



Nova Scotia
**MUNICIPAL
FINANCE
CORPORATION**

quarterly newsletter

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Wow how about the weather we have had over the past few months!

As we approach fall, it is time to start getting your paperwork in order if you are planning to participate in the fall debenture issue. The cutoff to participate is noon October 25th. Please refer to page 8 of this newsletter to see what is required in order for your municipal unit to participate.

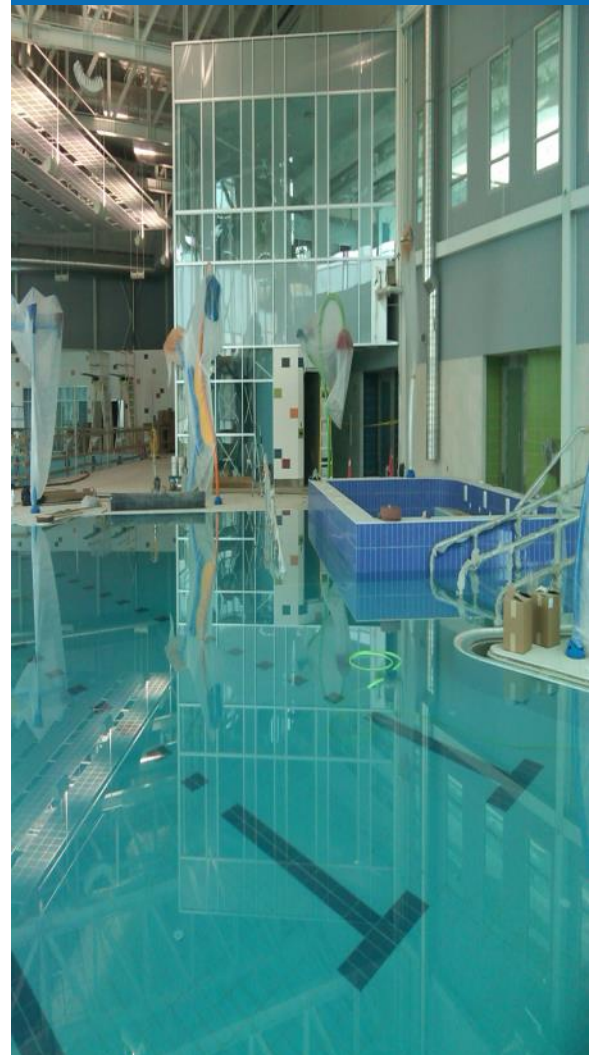
We continue to promote the use of our Best Practices, the Debt Affordability Model, use of our Short-Term Loan, our High Interest Savings Account and our Mentoring Program as useful tools. You can read more about these various programs further in this newsletter.

If you are 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, your Council and staff 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

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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 NSFMC, 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 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.

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 October 25, 2019, our High Interest Savings Account earns, at a minimum, 2.35%!

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

“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

MFC Best Practice Profile

Acceptance of Credit Cards and Debit Cards

The original recommended best 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 *Acceptance of Credit and Debit Cards*, approved by the GFOA's Executive Board in 2008.

Recommendation

New methods of payment are being offered for taxpayers in various levels of government. The GFOA recommends that governments evaluate whether the acceptance of credit cards and debit cards as an option is reasonable and appropriate for the type of charge or fee being paid and the customer service level desired. The evaluation should consist of the following considerations:

- Merchant discount fees.
- Type of payment.
- Administrative costs.
- Benefits to government.
- Comparable cost of processing payments.
- Third party processors

Purpose

Credit card and debit card acceptance has become extremely popular in the private sector. The use of credit cards and debit cards is extremely popular among the Canadian public for both large and small purchases. If a municipality decides to allow taxes, fees, or charges to be paid with credit or debit cards, greater convenience will result for the taxpayer. Because of the increased convenience, this can cause a reduction in payment default rates of taxes, fees, or charges. If a municipality is experiencing high default rates, different payment mechanisms may result in increased occurrences of payment. Also, a municipality may want to introduce credit and debit card payments to increase the efficiency of its payment method, and eventually remove cheque payments.

