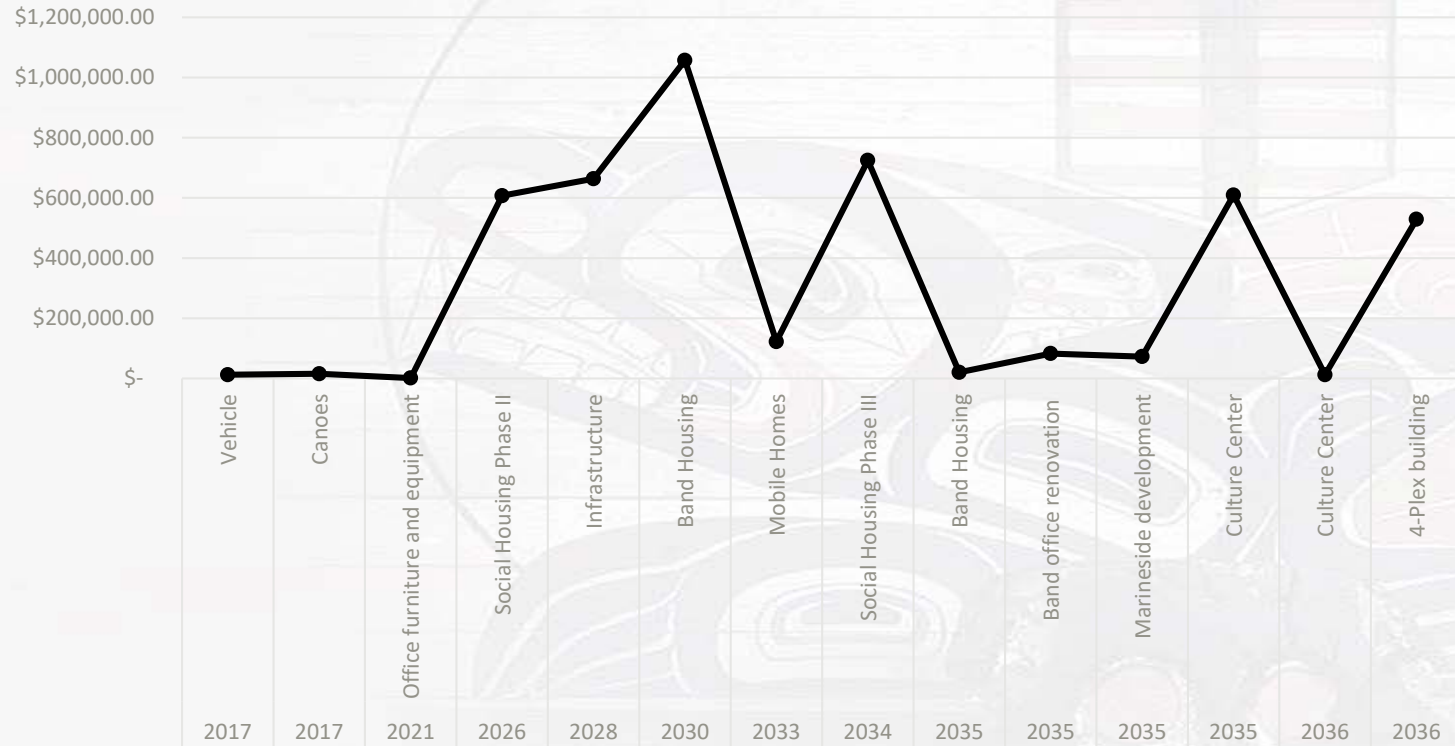
- Assets don't last forever and need to be replaced
- Planning for the replacement of these assets is called 'life cycle planning'
- Capital projects flow from the strategic plan



