

## FINANCE DEPARTMENT MONTHLY REPORT

To: Colin Smith, CAO

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Date: March 20, 2019

Month: Feb/March 2019

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### Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
Debt Ratio	(Budget) 9.45% 2019	(Actual) 10.5% 2018	Decrease	Decreasing
Accounts Receivable (significantly past due accounts only)	\$193,000 (Mar '19)	\$219,000 (Jan '19))	Stable	Stable
Accounts Payable processed (Feb '19 vs. Jan '19)	\$1,453,421 (339 cheques)	\$1,741,676 (452 cheques)	-	-
% of Water & Sewer Bills sent electronically (quarterly Jan '19 vs Nov '18)	14.8% (900 out of 6,064)	14.0% (850 out of 6,059))	Gradual growth in e-billing	Increasing Promotion offer of prize worked. Added >100

### Section 2: Status of Department's Operational Priorities for 2018

Priority	Status
Lead the Town in the development of a long range capital Asset Management Plan (AMP)	<p>The Director met with an engineering firm, along with our Facilities Manager, to discuss opportunities and methodologies for incorporating the results of building condition <u>assessments</u> into the Towns Asset Management Plan.</p> <p>Next step includes engaging a firm for <u>condition</u> and <u>energy</u> assessments of a number of Town owned buildings. This will identify needs (financial and operational) over the period of our long term capital and financial plan for our building assets.</p>

Priority	Status
<p>Long Term Financial Planning and Managing Debt Ratio</p>	<p>The Director has commenced a review of the <b>assumptions</b> used in the most recent version of the <b>long term financial plan</b>, specifically to determine whether the projected future tax base growth rate assumptions and Equalization Grant levels should be adjusted. Once this is completed in the spring, staff will provide an update to Council with any changes from the latest iteration of the long term capital and financial plan.</p> <p>The Director of Finance had previously included in the January 28 council agenda information package a Council Report Form (CRF) providing details related to the <i>Application for Authorization to <b>Borrow \$5.3m</b></i> to finance 2019 capital items. A resolution was adopted at the February 11, 2019 RCM. This Application has now been received by the provincial MCBF for their Hearing scheduled for April 8. The Notice of Intention to Borrow will be placed in the newspaper per legislative requirements.</p> <p>The <b>debt ratio</b> in 2018 is 10.5% and is better than projected. The ratio was positively impacted because the proceeds from the sale of the RCMP station on Pine Glen Road were included in the amount Transferred to the General Capital Reserve which forms part (denominator in the ratio) of total expenses included in the debt ratio calculation. The debt ratio shall continue to be monitored and measured for any impact financial decisions may have upon the ratio.</p> <p>The Director has negotiated with the RBC to <b>receive higher interest rates</b> on cash balances in the bank. This exercise includes both <u>current</u> accounts and <u>reserve</u> accounts. This has become a more significant focus recently as the Reserve Account balances are increasing rapidly in anticipation of large capital projects in the next 3-4 years. It is the intention to utilize GIC's for term amounts up to 1 year to obtain the best available interest with no risk. The result will be an increase of tens of thousands of dollars in additional interest revenue earned over the next several years. This additional interest may be used to finance these capital projects.</p>
<p>Municipal Annual Report</p>	<p>The revised Local Government Act requires all municipalities to submit a report to the Province no later than June 30 of the year following which shall include information related to grants issued, council information and economic development activities. The audited financial statements must also be included in this Annual Report.</p> <p>The Director of Finance is coordinating the compilation of this report. A meeting with a graphic designer took place on February 20 and, since then, content information is being compiled and provided to Communications for inclusion in the Annual Report.</p>

Priority	Status

### Section 3: Other Notable Development & Highlights for Council's Attention

#### Financial Trends and Results

The Town has ended the latest fiscal year of 2018 with a small surplus in each of the General and Utility Operating Funds.

The Director will provide a detailed narrative in connection with fiscal results for the year ended December 31, 2018 in conjunction with the pending presentation of the audited 2018 financial statements in late March or early April. Currently attempting to finalize the audit in time for presentation on March 25.

***In the meantime a summary of a few other key financial performance indicators demonstrating positive financial trends is as follows:***

#### **Debt Outstanding Amount**

The balance of outstanding debt on December 31, 2008 was \$30,159,000.

The balance of outstanding debt on December 31, 2018 is \$23,166,000.

While at first glance this 23% reduction is "satisfactory", it should be noted that these results include the recent borrowing of in excess of \$11,000,000 for the brand new Operations Center. **Excluding the borrowing for the Operations Center, the outstanding debt principal reduction over the past ten years would be 60%.**

#### **Debt Ratio (measure of debt service expense as a percentage of all General Fund expenses)**

The debt ratio at the end of 2008 was 20.00% (maximum allowable per the Province)

The debt ratio at the end of 2018 is 10.50%.

**This is a reduction of almost 50% in the debt ratio over the past ten years.**

**Reserve Account Balances (amounts segregated in Trust Accounts)**

The amount set aside in Reserve Account(s) at the end of 2010 was \$1,992,000.

The amount set aside in Reserve Account(s) at the end of 2018 is \$6,560,000.

**This is an increase of 329% over the past 8 years.** The Town projects to increase this amount to over \$12,000,000 within the next four years with the intention of funding large capital projects.

**Property Tax Rate (property tax per \$100.00 of assessed value)**

**The property tax rate has increased by (\$1.5926 vs. \$1.5463) 2.99% over the entire ten year period from 2008 to 2018. This is less than 1/3 of 1% on an annualized basis.**

**Conclusion**

**Given the high level of services and amenities provided by the Town of Riverview, the above financial information reflects prudent fiscal management demonstrated by Council and Staff over the past decade and are results the Town of Riverview can be very proud of.**