

# Town of Riverview

## FINANCE DEPARTMENT MONTHLY REPORT



To: Mayor & Council

Prepared by: S. Parlee, Director of Finance

Date: November 23, 2022

Month & Year: NOVEMBER 2022

### Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
<b>Debt Ratio</b>	{Budget} 2022 <b>8.05%</b>	{Actual} 2021 <b>9.42%</b>	<b>Stable</b>	<b>Healthy Position</b>
<b>Accounts Receivable</b> (Significantly past due accounts only, i.e., 270 days+)	<b>\$396,000</b> November '22	<b>\$426,000</b> October '22	Balance is <b>declining</b> month over month.	<b>Decreasing</b>  Financial relief measures have ended therefore allowing us more ability to collect overdue balances (since September 1 <sup>st</sup> ).  Collection efforts have shown progress with balance declining.
<b>Accounts Payable Processed</b> (October '22)	<b>\$2,593,463</b> (307 Cheques)	<b>\$3,751,743</b> (341 Cheques)	<b>Higher</b> in September due mostly to large amounts due in that month, i.e., RCMP.	<b>Consistent</b> with our understanding.

<b>% Of Residential Water &amp; Sewer bills sent electronically</b> (November '22 vs. August '22)	<b>19.73%</b> (1,231 of 6,239)	<b>19.49%</b> (1,213 of 6,224)	<b>Improving</b> over time.  Bills are sent out quarterly in February, May, August, and November.	Update from most recent November billing. Slight increase from previous quarter. Continually showing improvement however, still plenty of progress to be made.
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## Section 2: Status of Department's Operational Priorities for 2022

Priority	Status
<b>Capital Asset &amp; Inventory Management</b>	A goal of the new Director of Finance, Shannon Parlee, is to provide a revamp and update to the current capital asset policy to allow for consistency between departments and the Town of Riverview on our capitalization policy. Director Parlee also plans to revamp asset tracking with regular checks on items and maintenance. For inventory, Director Parlee also plans to introduce better management practices of inventory such as salt, as well as other items deemed to be inventoriable.
<b>Actively explore all external funding opportunities available to support the Capital Budget priorities</b>	<p><b><u>Funding Application(s)</u></b></p> <p>The Town is still awaiting a decision on a revised Application for funding or the Riverview Recreation Center through the <i>Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program {ICIP}</i>. Talks are continuing with senior provincial representatives.</p> <p>As previously reported, we also received a positive decision on an application under the Canada Community Revitalization Fund {CCRF} program. The objective for this application is to receive funding to upgrade/revitalize certain parks and playgrounds in Riverview. This will result in a shift in the timing (but not overall amounts) for the completion of the Playground infrastructure portion of our long-term capital plan. The Town received approval for funding of up to \$469,700 or 50% of the estimated \$939,400 costs for this initiative.</p> <p>As previously reported on, we were informed on October 7th, that the CCRF program has been extended to March 31, 2024 (from the current deadline of December 31, 2022). So far, we have just two expenses related to this claim (project planning and sand) for a total of \$13,234, therefore no claim has been made yet as we accumulate more items to submit (after confirming we have paid them therefore allowing them to be eligible to claim).</p>

	Municipal Park Project Status: <ol style="list-style-type: none"> <li>1. Anticipated project completion date: <b>Oct 31, 2023</b></li> <li>2. We expect \$375,760 of available funding to be claimed before <b>March 31, 2023</b>, with \$563,640 carried to the following fiscal year.</li> </ol>
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### Section 3: Other Notable Developments & Highlights for Council's Attention

#### Financial Results Year to Date: October 2022

Staff continue to monitor departmental financial results given rising inflation and its impact vs. the 2022 budget this year. As of October month end, the Town is on track to achieve "*close to budgeted*" results for this fiscal year.

Director Parlee met with Accounting Supervisor, Cathy Molnar, to review the October financials (budget vs. actuals) prior to distribution.