Background

Credit and debit cards have become an extremely popular method of payment in the private sector, especially in Canada. There is a growing trend moving away from cash and cheques and towards instant banking and credit cards. There are advantages and disadvantages to accepting credit card and debit card payments that municipalities need to weigh when deciding whether to accept payments by credit cards and debit cards.

MFC Best Practice Profile

Audit Postings on Websites

Considerations for Policy Development

If a municipality is able to distribute audited financial statements to the public, it is able to post the same information on their website for the public to access. It is important to post audited financial statements on the municipality's website because this provides greater transparency and easier access for its citizens. Certain policies should be considered when posting audited financial statements on a municipality's website.

When municipalities are deciding whether or not to implement a new payment method including credit cards and debit cards, it must take into consideration certain factors. Municipalities should decide whether or not a new payment mechanism is actually necessary, and if the public would embrace the new payment mechanism.

Before deciding on introducing credit cards as a method of payment, municipalities should also examine the various factors associated with credit cards. There are various fees involved with credit cards that municipalities should be aware of before implementing it as a payment method (for further details).

Lastly, once a municipality has decided to adopt credit and debit cards as a method of payment, it must decide which credit cards to accept, and what type of Point of Sale (POS) terminal to use. When a municipality is deciding on which type to choose, it must follow the Agreement on Internal Trade in Nova Scotia. By following these guidelines, municipalities can ensure that they will select the most suitable terminal.

Upcoming Events

Fall Debenture

Just a friendly reminder about the NS Municipal Finance Corporation's fall 2019 debenture.

Deadline: October 25th at noon (**there will be no requests taken after noon on October 25th**)

Pricing Date: October 25th

No participant will be on the debenture list if their package is incomplete.

So, if you have not requested a TBR from your municipal advisor, it is strongly suggested you do so today, as the TBR could determine whether you are on the list at the October 25th deadline.

The following documentation is required in order to be put on the MFC debenture list:

- 1) Commitment Letter (a template can be found on the Corporations website),
- 2) Temporary Borrowing Resolution approved by the Minister (provide a photocopy in your debenture package submission),
- 3) Pre-Approval form (if your TBR is waiting to be signed, send in the Pre-Approval anyway), and
- 4) Villages & Municipal Enterprises require a Municipal Guarantee (contact your Advisor)

Only a completed package, submitted by email in a PDF file format, will get you on the debenture list.

CAGFO 2019 National Conference (October 2nd - 4th)

The theme for this years conference is: Responding to disruption: Opportunities for finance. As the world has become more challenging, technology more complex and our delegates more demanding, similar challenges face our members in their organizations. If any of us ever get comfortable, we find ourselves Responding to Disruption. That is why in 2019, we are bringing together amazing speakers and the best technical experts from the leading companies in our field to work with our delegates so that we can all be inspired to see disruption as an Opportunity for Finance.

AMA Fall Conference 2019 (October 15th - 18th)

The Fall Conference committee has put together a fantastic program with a theme of Challenge Yourself in Change. There is no doubt municipalities must balance constant change and innovation in order to evolve to meet the needs of their communities. The sessions at our conference will give you new ideas, test your old way of thinking, and leave you feeling energized and motivated to tackle the important projects in your municipality.

Upcoming Events

NSFM Fall Conference 2019 (November 6th - 9th)

Once again we will be a Premier Level Sponsor for this conference. Please feel free to come to our booth and speak to one of our staff members on the various services we offer besides long-term loans to assist municipalities in financial capacity building.

AMA Financial Management I for Municipal Managers – Strategy, Statements and Budgets (November 7th - November 8th)

This module is designed to improve municipal administrators skills in reviewing financial statements and indicators, developing a long-term financial plan, and preparing operating and capital budgets.

AMA HR Management Module 1 (November 15th)

This skills-based training module is intended to improve municipal administrators' knowledge with respect to employment and labour law, human resources, and benefit plans. It will help build awareness of the legal framework of human resource management with respect to employment contracts, collective agreements and workplace policies. Participants will also learn the procedure for dispute resolution and the legal responsibilities of municipal managers.