



Nova Scotia  
**MUNICIPAL  
FINANCE  
CORPORATION**

# quarterly newsletter

Volume 4 Issue 1

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Summer is almost here! With that the motorcycle is out!

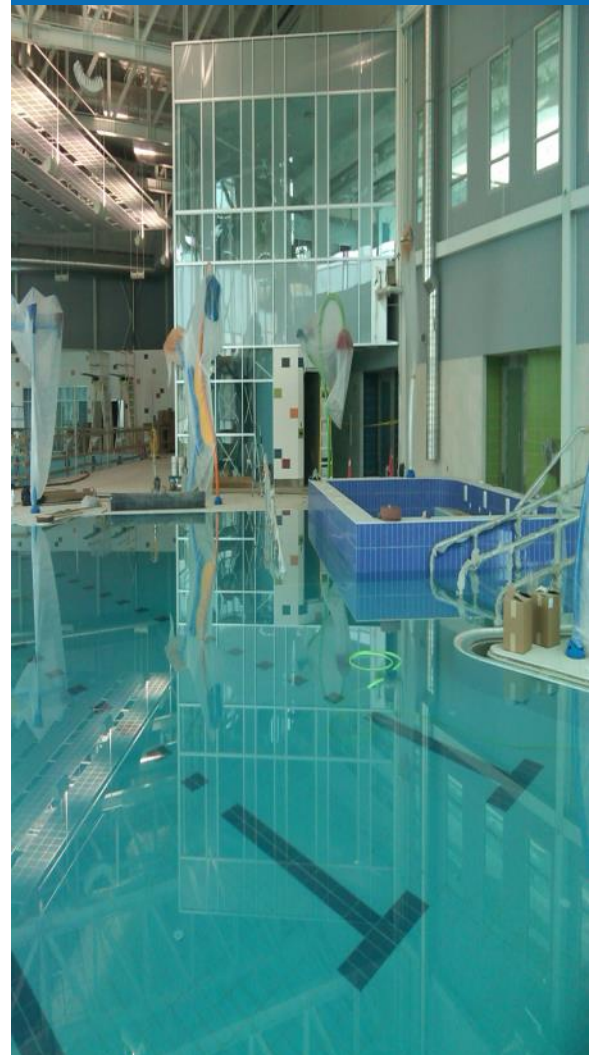
Over the past year or so, we have been looking for possible training opportunities within Canada. Three years ago, the GFOA of Western Canada changed their name to the Canadian Association of Government Finance Officers to form a national organization and are reaching out to finance officers across the country to truly make it a national organization. You can read more about them in the Upcoming Events section of this newsletter.

As you will read within this newsletter, the Corporation provides more than low interest loans to our clients. We continue to promote the use of our Best Practices, the Debt Affordability Model, use of our Short-Term Loan, and our High Interest Savings Account as useful tools. You can read more about these various programs further in this newsletter.

If any municipality is interested in learning more about or would like a presentation on any of our products, please do not hesitate to contact us. We would be more than happy to come and 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



## 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 Legislature of the Province of Nova Scotia 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 Union of Nova Scotia Municipalities, which ensures strong municipal representation.

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

The objective of the Corporation is to provide financial assistance to its clients, including municipalities, villages, municipal enterprises, school boards, and hospitals (*MFC Act, S7*). All municipalities, villages, and municipal enterprises must finance their external capital requirements through the Corporation through the issuance of a debenture (*MFC Act, S16(1) and S16(2)*). 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 used product that the MFC offers its clients. The MFC regularly goes to market with two debenture issues each fiscal year, in the spring and fall.

