



Municipal Administration Program (MAP) Unit 3 – Municipal Financial Management Outline

- The first few pages of this package includes an overview of the new curriculum being launched during the Fall 2015 for the entire Municipal Administration Program (MAP).
- Starting on Page 5 is the introduction and learning outcomes for each of the six lessons for MAP Unit 3.

Overview of the Municipal Administration Program (MAP)

MAP Unit One briefly traces the historical evolution of local government in Ontario, its adaptations to the pressures of growth and change, and the complex inter-governmental – and even international – world in which local governments now operate. The rest of the unit mostly focuses on analyzing the external structure of local governments

MAP Unit Two focuses on the internal structure and organization of local government in Ontario, the ever- challenging relations between councillors and staff, and the municipal policy- making process. It concludes with an introduction to the nature of municipal management that sets the tone for the remaining two units of the program.

MAP Unit Three examines financial management in local government. The discussion covers the changes and trends in municipal expenditures and revenues. It also explains the general nature and features of municipal accounting as well as evaluates the changing nature of municipal financial reporting requirements. The Unit includes topics such as accountability for public funds, tax and non-tax revenue sources, operating and capital expenditures, and asset management.

MAP Unit Four surveys many facets of management, including the management of people, resources, and information. It concludes with a lesson on the potential of strategic management for aligning a municipality and its resources to confront and address unfolding challenges (of the sort described in the first lesson of the program) – thus bringing us full circle.

You will not be writing the MAP Comprehensive Exam as it has been removed from the new curriculum. The certificate of completion will be issued upon completion of the four units.

Course Delivery

AMCTO is investigating online platforms for future delivery methods for our Education Programs. For this term, the MAP course will continue with all the unit materials being posted on a webpage and email communication with your marker for the submission of assignments. As Markers are assigned by their expertise, you will 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. The method of course delivery allows students to develop skills of independent, reflective and self-paced learning.

The methods of evaluation outlined below are aimed at moving students beyond simply having cognitive knowledge about municipal administration. The various exercises for the lessons within each unit of this program will help students learn how to synthesize information, think analytically and creatively, and solve complex administrative and policy problems in their municipalities.

Evaluation of Learning/Grading

The evaluation exercises for each of the lessons in this unit consists of all the following:

- A Critical summary of assigned supplementary reading(s) per lesson: worth **5%** toward final unit grade. Where there is more than one assigned reading, your critical summary will consist of a review of both these readings.
- A Case Study Memo (policy brief) per lesson (300 word critical summary of short case studies or media reports): worth **5%** toward final unit grade. Where there is more than one assigned case study, your review will consist of both the case study readings.
- End-of-Unit Exam (Open book): **40%**

The final grade for the unit will consist of a **combination** of marks received on Assignments 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 %
Assignment 6	10 %
Final Examination	40 %
TOTAL	100 %

- Assignments and Examinations will be graded by **percentage**.
- **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%	Excellent	A+
91% - 95%	Very Good	A
86% - 90%		A- minimum grade required for the Diploma program Honour Roll
81% - 85%	Good Average	B+
76% - 80%		B
72% - 75%		B-
68% - 71%	Satisfactory	C+
64% - 67%	Below Average	C
60% - 63%	Minimal Pass	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 6-8 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.

Part A of each Assignment: Critique of Supplementary Readings

The 500-word critiques of the supplementary readings for each lesson provide students the opportunity to demonstrate their understanding of the articles, evaluate the strengths and weaknesses of the main arguments, relate the main concepts in the supplementary reading to the relevant lesson in the course package and apply these concepts to concrete issues of local government. In short, the critiques will develop students' creative, analytical, interpretive communication skills. Students must have read the assigned lesson in the course package before attempting to write these critiques. It is critical that students relate the supplementary reading to the course package for each lesson.

Part B of each Assignment: Case Study Memos (Policy Briefs)

Students will submit one (1) short memo (policy brief of about 300 words) for each lesson in the units by the assignment due date. The readings for each memo are specified under the required reading for each lesson. The purpose of the memos is not merely to summarize the readings, but to do so analytically, highlighting the key arguments, relating the main concepts in the reading to the relevant lesson in the course package and applying your analysis to practical issues/problems in your municipality. Students must have read the assigned lesson in the course package before attempting to write these memos. It is required that students relate the assigned case study to the course package for each lesson.