Tangible Capital Asset Life Cycle Planning



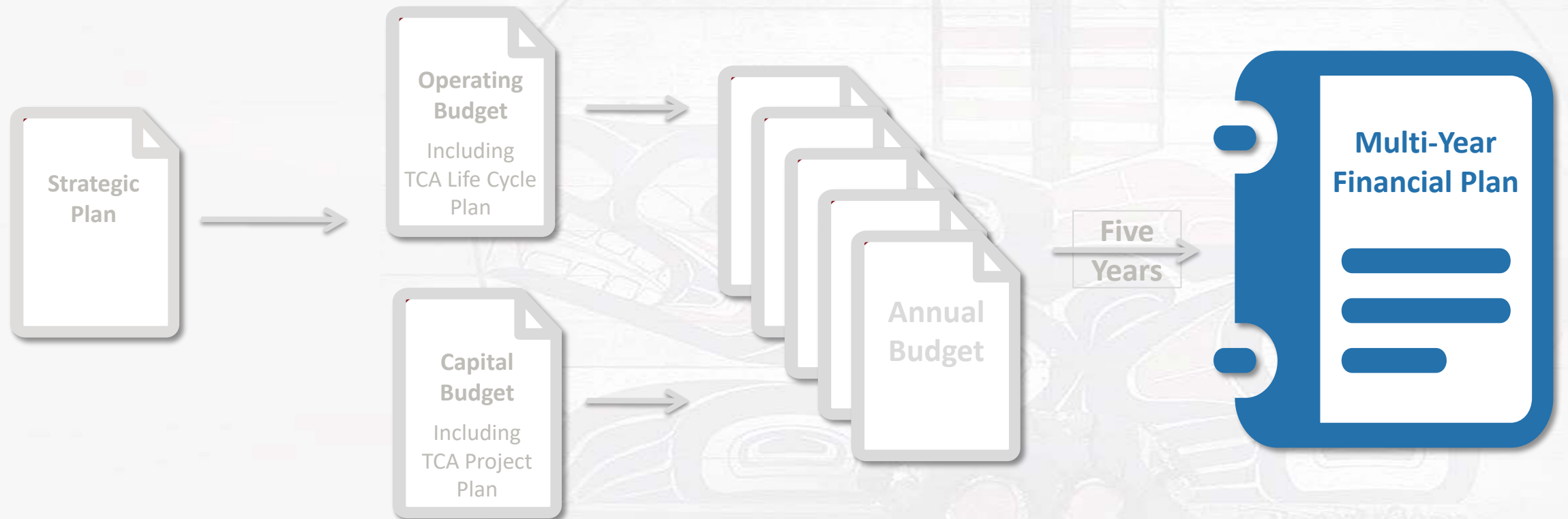
TCA Life Cycle Costing - For Capital Plan



Integrated Planning – Multi-Year Financial Plan



Multi Year Financial Plan



Multi-Year Financial Plan

- Strategic plan priorities are set every 5 years
- Includes both capital and operating budgets
- Capital Plan includes the construction or acquisition of capital assets during the next 20+ years
- Department work plans set out activities for the next 12 months based on the strategic plan
- Operating budgets are driven by departmental work plans

FNFMB
Resource
Available



Multi-Year Financial Plan

Five Year Plan

Projected Revenues, Expenses, and Transfers between accounts

- Revenues segregated by significant category
- Expenses segregated by significant category
- Transfers to include transfers for Tangible Capital Assets

Show all categories of Restricted Cash

Indicate whether there is an expected surplus/deficit in the year from net revenues in the respective year.

Annual budget is first year of multi-year financial plan

Sample First Nation 2017 - 2021 Financial Plan					
	2017	2018	2019	2020	2021
REVENUES					
Own Source Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -
Natural Resource Income	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Debt	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES					
Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -
Education	\$ -	\$ -	\$ -	\$ -	\$ -
Health	\$ -	\$ -	\$ -	\$ -	\$ -
Housing	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development	\$ -	\$ -	\$ -	\$ -	\$ -
Social Development	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
SURPLUS / (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -
INTERNAL TRANSFERS					
Transfer to (from) Restricted Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to (from) Surplus	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in TCA	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL INTERNAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	\$ -
FINANCIAL PLAN BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

Example – Multi-Year Financial Plan

Amazing First Nation has been under a boil water advisory for the last 7 years. It is looking into building a new water treatment facility.

Amazing First Nation has asked for quotes from several suppliers on what this capital project will cost. This is summarized on the next slide.

