

<b>TOWN OF MIDDLETON</b>	
<b>CODE A - GENERAL ADMINISTRATION</b>	
<b>Subject: Financial Forecasting</b>	<b>Number: A.1.29</b>
<b>Coverage: Staff</b>	<b>Approved by: Council</b>
<b>Effective Date : September 8, 2015</b>	<b>Revision Date:</b>

## Purpose

To provide guidelines for the forecasting of revenue and expense items for the Town of Middleton. Forecasts shall be used to assess the long- and short-term impacts of current and proposed policies, to predict and plan for events, and to determine potential problems and opportunities.

## Forecasting Revenues and Expenditures

### 1. Forecasting Process

- a. Budget to actual spending reports for the financial year to date are compiled by Finance in the middle of each month, starting in July, and reviewed with Department Heads.
- b. Department Heads should update their projections for the remainder of the year based on this information and known future revenues/expense. Projections are updated monthly, from September through March, and submitted to Finance.
- c. The Director of Finance shall use these projections to compile financial forecasts at the department level to be submitted to Council. Forecasts are compiled twice yearly, in September/October and January/February, with the intent to move to bi-monthly, and eventually monthly, forecasting.
- d. Any variances over \$5,000 or 10% of budgeted, whichever is greater, must be explained.

### 2. Compiling Forecasts

- a. Forecasted revenues and expenditures must be presented as gross figures.
- b. Major cost drivers for services and programs should be forecasted along with financial items.
- c. All underlying assumptions regarding the forecast should be clearly stated and corrected as they occur. Assumptions include:
  - Consumer Price Index (CPI) inflation;
  - Uniform assessment;
  - Interest rates;
  - Assessment growth;
  - Municipal property tax rate increases;
  - Residential and commercial expansion;
  - Fuel and oil prices;
  - General economic conditions.
- d. Nova Scotia Municipal Indicators (<http://novascotia.ca/dma/finance/indicators.asp>) and the Financial Condition Index (<http://novascotia.ca/dma/finance/indicator/fci.asp>) can be used to augment assumptions.

### 3. Revenue Categories

The following categories should be used when forecasting revenues:

- a. Taxes;
- b. Grants in lieu of taxes;

- c. Services provided to other governments;
- d. Sales of services;
- e. Other revenue from own sources;
- f. Unconditional transfers from other governments;
- g. Conditional transfers from other governments;
- h. Other transfers, collections from other governments.

4. *Expenditure Categories*

The following categories should be used when forecasting expenditures:

- a. General government services;
- b. Protective services;
- c. Transportation services;
- d. Environmental health services;
- e. Public health and welfare services;
- f. Environmental developments services;
- g. Recreation and cultural services;
- h. Fiscal services.

5. *Communicating the Forecast*

The forecast, along with its underlying assumptions and methodology, should be included in the budget.

## **Certification**

**THIS IS TO CERTIFY** that this policy was duly passed by a majority vote of the whole Council at a duly called Council meeting held on the 8<sup>th</sup> day of September, 2015.

**GIVEN** under the hand of the CAO and under the seal of the Town of Middleton this 22<sup>nd</sup> day of September, 2015.



Rachel L. Turner  
Chief Administrative Officer