The case study memos will help students:

1. Apply concepts of the lesson to the current realities and problem of local government
2. Develop creative, analytical, interpretive and critical writing skills.
3. Acquire skills in preparing policy briefs and solving administrative or policy problems

End-of-Unit Exam

You will not need to secure a proctor for the unit exam.

A 24-hour "open-book" exam will be scheduled at the end of the term - date(s) are located on the Assignment Schedule. The exam gives you an opportunity to demonstrate your understanding of the major themes and issues in the course readings. 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 with your exam questions.

Assignment 1 - Lesson 1 of Unit Three

Introduction

Effective municipal financial management integrates (as depicted in the chart below) a number of activities that are often not well coordinated. These activities include:

- undertaking long term planning and priority setting;
- making decisions about the expenditures that will be incurred and how they will be financed;
- ensuring the proper handling of the municipality's revenues;
- maintaining its physical assets; and
- reviewing, evaluating, and reporting on the results of the expenditures and financing decisions that are made each year.

Particularly challenging is ensuring that any municipal priority setting process is properly linked to municipal budgeting and service delivery and that there is adequate measurement and follow up to determine whether results meet requirements and where adjustments are needed. This task is made more difficult by the fact that no aspect of municipal government has experienced more changes in the past couple decades than that of municipal finance.

Learning Objectives and Outcomes

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

1. understand the nature and scope of municipal financial management
2. analyze changes and trends in municipal expenditures and revenues.
3. explain general nature and features of municipal accounting.
4. evaluate the changing nature of municipal financial reporting requirements.

Assignment 2 - Lesson 2 of Unit Three

Introduction

With the controversy surrounding assessment values and property taxes over the past couple decades, it may be mildly comforting to know that there is nothing new about this situation. Property taxes in various forms are as old as human civilization, with a recorded history of at least 5,000 years.

From its earliest years in Canada, there was always strong resistance to the property tax. In describing the operations of the district councils in Central Canada in the 1840s, Shortt and Doughty noted their inadequate revenues and observed that “the very light direct taxation on which Canadians long prided themselves was a rather important factor in the backward condition of the country for so many years” (Shortt and Doughty 1914: 437). In some respects, things haven’t changed much today, with local citizens fiercely opposing property tax increases while lamenting the sorry state of services in their municipality.

Learning Objectives and Outcomes

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

1. explain and evaluate the system of property assessment in Ontario.
2. understand and analyze the system of property taxation.
3. explain the steps involved in the preparation and delivery of a tax bill, including the use of interim and installment payments.
4. evaluate the main methods of enforcing payment of taxes.

Assignment 3 - Lesson 3 of Unit Three

Introduction

As noted in Lesson 1, there was a sharp decline over the past couple decades in the proportion of municipal revenues derived from provincial and federal transfer payments, and a corresponding increase in the proportion of revenues generated by the real property tax. While there has been some increase in transfer payments recently, especially in support of municipal infrastructure, past experience suggests that there is little reason to expect any significant or permanent improvement with respect to this revenue source. Nor, apparently, will the public tolerate substantial and continuing increases in the property tax – even though we have pointed out in Lesson 2 that it has been a decreasing tax burden for several decades.

As a result, municipalities seem left with only two choices. Either they must hold the line on expenditures or they must raise revenues elsewhere. Lessons 4 and 5 examine priority setting, budgeting, and financial management – all topics that may help a municipality to keep expenditures under control. This lesson examines the revenue raising alternatives available to a municipality apart from transfers and taxes.

- Chief among these is a catch-all category known as miscellaneous local revenues, within which we will look at some half dozen sources.
- Second, there are entrepreneurial initiatives, a term used to encompass various revenue raising and cost saving activities increasingly being pursued by innovative municipalities.
- Finally, long term borrowing will also be examined, since it represents – in any particular year – one of the revenue raising alternatives available to a municipality.

Learning Objectives and Outcomes

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

1. assess the potential of the various miscellaneous local revenue sources available to municipalities.
2. understand entrepreneurial initiatives being undertaken by municipalities to generate revenues and savings.
3. know long term borrowing and describe the legal limits on its use.

Assignment 4 - Lesson 4 of Unit Three

Introduction

The first three lessons have focused mainly on sources of municipal revenue.

