



Nova Scotia  
**MUNICIPAL  
FINANCE  
CORPORATION**

# quarterly newsletter

Volume 5 Issue 3

December 2019 [www.nsmfc.ca](http://www.nsmfc.ca)

I hope everyone had a great holiday.

As of December 9th, we are located on the 8th floor of Maritime Centre. If you are ever in the area, please come and check out our new offices.

In 2018/19 we had a Fraud Risk Assessment completed and, since that time, have been updating and creating policies in accordance with the assessment's recommendations. These policies are on our website within the corporation's policy manual at [https://www.nsmfc.ca/images/NSMFC\\_Policy\\_Manual\\_Updated\\_December\\_2019.pdf](https://www.nsmfc.ca/images/NSMFC_Policy_Manual_Updated_December_2019.pdf)

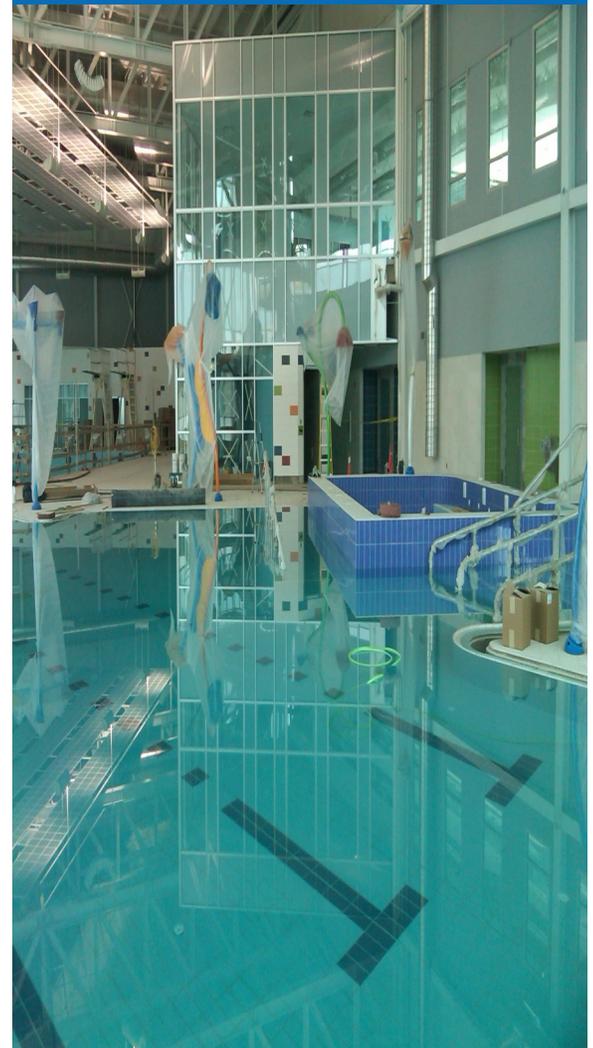
We have also updated the Commitment Letter that is required to participate in our debenture issues. In keeping with the recommendations of the Fraud Risk Assessment noted above, municipalities must provide a project's completion date when applying for financing. This requirement enhances our due diligence in ensuring funds borrowed are used for the stated purpose.

We have issued the call for sponsorship applications in January to finance professionals who would like to attend the GFOA Conference being held in New Orleans in May. Please note this is only open to finance professionals who have not been sponsored by the Corporation in the past.

Finally, if you are interested in learning more about or would like a presentation on our products, please contact us. We would be more than happy to talk to you and your council about any of them.

As always, thank you for taking the time to read this newsletter.

*Paul*  
Paul Wills, CPA, CMA  
CEO/Treasurer



## Our Location

Nova Scotia Municipal Finance Corporation

Maritime Centre

1505 Barrington Street, Suite 8317

Halifax, Nova Scotia

## Our Mailing Address

Nova Scotia Municipal Finance Corporation

PO Box 850, Station M

Halifax, Nova Scotia

Canada

B3J 2V2

## MFC Staff

CEO/Treasurer: Paul Wills, CPA, CMA

P: (902) 424-4590

E: paul.wills@novascotia.ca

Manager of Financial Services:

Bob Audoux, CPA, CGA

P: (902) 424-7172

E: bob.audoux@novascotia.ca

Administrative Assistant:

Kathleen McCarthy

P: (902) 424-6333

E: kathleen.mccarthy@novascotia.ca

## Nova Scotia Municipal Finance Corporation

### **Mission Statement:**

***To provide capital infrastructure financing at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients.***

***This mission is achieved through the issuance of debentures. The Corporation pools municipal borrowing requirements which eliminates the need for individual municipalities to negotiate and administer their own debenture issues. Under this arrangement, the debt issuance function remains in the public sector domain.***

### **Why the Municipal Finance Corporation?**

The Nova Scotia Municipal Finance Corporation (MFC) was established by an Act of the Nova Scotia Legislature in 1979 (*Municipal Finance Corporation Act, Chapter 301*). The MFC concept is widely used in Canadian provinces and American states as a cost-effective, efficient means of raising long-term debenture funds to finance municipal capital projects. Studies have shown that smaller municipalities with lower credit ratings receive the greatest interest savings from MFC participation and that all municipalities can benefit from savings in the cost of administration on outstanding debenture issues. In addition, two of the five members of the board of directors are appointed based on the recommendation of the Nova Scotia Federation of Municipalities, which ensures strong municipal representation.

### **Who must finance capital projects through the MFC?**

The MFC objective is to provide financial assistance to its clients, including municipalities, villages, municipal enterprises, school boards, and hospitals. All municipalities, villages, and municipal enterprises must finance their external capital requirements by way of the MFC through the issuance of a debenture. Fire departments are incorporated under special legislation and qualify as a “service commission” under the Act, thereby enabling them to borrow in their own name with a municipal guarantee. To qualify, the fire department must provide a municipal service and have taxing powers. The MFC uses credit enhancement and debt-pooling techniques to meet clients’ approved funding requirements at the lowest possible cost.

### **Long-Term Loans For Capital Infrastructure**

Pooled debenture issues are the most frequently used product that the MFC offers clients, going to market with two debenture issues each fiscal year— spring and fall.

# Nova Scotia Municipal Finance Corporation

## *MFC Programs at a Glance*

*The MFC has a series of programs that you, as a municipal employee, may find beneficial to your municipality. Please contact the MFC if you would like us to present to your council.*

<b>MFC Program</b>	<b>Program Description</b>
<b>Long-Term Financing</b>	Low-cost, long-term capital financing for municipalities. Typically debentures that are issued twice a year— spring and fall.
<b>Short-Term Financing</b>	Short-term loans to clients who have completed their capital projects and are awaiting participation in the next debenture issue. Interest rate is based on 90-day Bankers' Acceptance plus ½ percent calculated using CDOR (Canada Dollar Overnight Rate).
<b>Green Municipal Funds</b>	Administering of Green Municipal Fund loans, in partnership with Federation of Canadian Municipalities, to Nova Scotia municipalities
	<b><i>"FREE programs offered to our municipal clients!!!!</i></b>
<b>Debt Affordability Model</b> <b><i>"FREE" to municipal clients</i></b>	Long-term financial planning model that addresses how much debt to carry, multi-year budgeting and forecasting, and analyzes revenue and expenditure options. Municipality's future revenue and expenditure growth, as well as other variables unique to the municipality are also taken into consideration.
<b>Capacity Building Program</b> <b><i>"FREE" to municipal clients</i></b>	Sponsoring of conferences and the offering of a suite of best practices and financial planning tools to support the financial capacity of municipalities
<b>Best Practices*</b> <b><i>"FREE" to municipal clients</i></b>  <b><i>* See Following Pages</i></b>	Designed to support good governance of municipalities by promoting accountability, transparency, value for money, and risk management
<b>Mentoring Program</b> <b><i>"FREE" to municipal clients</i></b>	Helps individuals in the Director of Finance role who are new to municipal government by connecting them with retirees who previously carried out the role.
<b>High Interest Savings Account (HISA)</b> <b><i>"FREE" to municipal clients</i></b>	Provides higher rates of return on funds for which municipalities, villages and municipal enterprises do not need immediate access, such as capital reserves, Gas Tax revenues, excess operating reserves. Does not replace day-to-day operating account but can be withdrawn on short notice without penalty.

# What are the MFC best practices?

Best practices are proven and reliable techniques or methodologies. They can be simple or complex, but overall they are meant to be effective and efficient strategies for accomplishing a task. MFC best practices are designed to support good governance by promoting accountability, transparency, value for money, and risk management. A typical best practice includes background information about why it is considered important, suggested resources from other organizations, and step-by-step guides for implementation.