#### Highlights:

#### ***Operating (Surplus/Deficit: \$141,191)***

#### Revenues

Revenue to date total \$67,527 higher than budgeted for, collectively. The overall outlook on revenue and primary sources driving the variances are discussed below by analyzing each respective source of revenue that have a notable difference from budget 2022.

- We have received all the warrant revenue which was as budgeted for \$27,863,649
- We are scheduled for a few more payments related to the community funding/equalization grant – this is provided monthly – therefore we have two payments of \$121,520 left to receive.
- Non-tax revenues are higher than budgeted to date by \$27,341: Revenues from our own sources was \$98K more than budget. This is primarily driven by the interest we are earning on cash in the bank (\$37.4K higher than budgeted for), building permits and re-zoning (\$16.1K more than budgeted), and Planning Commission Services (\$14.8K more than budgeted).
- The aquatic and pool arena had \$16K more than budget due to resuming to normal classes post-covid.
- Coverdale center had \$14K more in revenue, which is primarily driven from \$11.1K more in bar revenue.
- Rinks and Arena revenue was \$102K lower than budget with \$100k of that attributed to the Dobson Arena lower rink not opening as early as planned which had a partial impact on this revenue. The rink is now open this month.

## Expenditures

Expenditures to date have come in \$73,665 lower than budgeted. I will discuss by department the notable causes for the variance.

### *Administration (\$249,940 less than budget)*

Salaries and benefits across the board are coming in less than budget due to positional changes and vacancies. For example, we lost our communications officer, therefore that position was vacant until filled.

There were also some tighter costing decisions, whereby departments planned to spend less to curve the inflationary pressures experienced by all businesses. Therefore, in areas such as facilities management and communications, we see some savings.

- Public Transit expenses: \$152K lower than budgeted for to date which as previously reported on is mostly due to the \$114K grant received from RCS to assist in costs of providing public transit.
- There were savings/timing differences throughout, with very few accounts that went over budget, except for the Long-term Debt interest and principal payments accounts. They account for nearly \$170K more than budgeted for based on the reasons disclosed before regarding budgeting over 15 years rather than the correct 10-year period.

### *Fire Department (\$64,509 over budget)*

- Salaries, Wages and Benefits were \$338k more than budget. This is due to O/T Sickness, which was \$72k more than planned related to one employee, which was offset by savings in O/T training of \$22K and overtime fire call ins of \$35K (which are both difficult accounts to predict).
- Clothing and Safety was also above budget by \$16K due to positional change over of deputy.

### *Engineering and Public Works (\$214,403 over budget)*

- Street electricity repairs were \$18k more than budget
- Oil, Gas and Diesel was \$39K higher due to supply chain pressures and inflation.
- Street patching was \$79k less than budgeted due to costs being higher; there was a departmental decision to only do what is necessary to avoid any large cost overruns.
- Vehicle repairs and maintenance were \$22K more than budget for needed repairs/maintenance (account can be difficult to predict, as unplanned damage requires fixing).
- Salaries: works and engineering salaries were \$47k higher due to a more demanding winter requiring more maintenance. The rougher winter also led to an increase in overtime (\$58K more than budget), increase in salt purchases (\$68K more than budget) and an increase in the snow removal contract (\$23k more than budget).

*Parks and Recreation (\$102,636 under budget)*

- Salaries and wages in total were \$81K less than budget. There was \$96K less in salaries, \$23K less in winter program salaries and \$24k less in employee benefits. The department saw a lot of movement in employees (of note is the vacant superintendent position for a period). This was offset by \$62K more in overtime which is related to employees' absences and a new on-call foreman.
- Oil, Gas, and Diesel: similar to public works, supply chain pressures and inflation resulted in the actuals being \$41K higher than budgeted for to date.
- Community and special events in total were \$45K less than budget to date which is the result of timing (per Director Shea, these funds will likely be utilized by year-end). There were also other smaller savings scattered throughout which were strategic department decision to offset areas impacted by cost overruns, or lack of revenue in delivering a balanced budget to year-end.