While additional revenues are always welcome, it is equally important that municipalities improve their planning and decision making with respect to the expenditures incurred and the way that these will be financed. Central to this process is a municipality's budget, which is much more than the financial document it is usually seen to be.

- It is a statement of a municipality's priorities – in the sense that it indicates where the scarce financial resources will be allocated. In so doing, it sets spending limits on the various programs and services to be provided by the municipality.
- It also reflects a municipality's funding priorities, in its decisions about the financing of capital expenditures and about the extent of current expenditures financed from non-tax revenues.
- It is a political document, representing the collective judgment of the elected politicians who comprise the municipal council and are ultimately responsible for the budget that is adopted.
- It is also very much a management document, providing an excellent tool for ongoing financial control of municipal operations.

The bulk of this lesson provides an examination of the annual municipal budget process – both current and capital. A major purpose of the lesson is to offer suggestions for making these budgeting exercises as effective as possible. The first step is ensuring that the municipality engages in long term financial planning activities that provide a framework within which the budgeting process unfolds.

Learning Objectives and Outcomes

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

1. understand the nature of a long term financial plan for a municipality and the purposes it serves.
2. distinguish between capital and current expenditures.
3. evaluate the alternative methods of financing capital expenditures.
4. analyze a capital budget and its links with the annual current budget.
5. explain the nature and purposes of the current (operating) budget and the limitations on its traditional format and method of preparation.
6. evaluate and illustrate alternative budgeting systems (to line item budgeting) and their key features.
7. know ten tips for improving municipal budgeting.

Assignment 5 - Lesson 5 of Unit Three

Introduction

Municipalities not only raise and spend money, as discussed in the previous lessons in this Unit, but they also manage money. This occurs most obviously in the handling of revenues but it is also reflected in the way in which expenditures are incurred and in the effectiveness of the expenditure decisions. This lesson is concerned with *how* and *how well* municipalities exercise financial management.

Traditionally, financial management has been equated with financial control, and there is no denying the central importance of this concept in public organizations. Municipalities, like all governing bodies, are engaged in spending public funds, and they have an obligation to ensure that no such expenditures occur except on the basis of proper authorization. Financial management, however, should involve much more than legal compliance and control. It is concerned with the nature and quality of the financial information and advice available to guide those managing the municipality in making and monitoring decisions. Growing financial restraint has meant a greater emphasis on methods of measuring the effectiveness of expenditures incurred and ensuring value for the dollar spent. Concerns about the legality of spending are now accompanied by growing concerns about the wisdom of expenditure decisions.

Learning Objectives and Outcomes

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

1. know the methods recommended for managing the revenues of the municipality, including: (a) the steps involved in developing a system of short term money management, and (b) the elements of long term money management.
2. evaluate the methods of managing and controlling the expenditures of the municipality, with particular reference to the use of the municipal budget and resultant financial reports.
3. analyze the position and duties of the municipal auditor and the auditor-municipality relationship.
4. identify and distinguish among the kinds of external and internal financial reports generated within municipal government.
5. explain and illustrate performance measurement in municipalities.

Assignment 6 - Lesson 6 of Unit Three

Introduction

From the preceding lessons, it is clear that the subject of municipal financial management is very broad and complex. Among the topics examined to date are:

- The sources of municipal revenues;
- Long term financial planning;
- The municipal budget process;
- The methods of managing revenues and expenditures; and
- Financial analysis and financial reporting.

While all these topics are important in their own right, as Lesson 1 previewed and illustrated (in the accompanying chart), it is how they are interrelated that demonstrates whether a municipality has developed a system of financial management or is just carrying out a number of separate financial activities.

Central to any type of management system are the assignment of responsibilities and the delineation of operating procedures. Our discussion begins, therefore, by examining the roles of councillors and senior staff in financial management – to some extent a review and summary of matters examined in earlier lessons.

Learning Objectives and Outcomes

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

1. understand the key roles of council with respect to financial management.
2. analyze the main responsibilities of senior staff with respect to financial management.
3. explain the provisions of a financial procedures by-law and the main purposes it serves.
4. assess common political and administrative structures in terms of their contribution to effective financial management.
5. identify the main elements in a financial management system and to describe how they can be integrated.