



Nova Scotia  
**MUNICIPAL  
FINANCE  
CORPORATION**

# quarterly newsletter

**Volume 1 Issue 2**

**December 2015**

Wow. Hard to believe it has been a full year since I came to the Municipal Finance Corporation. When I was hired, I committed to the Board that I would visit each municipal unit to re-introduce myself. At this point, I am down to a handful of remaining units to visit.

In this edition of our newsletter, you will find helpful information for any municipal unit, or enterprise, that now has a completed capital project and may wish to participate in our Short-Term Loan Program.

In looking to improve the flow of paperwork involved in our Debenture Process, we will be going paperless with the Commitment Letter and Pre-Approval Forms. Templates for these forms can be found on our website [www.nsmfc.ca](http://www.nsmfc.ca), along with webinars on how to complete the forms.

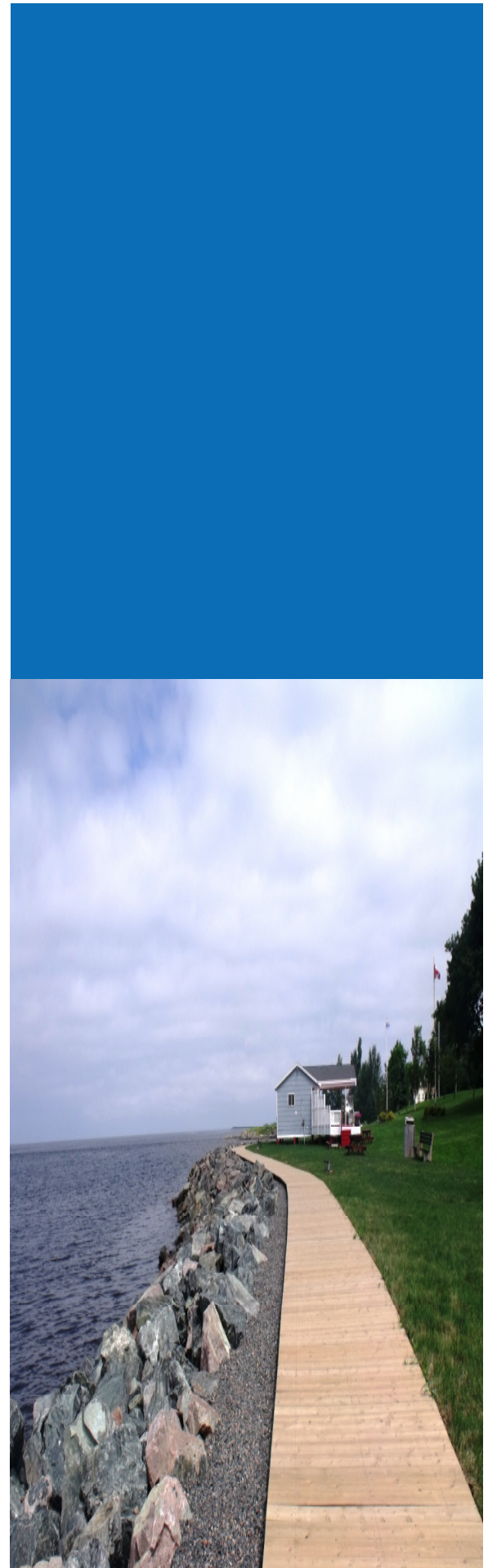
In striving to help improve financial management capacity in Nova Scotia municipalities, we are always seeking, reviewing, and developing tools and programs to assist municipalities in making financial decisions.

If you have any suggestions as to areas you think we may be able to help, please do not hesitate to contact us. We are more than willing to assist.

Thank you for taking the time to read this newsletter.