***Utility (Surplus/Deficit: 117,920)***

Overall, consumption has been higher than the prior year, and there are also more units as the Town of Riverview continues to welcome more residents and commercial activity.

- Commercial water revenue: \$86K higher than budgeted for to date. Some users were higher than usual and there were also new apartments built causing higher usage. On the commercial side, both water and sewer saw similar increases being \$35K and \$47K more than budget, respectively.
- Connection and service charges: \$70K more than budget to date due to same reasons as above.
- Similar to operating, interest on cash in the bank was \$35K higher than budget due to market conditions.
- On the expense side, salaries and wages were overall \$107K less than budgeted whereas overtime was \$64K more than budget. These are all allocations from above departments, therefore have collective reasonings above.
- Water maintenance was about \$100K more than budget mostly due to more water breaks than usual, and also two large water services were installed for a few larger buildings (with the corresponding revenue related to this in water connections fees).
- Gas, Oil and Diesel is \$26k more than budget in each water and sewer due to same reasonings as above explanations on the account.
- Vehicles repairs \$22k more than planned for unforeseen repairs/maintenance required to be operational.
- Sewer pavement patching was \$26k more than budgeted which is related to making cuts to the roads related to water and sewer breaks.

### Budget 2023

The Director of Finance led the budget development efforts over the past few months culminating in Council adopting the 2023 Operating and Capital budgets on Thursday, November 17<sup>th</sup>, 2022. The total warrant to be raised from taxpayers amounts to \$30,635,135, with overall expenditures of \$34,567,971. Council voted to reduce the tax rate by 7 cents to 1.4826 per \$100 of assessed property value. A one cent reduction in tax revenue equates to \$206,628, therefore reflects nearly \$1.5M in reduced revenue for the Town.

### Water & Sewer Accounts - Financial Relief Measures

The temporary relief measures implemented at the start of the pandemic in early 2020 ended effective June 30, 2022. Resumption of normal collection activity for past due accounts has commenced to reduce the level of severely past due accounts receivable. Residents are subject to the Town collection policy and may now be subject to consequences including water shut off for severely delinquent accounts. We have seen a decline month over month in severely delinquent accounts therefore efforts to collect are taking effect.

Every effort has been made by our Collections team to receive payment and work with residents. I have the utmost confidence in Collette Hayman (Clerk Receptionist) in working with and resolving many delinquencies.

### Internal Controls

In light of the recent break and enter theft at the Operations Center, Director Parlee has been working with the department to analyze and develop stronger internal controls to enact preventative measure. There is a trend in the industry whereby insurance is becoming mostly costly, and in particular with municipalities. It will be important to safeguard our assets even more as crime continues to rise in the area.

### Long-term Borrowing

The Province recently issued debentures on our behalf in the amount of \$2,987,000 which will finance Transportation related items including roads and streets and heavy equipment over a term of fifteen years. These funds shall be deposited on December 5<sup>th</sup>, 2022. The Director shall begin the process of completing the Application for Authorization to Borrow for proposed Capital Projects in early 2023 as the budgets include borrowing the amounts noted above.

### General Liability Insurance Renewal

The Director of Finance and Accounting Supervisor have been working providing an updated property, vehicles and equipment lists to our insurance broker for our renewal effective January 1, 2022. Our broker had previously informed us that we should expect to see another spike in insurance rates with this renewal by about 12-15%. We received the renewal, which has come in about 16% higher. The Director met with our insurance provider to discuss the changes (some noted above). The change is related to inflationary pressures, but also due to the Town's loss reporting in the past 24 months. Most municipalities are experiencing a similar sharp increase, with ours above average some due to higher loss claims. With the latest theft at the operations center, it will become even more important to focus on preventative measures going forward.