

MULTI-YEAR FINANCIAL PLANNING



First Nations
**FINANCIAL
MANAGEMENT
BOARD**



KEY LEARNING OBJECTIVES



Why do multi-year
financial planning?



How can my Nation do
multi-year financial
planning?

WHY DO MULTI-YEAR FINANCIAL PLANNING?





WHAT IS A MULTI-YEAR FINANCIAL PLAN?

It is a budget not just for the next twelve months but for the four years after that too.



A multi-year financial plan brings your **STRATEGIC PLAN to life.**

WHERE DOES IT FIT IN AT MY NATION?

LONG-TERM PLANS

What does our Nation want to achieve?
How much will it cost?

Guide Nation's activities every year to
support goal achievement.



- Strategic plan
- **Multi-year financial plan**
- Capital plan



- Annual department work plans
- Annual department budgets



- Annual budget

WHY DO MULTI-YEAR FINANCIAL PLANNING?



GOAL ACHIEVEMENT –
Planning is a path to achieving your Nation's goals.



Planning supports the future health and wellness of your Nation.



EMPOWERMENT – Planning is the act of choosing your own path.

HOW CAN MY NATION DO MULTI-YEAR FINANCIAL PLANNING?





REVENUE

What does the money coming in look like over the next five years?



Will you have new sources of money?



Could there be less money?



COSTS

How much will it cost to meet your Nation's goals?

Buildings and equipment

Economic development

Operating expenses and maintenance

New services

WHERE DOES THE INFORMATION COME FROM?

Strategic plan priorities are set every 5 years

Capital plan includes upgrades, new capital assets and disposals over 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

PLANNING SEQUENCE

Each level of planning gives life to your Nation's goals.



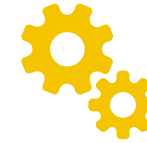
Strategic Plan

Capital Plan

Annual Work Plans

Annual Budget

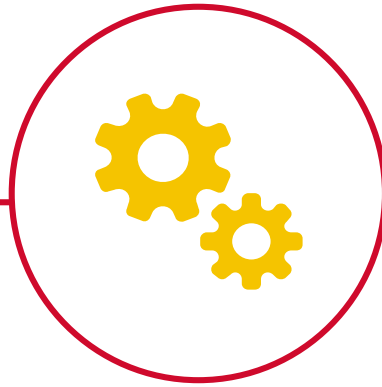
Each level of planning informs the multi-year financial plan.



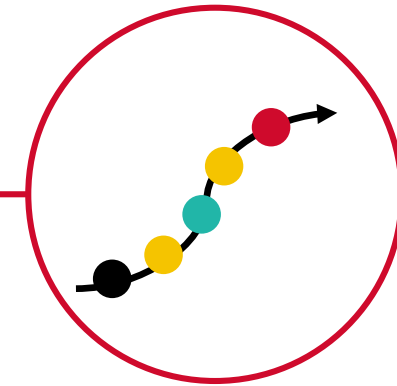
WHAT ARE THE STEPS TO MULTI-YEAR FINANCIAL PLANNING?



1. Identify and include cost drivers from the Nation's strategic plan



2. Add in the costs of capital assets from the Nation's capital plan



3. Project out your annual budget over five years



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.

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

CONSTRUCTION COSTS			Year	FIRST NATION PROJECT MANAGEMENT COSTS			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 Mgr	\$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			
Engineering Design	\$1,000,000	1			\$19,370,000	1,2	
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						

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

CAPITAL DECISION PACKAGE										
Water Treatment Plant						Department: Capital				
						Year 1	Year 2	Year 3	Year 4	Year 5
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

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

OPERATING DECISION PACKAGE										
Water Treatment Plant						Department: Capital				
						Year 1	Year 2	Year 3	Year 4	Year 5
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

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

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

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

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)	-	-	-

EXAMPLE – MULTI-YEAR FINANCIAL PLAN

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)
*Negative cash and cash equivalents at the end of the year indicate a need to identify additional financing or adjust spending																

**Consider construction costs
AND ongoing operating costs**

**Capital project costs happen
over many years**

**Long-term debt – can be up to a
30-year repayment plan**



KEY TAKEAWAYS



THE LONG-TERM VIEW

A multi-year financial plan gives your Nation a long-term and big-picture view when you are considering new projects or expenses.

A photograph of two tipis in a grassy field at sunset. The sky is a mix of blue and orange, and the grass is golden. The tipis are made of light-colored fabric and have many long poles sticking out of the top.

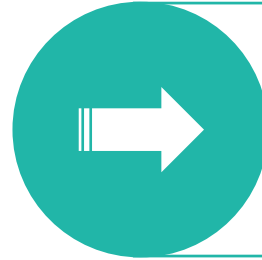
INVOLVE THE COMMUNITY

In order to build success, membership must be involved in, or informed of:

1. Planning and budgeting processes
2. Multi-year financial plan
3. Deficits and extraordinary expenditures
4. The incurrence of debt
5. Capital projects (including borrowing to construct capital projects)
6. Proposed amendments to the FAL



KEYS TO SUCCESS



Start with a strategic plan

Communicate who does what
and when



Keep the community informed

QUESTIONS?

Let's chat.

First Nations Financial Management Board

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