MFC can work directly with municipal staff to tailor practices to meet the specific needs of the municipality. This work can include support in research and writing specific policies to delivering presentations to council.

To find out how we can help your municipality, please contact Paul Wills at (902) 424-4590 or email: [Paul.Wills@novascotia.ca](mailto:Paul.Wills@novascotia.ca)

# MFC Best Practice Profile

## Performance Management: Using Performance Measurement for Decision Making

The original recommended practice was developed by the Government Finance Officers Association (GFOA). Some aspects of the practice have been revised by the Financial Management Capacity Building Committee (FMCBC) for use by Nova Scotia municipal governments. The original GFOA recommended practice is *Performance Management: Using Performance Measurement for Decision Making*, approved by the GFOA Canadian Committee in 2007.

### Recommendation

The GFOA recommends that program and service performance measures be developed and used as an important component of long-term strategic planning and decision-making and integrated into the budgeting process. GFOA also encourages all governments to utilize performance measures as an integral part of the budget process. Over time, performance measures should be used to report on the outputs and outcomes of each program as they relate to the mission, goals, and objectives of the municipality.

### Purpose

Performance management and performance measures can help municipalities develop a continuous system of improvement. Consistent performance measures can help reveal when a program or service is not being delivered properly or effectively, which can result in insufficient services to the public. It is important for municipalities to be receptive to introducing performance measures to become more focused on outputs and outcomes of a program. Furthermore, performance measurements can also result in positive behavioural change. Municipalities should embrace the concept of continuous improvement and be willing to be measured (benchmarked) against outcomes. Establishing a receptive climate for performance measurement is as important as the measurements themselves.

### Background

Performance measurements can be integrated to the strategic planning process and budget, which can then help assess accomplishments on a municipal-wide basis. When used in the long-term planning and goal setting process and linked to the municipality's mission, goals, and objectives, meaningful performance measurements can help identify financial and program results. Performance measures can also help evaluate past resource decisions and facilitate qualitative improvements in future decisions regarding resource allocation and service delivery.

### Considerations in Policy Development

Performance measures have been incorrectly perceived to be subjective evaluations, creating additional work, and/or putting a greater strain on resources. However, most municipalities already use some form of performance measure. Performance measures that are appropriately formalized and integrated into municipal policies provide for greater accountability to the public.

Once a municipality has committed to implementing performance measurements, they need to develop specific performance measures that are best suited for their municipality. The key to reaping the benefits of performance measurement is developing customized performance measures. If the performance measures do not reflect the program that they are evaluating, they will not be helpful.

In addition to implementing performance measurements, it is important to develop a performance management model. A performance management model can help municipalities implement performance measures, thereby making the performance measures more effective.

In addition to performance measurements and performance management, a municipality can also choose to develop a program evaluation. Program evaluation is similar to performance management, and can be combined with performance measures.

Strategic plans and performance measurements are intertwined, as the performance measurements should be designed to reflect a municipality's goals, mission, and vision.

Municipalities should consider disclosing their performance measurements and performance results to the public.

# Upcoming Events

## AMA

### **AMANS Spring Conference:**

**June 10-12, 2020**

Dundee Resort Golf Club, West Bay, NS

To book your room please call: 1-844-638-6333

### **AMANS Fall Conference:**

**September 22-25, 2020**

50<sup>th</sup> Annual Fall Conference, DoubleTree Dartmouth, NS

## CAGFO

### **National Conference:**

**September 16-18, 2020**

Edmonton, Alberta



### ***We are now accepting applications for the 2020 GFOA Conference***

The Nova Scotia Municipal Finance Corporation (MFC) will support one municipal finance professional, up to \$2,500, to defray most of the costs of attending the 2020 GFOA conference. This year's event is scheduled from May 17 – May 20 in New Orleans, Louisiana. Those interested are invited to submit a resume and cover letter by January 31<sup>st</sup> detailing why you would like to attend the conference and how it would benefit your professional development as well as your municipality.

**Please note this is only open to finance professionals who have not been sponsored by the Corporation in the past.**

Confirmation that the applicant's employer is willing to cover the training costs in excess of the MFC contribution must also be submitted.