

Town of Riverview

COUNCIL REPORT FORM



Presented to: Colin Smith, CAO

Department: Shannon Parlee, CPA (Director of Finance & IT)

Date: February 27, 2023

Subject: February 2023 Council Report for the Department of Finance & Information Technology

Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
Debt Ratio	{Budget} 2023 8.97%	{Actual} 2022 8.50%	Stable	Healthy Position
Accounts Receivable (Significantly past due accounts only, i.e., 270 days+)	\$411,605 January '23	\$459,722 December '22	Balance is down month over month. We issue our bills quarterly, which occurred last in November and next at the end of February.	The balance has decreased . Financial relief measures have ended therefore allowing us more ability to collect overdue balances (since September 1 st). Collection efforts have shown progress with the balance declining.
Accounts Payable Processed (Jan' 23 vs. Dec '22)	\$3,159,467 (301 Cheques)	\$4,993,080 (441 Cheques)	Higher than usual payments in December. As previously reported on: --Higher in December due to year end settling of many bills, such as final claims for capital projects and the release of holdbacks. We also had our scheduled	Consistent with our understanding of billing trends and schedules of payments.

			debt payments of ~\$1.2M in December.	
% Of Residential Water & Sewer bills sent electronically (November '22 vs. August '22)	19.73% (1,231 of 6,239)	19.49% (1,213 of 6,224)	Improving over time. Residential bills are sent out quarterly in February, May, August, and November. Note: Our commercial bills were issued in January with 96 e-bills and 202 paper bills (32.2% electronic)	Update from most recent November quarterly billing. Slight increase from previous quarter. Continually showing improvement however, still plenty of progress to be made.

Section 2: Status of Department's Operational Priorities for 2023

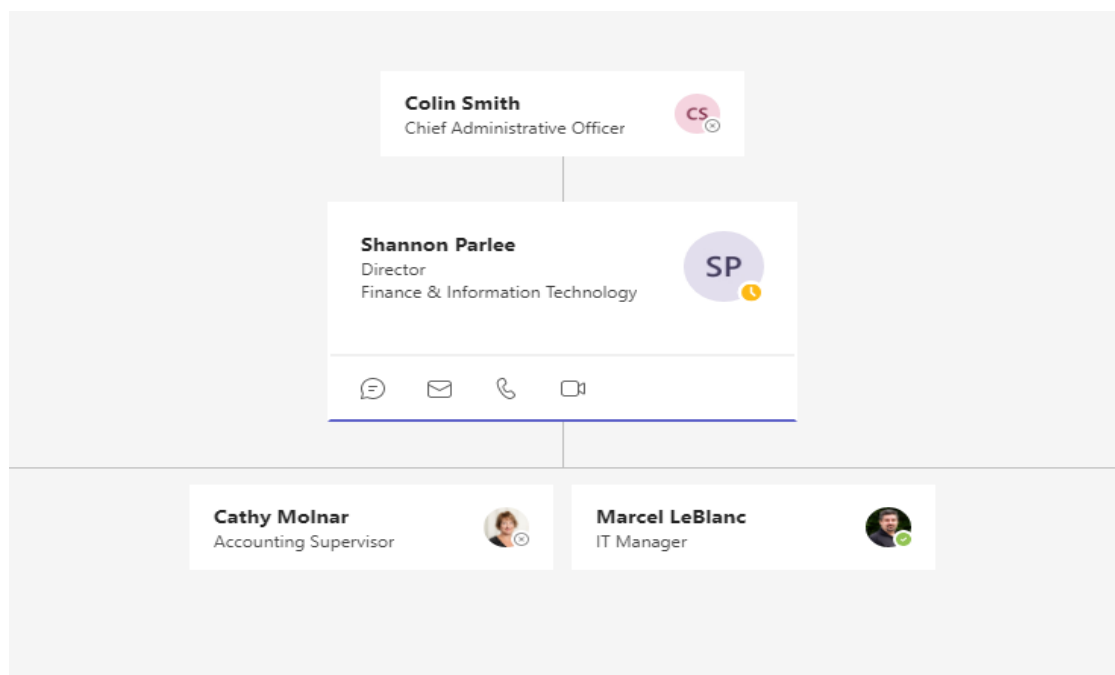
Priority	Status
Oversight and Management of the Finance & IT functions to align with the Service Excellence expectations of the Town's Strategic Plan	<p><u>Budget vs Actuals</u></p> <p>Director Parlee continues to monitor the financial implications of inflation and geopolitical unrest for any long-term impacts. 2023 continues to be impacted by inflationary and supply chain pressures that will be continually monitored. Our 2023 budget incorporated a 5% expectation of cost increases year over year, adjusted for anything higher based on current trends and information.</p> <p>As costs continue to show fluctuations for factors out of our control, the Finance Department will continually track capital year to date including detailed purchases for each project. This is an ongoing function of the Finance Department to track budget vs. actual results to track large overages and allow for discussion and adjustments as needed. The Finance Department will continue to monitor and address any concerns with department directors in a timely manner for capital projects that appear to be going over/under budget. As new information becomes available, including funding application results, amendments to the financial projections shall be brought to Council's attention and incorporated into the ten-year capital plan.</p> <p>The Strategic Plan includes a focus on investing capital in renewing infrastructure. We will review and update the ten-year capital plan annually. The plan continues to invest in upgrading and replacing equipment to deliver today's municipal service standards. Director Parlee is focused on continuing to develop strong management around the town's asset plan (See below) towards sustainable long-term use.</p>