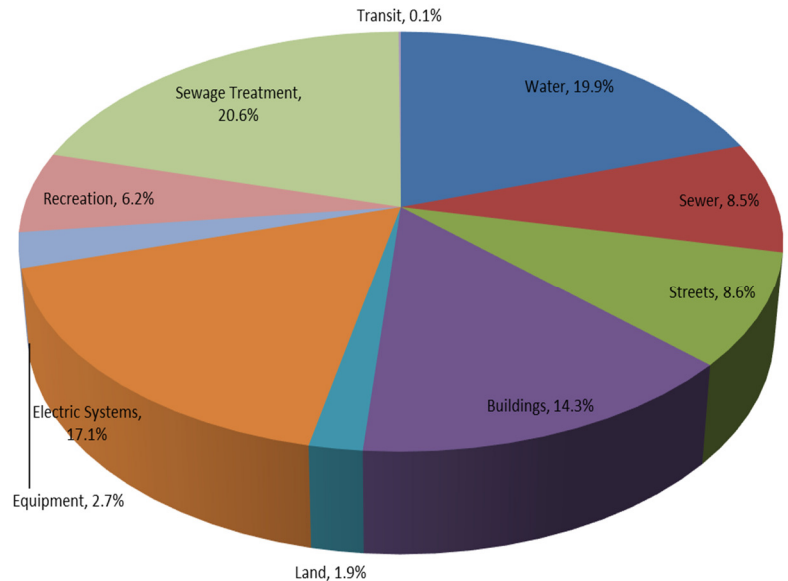
*Paul Wills*

CEO/Treasurer



# Fall 2015 Debenture Results

On Tuesday, October 22, the NSMFC priced its most recent fall debenture. Fourteen municipalities and two municipal enterprises participated in the issue, totaling \$68,872,505. The debenture closed on November 20, 2015. The rates are "locked-in" over the 10 years, and beat the variable prime interest rate of 2.70%, this represents tremendous savings to municipal participants. The loans MFC provided to municipalities helped finance the following infrastructure investments:



## Our Location

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Series Pricing		"All-in" Costs	
Maturity	Coupon Rate	Term	"All-in" Cost
20-Nov-16	1.0400%	5 years	1.76%
20-Nov-17	1.0520%	10 years	2.43%
20-Nov-18	1.3940%	15 years	2.90%
20-Nov-19	1.6320%	20 years	3.13%
20-Nov-20	1.9020%	25 years	3.23%
		30 years	3.29%
20-Nov-21	2.1340%		
20-Nov-22	2.3730%	<b>Total</b>	<b>2.76%</b>
20-Nov-23	2.5730%	<b>The "All-in" cost is for straight serial loans &amp; any final year "balloon".</b>	
20-Nov-24	2.7490%		
20-Nov-25	2.8940%		
20-Nov-26	3.0090%		
20-Nov-27	3.1290%		
20-Nov-28	3.2540%		
20-Nov-29	3.3640%		
20-Nov-30	3.4490%		

# Short-Term Loan Program

In 2014, the Corporation secured a \$50 million line of credit from the NS 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, short-term loans; 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 (0.5%) calculated using the Canadian Dollar Offered Rate (CDOR).

If you have a completed capital project but missed the Fall Debenture offering, contact Bob Audoux by calling (902)-424-7172 or email [Bob.Audoux@novascotia.ca](mailto:Bob.Audoux@novascotia.ca) for information on how to access this program.



## 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 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

## Financial Forecasting: Budget Preparation

In 2013, the Financial Management Best Practice Committee (FMCBC) was reconvened to identify core financial best practices for municipalities in Nova Scotia. The committee suggested that the Financial Forecasting in the Budget Preparation Process and the Cash Flow Forecasting policy be combined under a new heading: Financial Forecasting. The attached policies both cover important aspects of financial forecasting for municipalities in Nova Scotia. The committee recognized that cash flow forecasting may be difficult in municipalities that have limited staff resources.

### Recommendation

The GFOA recommends that governments at all levels forecast major revenues and expenditures. Following the GFOA's recommendation, the FMCBC recommends that as part of the budget process local governments forecast all major revenue and expense items.

### Purpose

Forecasting of major revenue and expense items allows municipalities to predict the impacts (both short and long term) of current and proposed policies. The ability to predict impacts allows a government to plan for those events.

The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to participants in the budget process and stated in the final budget document.

### Background

Municipalities should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions. Municipalities should develop appropriate strategies to achieve their goals. A key component in determining future options, potential problems, and opportunities is the forecast of revenues and expenditures. Revenue and expenditure forecasting can provide the following benefits:

- Provides an understanding of potential funding available;
- Evaluates financial risk
- Assesses the likelihood that services can be sustained
- Assesses the level at which capital investments can be made
- Identifies future commitments and resource demands
- Identifies the key variables that cause change in the level of revenue

# Upcoming

## Training and Capacity Building

- *Conference Sponsorship*

GFOA - The Corporation sponsors a financial professional, working in municipal government in Nova Scotia, to attend the annual Government Finance Officers Association (GFOA) Conference. This international conference is dedicated to the development of financial excellence in local government. Sponsorship generally covers most of the cost of attending the conference depending on the conference location.

For those who are interested in applying to attend this year's conference, being held in Toronto, watch on the AMA Listserv for the call for applications sometime in mid-February.

- *Attention Directors of Finance*

Every year the NSMFC is required to receive Cabinet approval for its borrowing program for the entire upcoming fiscal year. The NSMFC canvasses its clients in order to submit a report for Cabinet approval.

Because municipalities are, or will be, starting the municipal budget planning process, municipalities are in a better position to communicate whether they anticipate that they will, or will not, require debenture funding.

**You will not be held to your estimate, this is solely an estimate for NSMFC purposes in establishing its borrowing program for the upcoming year.**

**This estimate is not an official debenture borrowing request from you to the NSMFC.**

You should be receiving an email around January 7 seeking this information.

For those who will be participating in the Spring 2016 Debenture, packages will be sent to you in mid-February. As per my intro column, we will be switching to a paperless process for this component of the process with the anticipation of going completely paperless for the Fall offering.