New Water Treatment Facility - Construction

CONSTRUCTION COSTS			FIRST NATION PROJECT MANAGEMENT COSTS		
		Year			Year
Mobilization	\$500,000	1	Engineering Design	\$1,000,000	1
Site Work	\$1,300,000	1	Disbursements	\$100,000	1,2
Water Treatment Plant	\$3,000,000	2	Professional Project Mngm	\$200,000	1,2
Water Storage	\$1,800,000	2	Project Coordination	\$200,000	1,2
Environmental Works	\$600,000	2	Subtotal Project Mngm	\$1,500,000	
Watermain	\$7,800,000	2			
Bonding & Insurance	\$200,000	1			
Subtotal Construction	\$15,200,000				
PROFESSIONAL SERVICES COSTS			TOTAL COSTS	\$19,370,000	1,2
Engineering Design	\$1,000,000	1			
Contract Admin	\$1,000,000	1,2			
Material Testing and Soils	\$70,000	1			
First Nation Admin	\$300,000	1,2			
Project Management	\$300,000	1,2			
Subtotal Professional Services	\$2,670,000				

CAPITAL DECISION PACKAGE

Water Treatment Plant

Department: Capital

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Capital						
Costs	Construction	\$2,000,000	\$13,200,000			
	Professional Services	\$970,000	\$1,700,000			
	First Nation Project Mngt	\$1,250,000	\$250,000			
	Subtotal Capital Costs	\$4,220,000	\$15,150,000	\$0	\$0	\$0
Funding	Contribution funding	\$2,110,000	\$7,575,000			
	Settlement fund	\$50,000	\$50,000			
	Surplus					
	Debt					
	Subtotal Capital Funding	\$2,160,000	\$7,625,000	\$0	\$0	\$0
Cash Surplus (Deficit) from Capital Investment		(\$2,060,000)	(\$7,525,000)	\$0	\$0	\$0

OPERATING DECISION PACKAGE

<u>Water Treatment Plant</u>		Department: Capital				
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Additional Operating Requirements						
Expenses	Salaries & benefits			\$200,000	\$200,000	\$200,000
	Costs savings (bottled water)			(\$300,000)	(\$300,000)	(\$300,000)
	Materials			\$50,000	\$50,000	\$50,000
	Maintenance			\$100,000	\$100,000	\$100,000
	Subtotal Expenses	\$0	\$0	\$50,000	\$50,000	\$50,000
Revenues	Contribution funding			\$100,000	\$100,000	\$100,000
	Own source					
	Other					
	Subtotal Revenues	\$0	\$0	\$100,000	\$100,000	\$100,000
Cash Surplus (Deficit) from Operations		\$0	\$0	\$50,000	\$50,000	\$50,000

5 YEAR PROJECTION OF CASH REQUIREMENTS

	2018	2019	2020	2021	2022
OPERATIONS					
REVENUE BY SOURCE AND SIGNIFICANT CATEGORY					
Aboriginal Affairs and Northern Development Canada	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018
First Nations and Inuit Health Branch	320,000	329,600	339,488	349,673	360,163
Provincial Government	185,000	190,550	196,267	202,154	208,219
Property Taxes	60,000	61,800	63,654	65,564	67,531
Interest Income	7,500	7,725	7,957	8,195	8,441
	2,572,500	2,649,675	2,729,165	2,811,040	2,895,371
EXPENSES BY PROGRAM AND SIGNIFICANT CATEGORY					
Administration	(250,000)	(257,500)	(265,225)	(273,182)	(281,377)
Chief and Council	(150,000)	(154,500)	(159,135)	(163,909)	(168,826)
Education	(580,000)	(597,400)	(615,322)	(633,782)	(652,795)
Elders	(150,000)	(154,500)	(159,135)	(163,909)	(168,826)
Health and Wellness	(400,000)	(412,000)	(424,360)	(437,091)	(450,204)
Membership	(50,000)	(51,500)	(53,045)	(54,636)	(56,275)
Post Secondary Education	(350,000)	(360,500)	(371,315)	(382,454)	(393,928)
Social Assistance	(430,000)	(442,900)	(456,187)	(469,873)	(483,969)
Youth and Recreation	(200,000)	(206,000)	(212,180)	(218,545)	(225,102)
	(2,560,000)	(2,636,800)	(2,715,904)	(2,797,381)	(2,881,303)
CASH SURPLUS (DEFICIT) FROM OPERATIONS	12,500	12,875	13,261	13,659	14,069

