

## **Top 10 Issues Facing Municipal Finance Officers**

Municipal Finance Officers work in local governments across Canada. They assist elected councils with vital tasks including funding municipal programs and services, creating budgets, capital planning, performance management, and long-term financial planning. Many municipal finance officers are the Chief Financial Officer for the municipality and hold professional designations including Chartered Accountant (CA), Certified Management Accountant (CMA), or Certified General Accountant (CGA).

Below is a list of the top 10 issues facing municipal finance officers. This list was developed by the members of the GFOA Committee on Canadian Issues.

### **1. Achieving Fiscal Sustainability**

Municipal Finance Officers make long term plans for their municipalities in an uncertain environment. These plans have to balance the limited sources of municipal revenue, public pressure to keep taxes low, pressure for increasing services, and the impact of an aging population and infrastructure. Municipal Finance Officers strive to balance tight budgets and ensure municipalities will continue to be able to provide valuable services in the future.

### **2. Balancing Service Demands with Tax and User Fee Burden**

Municipalities currently provide invaluable services to our communities including fire protection, policing, roads and sidewalks, snow removal, water and sewer, and recreation facilities and programs. There are many good programs that we would like to see started or expanded, but few Canadians are interested in paying higher property taxes or user fees to see these improvements. Municipal Finance Officers constantly struggle to balance the demand for new and improved services with the desire to keep taxes and user fees low. Municipal Finance Officers must ensure municipal spending aligns with Council priorities so that citizens are getting the services they value most.

### **3. Managing the Infrastructure Deficit**

Across the country municipal assets such as roads, sewer and water systems, and municipal buildings are aging rapidly. For a long time municipalities have not generated sufficient funds to do enough maintenance and replacement work to keep pace with aging infrastructure. Grants from the federal and provincial government have helped with some much needed replacements, but these investments are declining and aren't enough to erase the infrastructure deficit. Municipal Finance Officers must find new ways to fund infrastructure projects and maintain existing assets.

### **4. Managing Revenues During Economic Downturns**

In hard economic times municipalities may see less revenue because federal and provincial governments reduce transfers to municipalities. Residents may also expect reduced property tax rates during economic downturns, even though the cost of providing services remains the same. Municipal Finance Officers must work to continue to provide valuable municipal services in spite of these revenue pressures and look for opportunities for new and innovative sources of revenue.

#### **5. New Municipal Government Requirements (Regulatory Downloading)**

Federal and provincial governments set regulations that can dramatically increase municipal costs. This practice, known as regulatory downloading can mean significant new costs for municipal governments to shoulder. Municipal Finance Officers struggle to find the resources necessary to pay for these new responsibilities.

#### **6. Downloading from Other Governments**

In hard economic times provincial governments shift some of their responsibilities to municipalities. This is often the case with services that are jointly provided by provincial and municipal governments such as policing and social housing. Municipal Finance Officers must find ways to deal with new costs for downloaded services.

#### **7. Finding and Keeping the Right Staff**

Municipalities need highly trained staff in many different specialized fields. Fierce competition from the private sector can make it difficult for municipalities to recruit and retain talented staff. Municipal Finance Officers must balance the desire to restrict government growth through budget cuts and hiring freezes with the need to attract and retain qualified municipal staff.

#### **8. Measuring and Reporting Municipal Performance**

Tracking and reporting the quality of services is important for municipalities looking for ways to better serve the public. Municipal Finance Officers are already using these performance management techniques for financial information. Municipalities are now working to develop thorough and accurate reporting systems and benchmarks for the services municipalities provide. Municipal Finance Officers must ensure performance and benchmarking information is being used to achieve optimum service delivery and help promote efficiency, effectiveness, accountability and transparency.

#### **9. Using New Technology to Better Serve the Public**

New technologies are rapidly changing the way we work and communicate. There is great potential to use emerging technologies to improve municipal services, but adopting these systems can be expensive and time consuming. Municipal Finance Officers are looking for the best ways to use new technologies in our municipalities.

#### **10. Adopting New Accounting and Reporting Standards**

In recent years municipalities have been switching to new accounting standards developed by the Public Sector Accounting Board (PSAB). The new standards will improve information about municipalities and will help plan for new infrastructure investments. Municipal Finance Officers have been working hard to understand the new standards, train their staff and convert their financial systems to match the new standards. Municipal Finance Officers must ensure all financial reports continue to meet changing standards and all audit requirements.