	<p>Director Parlee plans to report to council quarterly this 2023 year on the operating and capital budgets vs actual. Therefore, the first report would be in April when we have the March 2023 results, where she will highlight those with sizable percentage and dollar value actuals variances vs budget.</p> <p>Director Parlee maintains focused on managing the Town's key financial metrics, including the debt ratio, expenditure growth, tax rate etc. For 2023, we continue to focus on maintaining an affordable tax rate in Greater Moncton, with another reduction of 7 cents. The debt ratio for 2022 came in very healthy at 8.50% and we have budgeted for 9% for 2023. As we accomplish the capital plan over the next five to ten years, we must be vigilant in maintaining the debt ratio at a reasonable level. This ratio will climb in the coming years as we take on larger capital projects (Riverview Recreation Complex) and thus corresponds with higher borrowing.</p> <p>See more info below in Section 3 related to the budget.</p> <p><u>Borrowing Long Term Debt</u></p> <p>The 2023 budget includes borrowing of ~\$3.2m for General Capital and ~\$1.8M for Utility Capital. The Director will begin the process of completing the Application for Authorization to Borrow for proposed Capital Projects in 2023 in March. The borrowing amount that will be drawn down later in the year may be reduced or eliminated pending funding announcement for the RRC and other funding opportunities, as well as operational results.</p>
Asset Management (Capital & Inventory)	<p>A significant goal that will begin this year and span multiple years is to identify, analyze, and implement stronger management and control measures around asset management (both capital and inventory). And, to Identify potential operational/control weakness that should be improved for operational means as well as audit requirements. This objective will weigh heavily on involvement from relevant staff, such as the Public Works Manager. The goal for 2023 is to form a committee, research the topic, understand the current process, and develop an implementation plan. Starting in Q2 of 2023, Director Parlee plan to re-establish a working group for asset management which will kick start this objective.</p> <p>Director Parlee will also work on developing a capital asset policy (guidelines) in Q2/Q3 to allow for clarity and consistency on the accounting treatment (expense vs. capital) for all departments.</p> <p>These objectives align with the Strategic Plan of strong financial management of the Town's Assets and in creating a sustainable plan for the long term.</p>
Operational Process Improvements & Internal Controls	<p>This objective is to identify, analyze, and implement improvements to existing business processes to optimize performance, meet best practice standards and improve quality and user experience towards providing Service Excellence for the Town.</p>

	Our big task for 2023 is Accounts Payable Automation, which will heavily depend on our developer and ensuring the system is compatible with our current accounting software. Education and training of the system will depend on timing of implementation which may carry into 2024. This task is an objective for our Accounting Supervisor (Cathy Molar) for 2023, for which Director Parlee will also be involved with to ensure it meets the standards we need for the Town in providing operational improvements (and thus Service Excellence) whilst also satisfying our audit and regulatory requirements.
IT: Deliver quality service to the residents and businesses	With the newly integrated Finance and IT Department (see more info below), Director Parlee along with IT Manager, Marcel Leblanc, will review the Town's model for IT service delivery. The newly formed department will continue to explore options on where technology can improve and enhance the services offered by the Town.