5 YEAR PROJECTION OF CASH REQUIREMENTS

	2018	2019	2020	2021	2022
GOVERNMENT BUSINESS ENTITIES					
PROJECTED DIVIDENDS BY COMMERCIAL ENTITY					
FN Economic Development Corp.	70,000	72,100	74,263	76,491	78,786
FN Property Management Ltd.	25,000	25,750	26,523	27,318	28,138
FN Forestry Company	20,000	20,600	21,218	21,855	22,510
FN Gravel Products Limited	10,000	10,300	10,609	10,927	11,255
CASH SURPLUS (DEFICIT) FROM GBE'S	125,000	128,750	132,613	136,591	140,689
CAPITAL INVESTMENT AND FUNDING					
PROJECTED CAPITAL ACQUISITIONS BY PROGRAM					
Water treatment plant	4,220,000	15,150,000			
	4,220,000	15,150,000	-	-	-
PROJECTED CAPITAL FUNDING BY SOURCE					
Settlement Fund	50,000	50,000			
INAC	2,110,000	7,575,000			
TCA Reserve					
	2,160,000	7,625,000	-	-	-
CASH SURPLUS (DEFICIT) FROM CAPITAL INVESTMENT	(2,060,000)	(7,525,000)	-	-	-

5 YEAR PROJECTION OF CASH REQUIREMENTS						2018	2019	2020	2021	2022
CASH FLOW FROM FINANCING										
ADDITIONAL DEBT						2,060,000	7,525,000			
DEBT PRINCIPAL REPAYMENT						(68,666)	(319,499)	(319,499)	(319,499)	(319,499)
CASH SURPLUS (DEFICIT) FROM FINANCING						1,991,334	7,205,501	(319,499)	(319,499)	(319,499)
TOTAL CASH SURPLUS (DEFICIT)						68,834	(177,874)	(173,625)	(169,249)	(164,742)
CASH AND CASH EQUIVALENTS										
GENERAL, unrestricted										
Opening Balance						605,921	674,755	496,881	323,256	154,007
Transfers In (Out)						-	-	-	-	-
Annual Cash Surplus (Deficit)						68,834	(177,874)	(173,625)	(169,249)	(164,742)
CASH AND CASH EQUIVALENTS, END OF YEAR						674,755	496,881	323,256	154,007	(10,735)
<p><i>*Negative cash and cash equivalents at the end of the year indicate a need to identify additional financing or adjust spending</i></p>										

Multi-Year Financial Plan – Key Takeaways

Hard to put together a capital project decision package for Council if a multi-year financial plan has not been done

