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Municipal Accounting and Finance Program (MAFP) Unit 2 – Financial Planning and Asset Management Outline

- The first few pages of this package includes an overview of the for both units of the Municipal Accounting and Finance Program (MAFP).
- Starting on Page 6 is the introduction and learning outcomes for each of the five lessons for MAFP Unit 2.

Overview of the Municipal Accounting and Finance Program (MAFP)

MAFP Unit 1 of the Municipal Accounting and Finance Program is designed to introduce the students to the basics of accounting and financial reporting requirements of Ontario municipalities as of the 2019 fiscal year. This will include an exploration of legislative requirements as well as public sector accounting standards and guidelines. It is important to note that each province have different legislation governing municipal finance. However, all municipalities are required to follow Public Sector Accounting Board Standards. Further, municipalities in Ontario vary in its services depending upon their type: upper-tier, lower-tier and single tier. When reading and comparing financial information and statements, this knowledge is important as no two municipalities are the same. Much of Unit 1 focuses on basic, mandatory financial accounting and reporting and are generally considered “minimum” requirements. Unit 1 Lessons are as follows:

Lesson 1: Municipal Financial Management and Accounting

Lesson 2: Program Financing: Property Tax Revenues

Lesson 3: Program Financing: Non-Tax Revenues

Lesson 4: Municipal Expenses

Lesson 5: Municipal Financial Statements, Financial Information Return and Audits

MAFP Unit 2 of the program will build on Unit 1 by exploring budgeting, financial planning and asset management. Most of this unit explores emerging best practice and will provide a basis for improvements in municipal financial management. Municipalities will each have their unique approach to financial planning and the unit will only provide a brief overview. Students are encouraged to research the approaches by several municipalities to gain an understanding of changing financial management practices. There is no right or wrong answer. Unit 2 Lessons are as follows:

Lesson 1: Introduction: Integrated Planning Framework

Lesson 2: Municipal Budgeting

Lesson 3: Tangible Capital Asset Accounting

Lesson 4: Asset Management Planning and Lifecycle Management

Lesson 5: Debt

For illustrative purposes only, the Municipality of Chatham-Kent’s (CK) financial information, reporting and planning approaches will be used in the two units. This will provide consistency across the lessons. The rationale for choosing CK’s information is that it is a single-tier municipality who provides the wide range of services provided by both upper and lower tiers. Further, CK has been progressive in terms of integrated strategic planning and therefore, provides a good example of municipal planning cycles. Other municipalities will also be referenced throughout the lessons to provide additional information and best practices.

Course Delivery

AMCTO has moved to an online platform for the delivery method for this Education Program. You will have access to the MAFP course material prior to being connected to the online platform, through a secure AMCTO webpage. After registration closes, you will receive a welcome email from MyPlaceToLearn (MPTL), to set a login to access the online learning porthole, where all course activity will be delivered, including, being connected to your marker, submitting/return of assignments/exam and communicating with others taking the same course. Markers are assigned by their expertise, therefore,

you may have a different Marker for each unit. The course has a set schedule of due dates for the submission of assignments. Students must complete and submit their assignments by 11:59pm according to the due dates set out in the schedule.

This method of course delivery allows students to develop skills of autonomous, reflective and self-paced learning.

Evaluation of Learning/Grading

The evaluation of the assignment exercises for the lessons in each unit consist of the following:

- Five Exercises per Unit (10% each)
(to be returned to students with corrections and comments): **50%**
- End-of-Unit Exam (Open book)
(to be returned to students with corrections and comments): **50%**

The final grade for each unit will consist of a **combination** of marks received on Assignment Exercises and on the Final Examination. The weighting of marks is as follows:

Assignment 1	10 %
Assignment 2	10 %
Assignment 3	10 %
Assignment 4	10 %
Assignment 5	10 %
Final Examination	50 %
TOTAL	100%

- **In order to successfully complete the unit, you must score a mark of at least 51% on the Unit's Final Examination and an overall average grade of 60% or higher for the entire unit.** Refer to the End-of-Unit Exam details on page 4 for the exam process.

The table below is provided for your convenience and comparison.

Percentage	Descriptor	Equivalent Letter Grade
96% - 100% 91% - 95% 86% - 90%	Excellent Very Good	A+ A A- minimum grade required for the Diploma program Honour Roll
81% - 85% 76% - 80% 72% - 75%	Good Average	B+ B B-
68% - 71% 64% - 67% 60% - 63%	Satisfactory Below Average Minimal Pass	C+ C C- minimum required grade for credit
59% and below	Failure	F

You will receive your exam grade and final mark via email from your marker. AMCTO will send official documentation via email no earlier than 8 weeks after writing the Course Exam. You may need to submit your registration for your next unit before receiving your official documentation. Any concerns or issues regarding your results will be addressed separately and will not prevent you from continuing with your next unit.

Assignment Exercises

Assignment Exercises will place emphasis on developing students' analytical, reflective and problem-solving skills. Students must complete and submit their Assignment Exercises within the set window of dates and times specified by AMCTO (to be decided). Assignment Exercises will require students to analyze concepts or solve specific problems relating to municipal accounting and finance. These assignment exercises provide students the opportunity to demonstrate their understanding of the concepts and principles of accounting and finance in the course reading package.

Assignment exercise questions expect the students to demonstrate knowledge of the course materials, offer personal views and/or to draw upon examples from their experience. The assignment exercises are not merely to summarize a particular accounting or financial principle or procedure, but to do so analytically, highlighting the key concepts, relating these concepts to the relevant lesson in the course package and applying your analysis to practical issues/problems in your municipality. Assignment exercises must be submitted via email to your designated marker for this program by the scheduled due dates. Graded exercises will be returned to students with corrections and comments.