### **Our Location**

Nova Scotia Municipal Finance Corporation

Maritime Centre

1505 Barrington Street, Suite 1501

Halifax, Nova Scotia

### **Our Mailing Address**

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### **MFC Staff**

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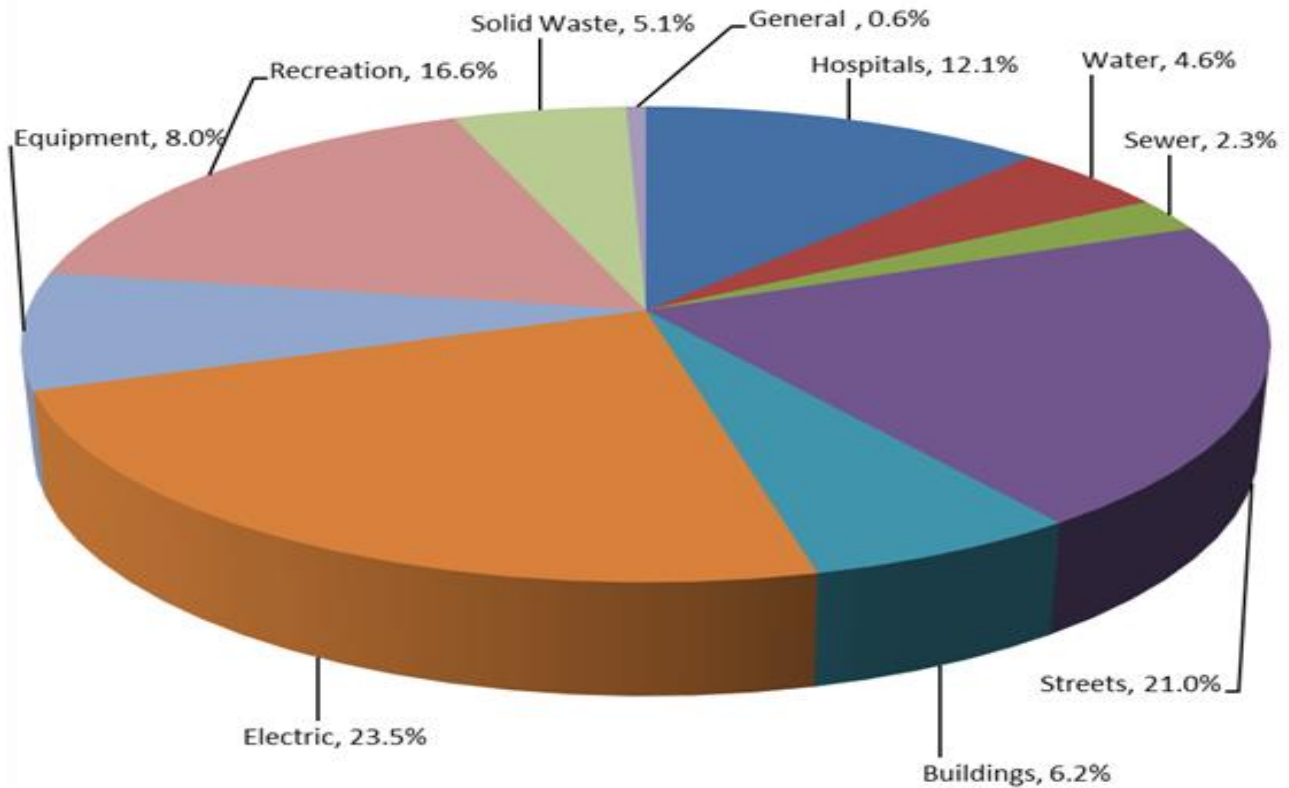
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## Spring 2018 Debenture Issue

On Wednesday May 9, 2018 the Nova Scotia Municipal Finance Corporation priced its spring debenture. Sixteen municipalities and four municipal enterprises participated in the issue which totaled \$52,032,449. The debenture closed on May 30, 2018. The loans MFC provided to municipalities helped finance the following infrastructure investments. The interest rates for this debenture issue are:



<b>Series Pricing</b>		<b>"All-in" Costs</b>	
<b>Maturity</b>	<b>Coupon Rate</b>	<b>Term</b>	<b>"All-in" Cost</b>
30-May-19	2.0600%	5 years	2.88%
30-May-20	2.3670%	10 years	3.18%
30-May-21	2.5820%	15 years	3.36%
30-May-22	2.7610%	20 years	3.43%
30-May-23	2.8840%	25 years	3.47%
		40 years	3.52%
30-May-24	2.9915%		
30-May-25	3.0965%	<b>Total</b>	<b>3.35%</b>
30-May-26	3.1835%	<b>The "All-in" cost is for straight serial loans &amp; any final year "balloon".</b>	
30-May-27	3.2585%		
30-May-28	3.2995%		
30-May-29	3.3720%		
30-May-30	3.4060%		
30-May-31	3.4410%		
30-May-32	3.4710%		
30-May-33	3.5010%		

# Nova Scotia Municipal Finance Corporation

As a Crown Corporation, MFC's powers and responsibilities are set out in the *Municipal Finance Corporation Act (1979)* and the Corporation is accountable to the Nova Scotia legislature through the Minister of DMA.

A Board of Directors appointed by the Governor-in-Council governs the Corporation. The Board is comprised of six directors: two members are senior provincial public servants, two members are appointed upon the recommendation of the UNSM, one member is appointed upon the recommendation of the AMA, and one member is appointed from the community at large.

The Corporation is completely self-funded. The Minister of DMA is required by legislation to approve the annual administration budget. The Corporation levies fees on loans made to its clients to help offset its administrative expenses.

Support staff and resources from the provincial Departments of Finance and Treasury Board and DMA have been provided to the Corporation. The Corporation also contracts with the Department of Justice for the provision of legal services. The advice and assistance given by all three provincial departments is a valuable contribution to the operations of the Corporation.

## Short Term Loan Program

In 2014, the Corporation secured a \$50-million line of credit from the Nova Scotia Department of Finance and Treasury Board to facilitate requests from municipalities. Previously, the Corporation's reserve fund was used to provide short-term loans to clients that had completed capital projects and were awaiting participation in the next debenture issue. This change creates an opportunity for the municipal client to access even lower interest than before, and for the Corporation to invest and earn more interest on its reserve fund. Interest is charged at 90-day Bankers' Acceptance plus 50 basis points (1/2%) calculated using the Canadian Dollar Offered Rate.

If you have a completed capital project but missed the fall debenture offering, contact Bob Audoux at (902)-424-7172 or [bob.audoux@novascotia.ca](mailto:bob.audoux@novascotia.ca) for information on how to access this program.

## Mentoring Program

When a new Director of Finance is hired who lacks municipal experience, we have a program to help assist the new hire. This program will assist the new municipal Director of Finance become more accustomed to municipal government by speaking with a retired Director of Finance to help understand the way municipalities function and operate. The Corporation will pay the mentor to meet with the newly hired Director of Finance for four sessions for up to three hours each time. Topics covered will be:

• Fund Accounting	• Director's Responsibilities	• Budget Process	• Year-end Working Papers
• Council Reports	• Tax Sales	• CAO/DOF Relationship	• Nonconsolidated/Consolidated Financial Statements

If you have recently hired a new Director of Finance and would like to access this program, please contact Paul Wills at 902-424-4590 or [paul.wills@novascotia.ca](mailto:paul.wills@novascotia.ca).

# High Interest Savings Account

Tired of getting low returns on your surplus funds (capital reserves, gas tax, operating reserves)?

Tired of limited options where you can invest these surplus funds?

Do you want to earn greater returns with “no” risk, “no” service or hidden fees, and “greater” flexibility?

Our High Interest Savings Account could be the option for you!

As of January 18, 2018, our High Interest Savings Account earns, at a minimum, 1.85%!

Why not give it a try!

If you are interested in accessing this new program, or wish to chat about it, please contact:

Bob Audoux  
(902) 424-7172  
[Bob.audoux@novascotia.ca](mailto:Bob.audoux@novascotia.ca)

“We have taken advantage of the High Interest Savings Account (HISA) offered by MFC.

My calculations are that we will earn virtually double the rate of interest we are now receiving.

