

# Chapter 5: Monitoring and Funding Municipalities



## Why we did this audit:

- Strong municipal financial position is important for Nova Scotia's economy
- Four towns have dissolved in the past five years
- Six of 27 remaining towns are currently in the process of dissolution or amalgamation
- \$130 million provincial funding and grants in 2014-15 is a significant source of municipal revenue

## Overall conclusions:

- Department not effectively evaluating and monitoring municipal financial risk
- Department not fully assessing municipal borrowing risk
- Department distributed formula-based funding appropriately, did not always follow guidelines for application-based grants
- Department agreed with all eight recommendations

## What we found in our audit:

- Department cleared up backlog of outstanding financial reviews and indicator reports
- Dissolution of town was carried out in accordance with legislative requirements
- Minister appropriately approved municipal borrowing requests
- Five formula-based grants were correctly calculated and issued to municipalities
- Department not reviewing municipal financial information quickly enough
- Negative municipal financial indicators not followed up
- Analysis of borrowing requests from municipalities was not completed consistently or with up-to-date information
- Borrowing terms not assessed over life of the assets
- Temporary borrowing approvals not monitored for renewal or transfer to long-term financing