The Assignment Exercises based on an open-book model will help students:

1. Apply accounting and financial concepts and principles in the lesson to the current realities and problems of local government in Ontario
2. Develop analytical, interpretive and critical writing skills in addressing accounting and financial issues.
3. Cultivate skills in preparing accounting and financial documents to address policy problems

End-of-Unit Exam

This is a 24-hour "open-book" exam that will be scheduled at the end of the term. You will not need to secure a proctor for the unit exam, however, you will need to register for your exam to let AMCTO know the date that you will be writing. Registration for the exam will be emailed to you after the third assignment due date.

The choice of exam dates are located on the Assignment Schedule. The date you register for will be your exam date.

The aim of the exam questions is not merely to reproduce information in the course reading package. They have been designed to challenge students to analyze accounting and financial provisions and principles, synthesize information and think creatively about

real-life situations and examples. AMCTO will email 6 exam questions to you by 8:00am on your scheduled exam date. From those 6 questions, you will choose only 4 to answer, however, number them as they appear on the exam question sheet. If you answer more than 4 questions, the marker will only grade your first four answers.

Once you complete your exam, you will be emailing your answers directly to the same marker who marked your assignments for this unit within 24-hours of receiving the exam questions. All four of your answers are required to be sent as one document and in word.

Specific instructions will be emailed to you on your exam day. Exam study questions are not available prior to your exam date. As long as you have read the required readings and submitted all assignments, you are prepared for the exam.

Lesson 1 of Unit Two

Introduction

As explored in Unit 1, effective financial management starts with integrated, long term planning where every effort focuses on becoming financially sustainable so that communities are able to provide the services to its constituents. All too often, municipalities focus on keeping property taxes low at the detriment of the future. Remember from Unit 1 that, in order to be sustainable, we must balance today's pressures with tomorrow's needs. This is often due to political pressure and the belief that taxes are too high. This Unit will focus on best practices in financial planning which a specific focus on asset management.

Learning Objectives and Outcomes

By the end of this lesson, students should be able to:

1. Describe the elements of an effective integrated planning framework for the public sector.
2. Demonstrate understanding of the benefit and requirement for Asset Management plans, reporting requirements and integration into long term financial plans.
3. Describe the legal framework for long term planning.
4. Describe the features of a long-term financial plan and how to implement in the municipal setting.

Lesson 2 of Unit Two

Introduction

This lesson examines municipal budgeting both annual and multi-year. There will be an extensive look at the budget process, capital and operating budgets. The lesson also addresses alternative budgeting systems and formats such as performance features, program features, planning features, and zero-based features.

Learning Objectives and Outcomes

By the end of this lesson, students should be able to:

1. Distinguish between capital and operating budgets and explain the links between them.
2. Explain the legal requirements governing the preparation of the annual budget.
3. Analyze the steps typically followed in the annual budget process.
4. Explain the purposes of the annual budget and the constraints which make it difficult to fulfill them.
5. Describe changes to the budgeting processes including multi-year budgets.

Lesson 3 of Unit Two

Introduction

In 2009, municipalities transitioned to comply with accounting standards requiring the move to full accrual based accounting. PSAB has adopted these standards requiring significant changes to the municipal financial statements with the inclusion of all assets, tangible capital assets and inventory. The impact of this transition affected virtually every decision made by municipal managers. The move to full costing of programs and services becomes clearer and likely demanded by the public. Managers therefore, needed to adopt new financial management competencies in order to capture the right information, identify the cost drivers and long term impacts on the municipality of decisions. Further, business processes had to change to allow for accounting changes and provide meaningful information and ultimately determine the success of the management of assets.

Learning Objectives and Outcomes

By the end of this lesson, students should be able to:

1. Explain the PSAB requirements for reporting TCAs on the annual financial statements and the associated Financial Information Return requirements.
2. Define the difference between TCAs and operating expenses.
3. Outline the key policy decisions required for TCAs and the impact on the financial statements.
4. Describe the difference between assets under construction, their treatment and effect on the financial statements.
5. Explain how disposals and write downs of assets impact the TCA inventory and reporting.

Lesson 4 of Unit Two

Introduction

The lesson examines Asset Management and Plan requirements and their relationship with TCAs. While PSAB 3150 requires TCAs to be capitalized and amortized over their useful lives, the asset is recognized at cost (or a valuation where the cost was not known for very old assets). While historical cost provides the basis for the cost of using the asset through amortization expense, it is not helpful in terms of asset management strategy which needs to be financed. Asset management includes the maintenance and repair of the asset as well as the potential replacement in the future. Asset Management for municipalities has been given priority by the Province of Ontario.

Learning Objectives and Outcomes

By the end of this lesson, students should be able to:

1. Understand the concept of the infrastructure deficit and the importance of asset management.
2. Understand the what asset management is and how it can deliver value to long term planning.
3. Understand the Asset Management policy and plan requirements and best practices.
4. Define the key components of an Asset Management Plan and processes.
5. Describe the Asset Management Framework elements in Ontario and internationally.

Lesson 5 of Unit Two

Introduction

The discussion in this lesson focuses on capital financing and debt administration. Unit 1, Lesson 3 introduced the various types of grants/transfers, funding from reserves, capital levies and development charges. Capital leases were covered in Lesson 3 of Unit 2.

Learning Objectives and Outcomes

By the end of this lesson, students should be able to:

1. Demonstrate understanding of the factors relevant to the measurement of a municipality's debt capacity.
2. Analyze the legal documentation related to debenture issues.
3. Demonstrate knowledge of the factors to be considered in relation to the issuance of debentures.