I look forward to working with MFC, your assistance, so readily given and insightful, is very much appreciated.”

Jim Davis  
Chief Administrative Officer  
Town of Mulgrave



# What are the MFC best practices?

In 2003, MFC and the Association of Municipal Administrators of Nova Scotia (AMA) formed a joint committee to develop financial management best practices for municipalities in Nova Scotia. The Committee used practices developed by the Government Finance Officers Association (GFOA) and adapted them to fit Nova Scotia's legislation and practices. Overall, 32 best practices were created to help support the financial health of municipalities in Nova Scotia.

The committee was re-established again in the summer of 2013 to revisit the best practices to determine which could be considered "core" or high priority. Of the 32 best practices, seven were determined to be core or high priority.

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's 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.

They are not generic templates to download, take to Council and get approved. Some work must be done first to tailor them to your municipality's needs and context. MFC can work directly with your staff to adapt any of the best practices into policies to suit your needs, from the research and writing involved in drafting policies, to making presentations to council.

To find out how we can work with you 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

### 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, which should be 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 and should be related 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.

# MFC Best Practice Profile

## Enhancing Management Involvement with Internal Control

### Considerations for Policy Development

Performance measurements often create nervousness. Municipalities may be apprehensive to implement performance measures. Performance measures have been perceived as revealing what has been done wrong, or they are perceived as personal evaluations. Performance measures are also perceived as additional work and a greater strain on existing resources. However, these misconceptions are not necessarily true. In fact, most municipalities already use performance measures at some level, but performance measures should become more formalized to be more accountable to the public. In order to be effective, performance measures need to be perceived from a different perspective.

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. It is also important to develop a performance management model. A performance management model can help municipalities implement performance measures, thereby making the performance measures more effective. 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

## Canadian Association of Government Finance Officers

You may not have heard of the **Canadian Association of Government Finance Officers (CAGFO)** before.

We started in Western Canada about 40 years ago and since then have been holding annual conferences on the issues facing Government Finance Officers. In the last 3 years we have updated our vision, our constitution and our name to make ourselves more relevant to government finance officers across the country.

We offer monthly updates, a quarterly newsletter and an annual conference as means of keeping our members in touch with the issues affecting us all. Our job posting service lists government finance officer positions across the country. We work closely with all the other associations that also serve Government Finance Officers in the public service. We complement rather than compete with them.

Membership is open to anyone who works in or who has an interest in Canadian Government Finance. You are eligible to join the Canadian Association of Government Finance Officers. **There is no charge to join.** Simply email [sam@cagfo.ca](mailto:sam@cagfo.ca) and say: "I wish to join"

## Canadian Association of Government Finance Officers Conference

Registration is now open for the Canadian Association of Government Finance Officers' conference in Winnipeg from September 11<sup>th</sup> to 14<sup>th</sup> 2018.

Check out the brochure at <http://cagfo.ca/wp-content/uploads/CAGFO-2018-Initial-brochure.pdf> for a preliminary taste of our excellent line up – more speakers and sessions will be added soon.

There will be three pre-conference workshops offered on Tuesday September 11<sup>th</sup> for those who want to extend their stay. Please check them out here: <http://cagfo.ca/wp-content/uploads/Winnipeg-Preconference-Sessions.pdf>

## AMA Spring Conference

Annual Spring Conference at White Point Beach from June 13 to 15, 2018.

Registration for the conference can be done here: <https://www.civicinfo.bc.ca/event/2018/AMA-Spring> if you haven't done so.

The full program can be found on AMA website : <https://amans.ca/2018-spring-conference.html>. The theme for this year's Spring Conference is *"Adjusting Your Sails to Seas the Opportunity"* and features diverse presenters and engaging keynote speakers, so be sure to check out the program. There is also additional programming in the morning and evenings for networking opportunities.

If you are unable to attend the whole conference, but would like to attend the MFO Session on Wednesday June 13<sup>th</sup>, please email [ajeffer@amans.ca](mailto:ajeffer@amans.ca).