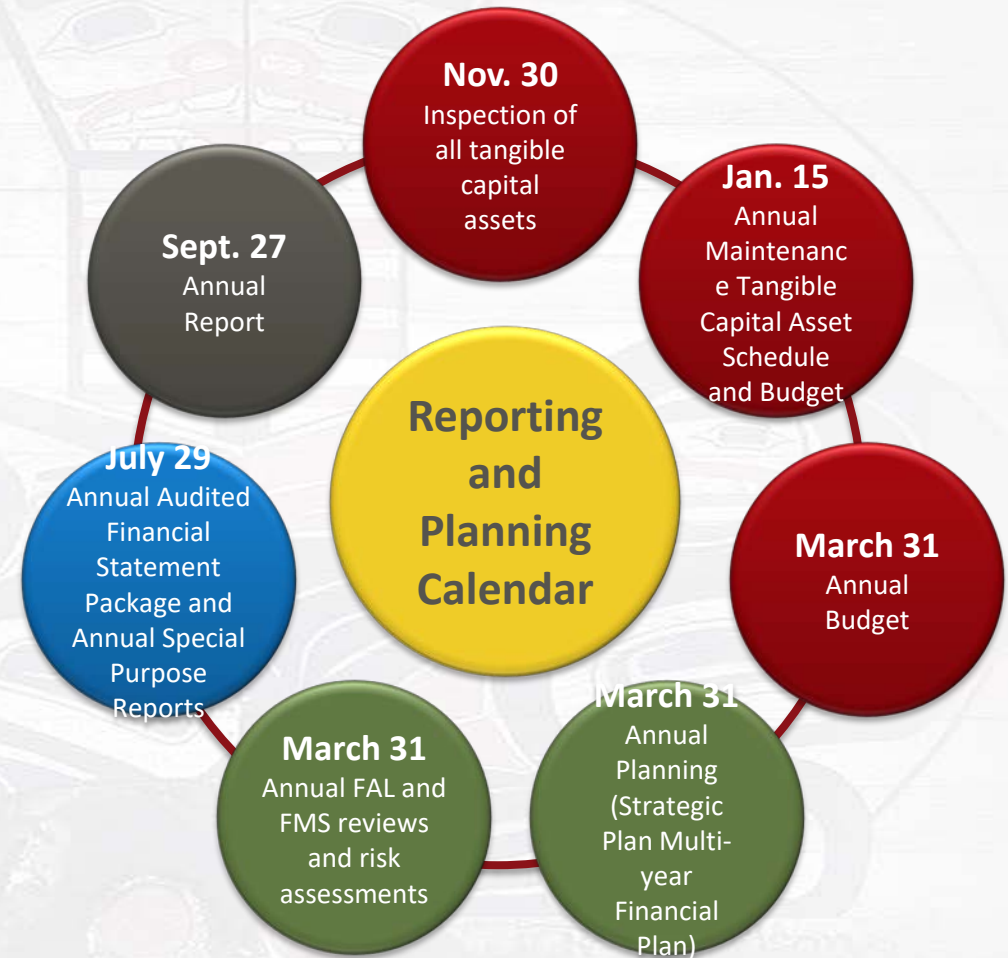
Need to look at not just construction costs but ongoing operating costs

Need to think about impact of long-term debt – can be up to a 30-year repayment plan – need to have cash for that

Who Does What? And When?

Roles/Responsibilities of:

- Finance and Audit Committee
- Chief and Council
- Senior Manager (CEO)
- Senior Financial Officer (CFO)
- Department Heads
- Program Managers



Financial Plan Preparation Process

Approvers: Council

Oversight Reviewers:
Finance and Audit Committee

Comprehensive Reviewers:
Managers, Finance and Senior Staff

Preparers: Departmental Staff

CFO Responsibility: Oversee multi-year financial planning process

- Financial management strategy development
- Financial management policy development
- Multi-year plan review for compliance and accuracy
- Member input compilation
- Financial plan package compilation
- Financial plan presentation



EXERCICES



SCENERIO

- **Strategic Plan Statement**
To create a sense of community where people are active, social and happy

- **Project / Activity**
Build a new community centre

Funding Requirement

\$10,000,000 Capital

\$1,500,000 Annual Operating (\$500,000 in the first year; remainder (\$1,500,000 in second year)

Funding Source

Debenture debt for capital

Rental Income and Own Source Revenues

Timeline

Design: 2018; Construct: 2019; Open: 2020

Decision Package – Capital

Strategic Plan Statement

- To create a sense of community where people are active, social and happy

Project / Activity

- Build a new community centre

Funding Requirement

- \$10,000,000 Capital (\$500,000 in the first year, remainder in second year)
- \$2,000,000 Annual Operating (\$1,500,000 in the first year; remainder (\$500,000 in second year)

Funding Source

- Debenture debt for capital
- Rental Income and Own Source Revenues

Timeline

- Design: 2018; Construct: 2019; Open: 2020

CAPITAL Decision Package

Title: Community Centre		Department: Recreation and Culture		DPCAP # 001				
		2018	2019	2020	2021	2022		
Capital Costs								
Costs	Materials & supplies	\$0	\$0	\$0	\$0	\$0		
	Contracted services	\$500,000	\$9,500,000	\$0	\$0	\$0		
	Other	\$0	\$0	\$0	\$0	\$0		
	Subtotal Costs	\$500,000	\$9,500,000	\$0	\$0	\$0		
Funding	Debt	\$500,000	\$9,500,000	\$0	\$0	\$0		
	Surplus	\$0	\$0	\$0	\$0	\$0		
	General Revenue	\$0	\$0	\$0	\$0	\$0		
	Subtotal Funding	\$500,000	\$9,500,000	\$0	\$0	\$0		
Additional Operating Costs		\$0	\$0	\$0	\$0	\$0		