Finance and Information Technology Department

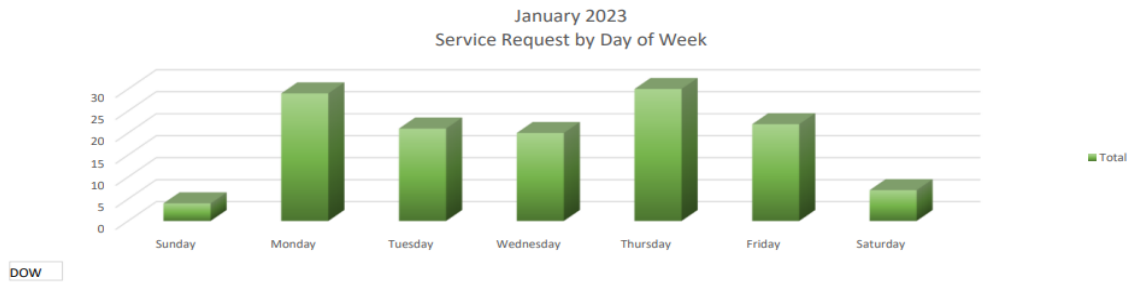
ORGANIZATION CHART



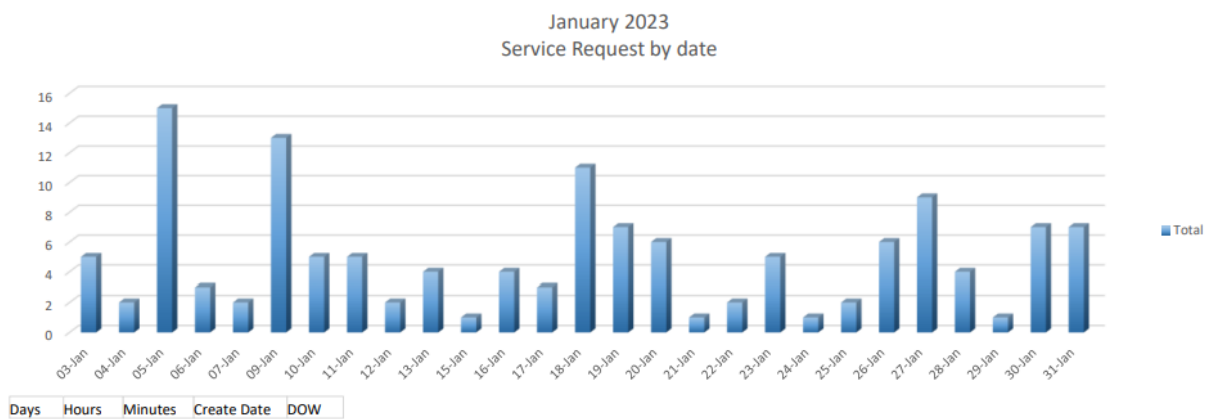
Effective January 30th, 2023, there were several shifts in departments including Finance, which has expanded to include Information Technology. As such, the first Quarter of 2023 has been focused on integrating finance and IT and merging the priorities under Director Parlee's direction. For this report, Director Parlee has included the new organization chart above of the Department of Finance and Information Technology (above), as well as snapshot of IT service requests for January provided by IT Manager, Marcel LeBlanc. Director Parlee is very excited for the change and is looking forward to integrating IT Manager, Marcel LeBlanc, with the Finance Team. Director Parlee has introduced monthly Finance/IT huddles with Marcel on a go-forward basis.

Information Technology Service Request January 2023

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

2022 Financial Statements and External Audit

The primary focus for 2023 thus far for the finance team has been preparing for the year-end financial statements and thus the annual external audit. Director Parlee revamped several spreadsheets for use to allow for more ease of following and understanding for the auditors, having plenty experience herself as a former auditor. She has reviewed the statements and is pleased with the results.

The finance team has completed the year-end financial statements in preparation for the annual external audit. The results include a small surplus in each of the General and Utility Funds. The debt ratio (unaudited) came in at 8.50%, a very positive result (2021: 9.42%).

The auditors completed their field work on site at Town Hall during the past week (February 21st). Director Parlee communicated timing plans with the auditors. A presentation to Council is scheduled for late March COW meeting. A summary financial report or 2022 will be prepared by Director Parlee to include with the financial statement audit and presentation.

Budget 2023

Communications staff have uploaded the new rates and budget to the Town website. Director Parlee worked with Ashly Barron (Communications Manager) to plan the current and upcoming financial communications on our website. The presentation is largely different this year, with more visual and professional flare. Director Parlee also had Ashly create cover pages, which Director Parlee intends to use in future budget binders as well.

The Budget can be found here: - <https://www.townofriverview.ca/town-hall/rates-and-finances>

Each Director was provided the budget spreads to complete, and most have been returned. This year, Director Parlee revamped the formatting and delivery of the spreads to create ease and allow more accurate results. She provided a monthly breakdown of actuals data for the past two years to assist, which was well received as being very helpful. She will continue to make improvements. She also plans to provide this breakdown quarterly (Actuals by month) to each director to assist in managing financial results to date compared to budget.

Cyber Renewal

Director Parlee with assistance from Marcel LeBlanc (IT Manager) had our cyber renewal insurance policy completed for 2023 (Runs February 1st, 2023, to February 1st, 2024. As part of a requirement for insurance, employees will require mandatory training related to cyber security, which has been brought to the attention of the directors. All employees who have access to email will require training.

In today's business environment, we continually see a rise in cyber crime therefore must remain vigilant in ensuring we are protected and are employees are properly trained.

Long-term Borrowing

The Director is currently in the process of completing the Application for Authorization to Borrow for proposed Capital Projects for 2023. Council can look forward to future meetings related to the process of applying for debt.