Description & Implications

Strategic Priority: Community Health

Description: Construct a Community Centre

Risk Mitigation: Proactive wellness to mitigate member health issues

Economic Impact: Higher community productivity, capital and operating costs

Social Impact: Happier, healthier community

Addition Information:

The community currently does not have a community gathering place

Consider: Legislated Requirements, Health & Safety, Customer Service, Corporate Efficiencies, On-going Cost Recovery, Corporate Effectiveness.

Decision Package – Operating

Strategic Plan Statement

- To create a sense of community where people are active, social and happy

Project / Activity

- Build a new community centre

Funding Requirement

- \$10,000,000 Capital
- \$2,000,000 Annual Operating (\$500,000 in the first year; remainder (\$1,500,000 in second year)

Funding Source

- Debenture debt for capital
- Rental Income and Own Source Revenues for operations

Timeline

- Design: 2018; Construct: 2019; Open: 2020

OPERATING Decision Package

Title: Community Centre		Department: Recreation and Culture		DPCAP # 001		
		2018	2019	2020	2021	2022
Total Cost / (Revenue)						
Costs	Labour	\$0	\$0	\$400,000	\$1,325,000	\$1,351,500
	Supplies and Materials	\$0	\$0	\$100,000	\$175,000	\$178,500
	Contracted Services	\$0	\$0	\$0	\$0	\$0
Funding	Own Source	\$0	\$0	\$ (400,000)	(\$1,000,000)	(\$1,020,000)
	Rental Income	\$0	\$0	\$ (100,000)	(\$500,000)	(\$510,000)
Net Cost (Revenue)		\$0	\$0	\$0	\$0	\$0
Tax Rate Impact		0.0%	0.0%	0.0%	0.0%	0.0%

Description & Implications

Strategic Priority: Community Health

Description: Construct a Community Centre

Risk Mitigation: Proactive wellness to mitigate member health issues

Economic Impact: Higher community productivity, capital and operating costs

Social Impact: Happier, healthier community

Addition Information:

The community currently does not have a community gathering place

Consider: Legislated Requirements, Health & Safety, Customer Service, Corporate Efficiencies, On-going Cost Recovery, Corporate Effectiveness.

Financial Plan Integration: Annual Capital Plan

2018 Design

Sample First Nations 2017 Capital Project Funding Requirements					
2017 Capital Projects, Funding Sources and Residual Balances					
	Own Source Revenues	INAC Funding	Surplus	Debt	2017 Total
2015 Year End Balance (as audited)	\$ -	\$ -	\$ -	\$ -	\$ -
2016 Carry Forwards	\$ -	\$ -	\$ -	\$ -	\$ -
2016 Transfers / Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
2016 Projects	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Revenue					
Debt	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
External Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Subtotal	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
2017 Expenditures					
Community Center Design	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Master Plan	\$ -	\$ -	\$ -	\$ -	\$ -
Official Community Plan Update	\$ -	\$ -	\$ -	\$ -	\$ -
Bylaw Update	\$ -	\$ -	\$ -	\$ -	\$ -
Technology Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -
Applications Subtotal	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
2017 Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

2019 Construction

Sample First Nations 2018 Capital Project Funding Requirements					
2018 Capital Projects, Funding Sources and Residual Balances					
	Own Source Revenues	INAC Funding	Surplus	Debt	2018 Total
2016 Year End Balance (as audited)	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Carry Forwards	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Transfers / Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Projects	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
2018 Revenue					
Debt	\$ -	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
External Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Subtotal	\$ -	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
2018 Expenditures					
Community Center	\$ -	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -
Master Plan	\$ -	\$ -	\$ -	\$ -	\$ -
Official Community Plan Update	\$ -	\$ -	\$ -	\$ -	\$ -
Bylaw Update	\$ -	\$ -	\$ -	\$ -	\$ -
Technology Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -
Applications Subtotal	\$ -	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
2018 Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

Financial Plan Integration: Annual Operating Plan

Open October 1, 2020

2021 Full Year

Sample First Nation Budget by Segment For the Year 2020

	Administration	Public Works	Education	Health	Protective Services	Social Development	Infrastructure	Budget 2020	Budget 2019	\$ Change	% Change
Revenue											
Own Source	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000	0.00%
Rental	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	0.00%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Revenue	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000	0.00%
Expenses											
Goods & Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000	0.00%
Labour	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ 400,000	0.00%
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000	0.00%
Net Surplus (Deficit)	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	0.00%
Transfers											
Transfer (to) from Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from DCCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from Water Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Investment in TCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Net Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Offset	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	0%
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%

Sample First Nation Budget by Segment For the Year 2021

	Administration	Public Works	Education	Health	Protective Services	Social Development	Infrastructure	Budget 2021	Budget 2020	\$ Change	% Change
Revenue											
Own Source	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 400,000	\$ 600,000	150.00%
Rental	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 100,000	\$ 400,000	400.00%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Revenue	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 500,000	\$ 1,000,000	200.00%
Expenses											
Goods & Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ -	\$ 175,000	\$ 100,000	\$ 75,000	75.00%
Labour	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 825,000	\$ -	\$ 1,325,000	\$ 400,000	\$ 925,000	231.25%
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Expenses	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,500,000	\$ 500,000	\$ 1,000,000	200.00%
Net Surplus (Deficit)	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	0.00%
Transfers											
Transfer (to) from Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from DCCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Transfer (to) from Water Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Investment in TCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Net Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Offset	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	0%
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%

Financial Plan Integration

Multi-Year (5) Financial Plan

Includes Capital Project

Operation Costs

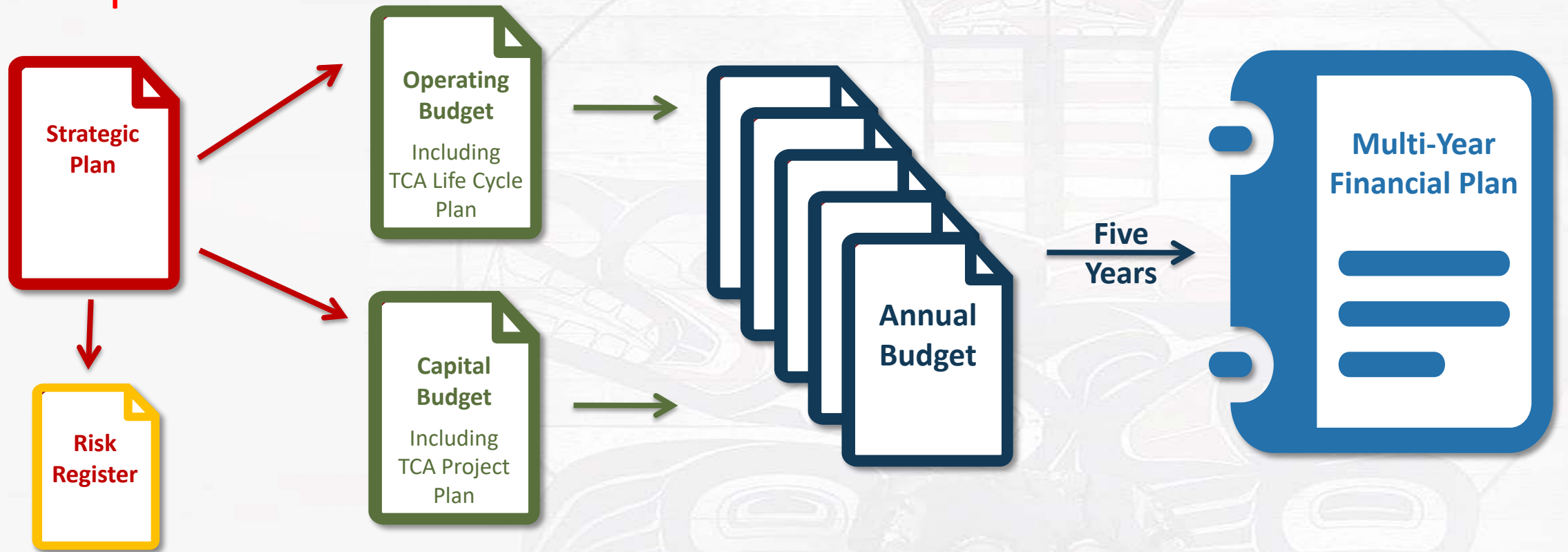
Debt Funding

Operating Budget Funding

Sample First Nation 2018 - 2022 Financial Plan

	Sample First Nation 2017 - 2021 Financial Plan				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES					
Own Source Revenue	\$ -	\$ -	\$ 400,000	\$ 1,000,000	\$ 1,020,000
Rental Income	\$ -	\$ -	\$ 100,000	\$ 500,000	\$ 510,000
Natural Resource Income	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Debt	\$ 500,000	\$ 9,500,000	\$ -	\$ -	\$ -
SUBTOTAL REVENUES	\$ 500,000	\$ 9,500,000	\$ 500,000	\$ 1,500,000	\$ 1,530,000
EXPENSES					
Administration	\$ -	\$ -	\$ -	\$ 500,000	\$ 510,000
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -
Education	\$ -	\$ -	\$ -	\$ -	\$ -
Health	\$ -	\$ -	\$ -	\$ -	\$ -
Housing	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ 500,000	\$ 9,500,000	\$ -	\$ -	\$ -
Economic Development	\$ -	\$ -	\$ -	\$ -	\$ -
Social Development	\$ -	\$ -	\$ 500,000	\$ 1,000,000	\$ 1,020,000
SUBTOTAL EXPENSES	\$ 500,000	\$ 9,500,000	\$ 500,000	\$ 1,500,000	\$ 1,530,000
CAPITAL					
SURPLUS / (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -
INTERNAL TRANSFERS					
Transfer to (from) Restricted Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to (from) Surplus	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in TCA	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL INTERNAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	\$ -
FINANCIAL PLAN BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

Recap



Key Points

-  You can't change one thing without changing another
-  Need to inform and involve community members
-  Need the big picture – multi-year financial plan
-  Risks can be turned into opportunities

Keys to Success

Start with a strong
strategic plan



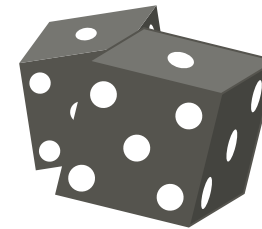
Tailor the process
to your First
Nation



Empower your
Managers



Manage
risk



Communicate
who does what
& when





First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**LE CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

BASIC ACCOUNTING TERMS & PRINCIPLES

Definitions of Key Accounting Terms

Account

- A descriptive unit of a particular item with a specific characteristic – e.g. Cash, Accounts Payable, Accounts Receivable

Assets

- Resources owned and controlled by the entity as a result of past transactions and events, from which future economic benefits are expected to flow to the entity
- 2 types: Current and non-current

Liabilities

- Future sacrifices of economic benefits that the entity is obliged to make to other entities as a result of past transactions or other past events
- 2 types: Current and non-current

Core Accounting Principles

Matching

- Expenses are recognized in the period the related income is earned, and income is recognized in the period the related expenses are incurred. **Income is matched with expenses, expenses are matched with income in the period earned**

Revenue Recognition

- Income is recognized when earned regardless of when received

Expense Recognition

- Expenses are recognized when incurred regardless of when they are paid

Historical cost

- Items in the balance sheet are generally entered at historical (original) cost

Accounting on Accrual Basis

- This means that **revenue or income is recognized when earned** regardless of when received and **expenses are recognized when incurred regardless of when paid**

EXAMPLE:

Company 123 provided repair services to a client on March 4, 2017. The client paid after 30 days on April 3, 2017

When is the income recognized?

Accounting Equation



$$\text{Assets} = \text{Liabilities} + \text{Equity}$$



Money In the bank!

Total Debits = Total Assets



QUESTIONS



Contact First Nations Financial Management

Phone: 1-877-925-6665 Website: www.fnfmb.com

