

# Town of Riverview

## FINANCE AND IT DEPARTMENT MONTHLY REPORT



To: Colin Smith, CAO

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

Date: April 24, 2023

Month & Year: April 2023

### Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
<b>Debt Ratio</b>	{Budget} 2023 <b>8.97%</b>	{Actual} 2022 <b>8.50%</b>	<b>Stable</b>	<b>Healthy Position</b>
<b>Accounts Receivable</b> (Significantly past due accounts only, i.e., 270 days+)	<b>\$396,145</b> March '23	<b>\$377,910</b> February '23	<p>Balance is <b>up</b> month over month; however, this is due to the timing of billings in February, the balance will go up temporarily as bills are issued, then will fall back down as people pay their current bills. What happens is the aging of the account pushes out the overdue balances further into this last aging category, causing it to increase. Then when paid, it will get applied to the oldest balances first. Over March/April as the bill is paid, the aging bucket goes back down.</p> <p>As of today (4/19/2023), the balance is ~\$360k, and this will continue to drop over this month. We will get a better idea at</p>	<p>The balance has <b>increased</b>.</p> <p>Financial relief measures have ended therefore allowing us more ability to collect overdue balances (since September 1<sup>st</sup>).</p> <p>Collection efforts have shown progress with the balance declining. There were significant collections done this month which was due to red cards being issued. I commend staff for their great efforts, particularly, Colette Hayman.</p>

			the end of April of our collection efforts. We issue our bills quarterly, which occurred last in February and next at the end of May.	
<b>Accounts Payable Processed</b> (Mar' 23 vs. Feb '23)	<b>\$2,427,642</b> (423 Cheques)	<b>\$2,329,681</b> (352 Cheques)	Results are <b>as expected</b> . Largest payments made in the month include City of Moncton (\$400k), Cain Insurance (\$290k), and Atlantic Coastal Equipment (\$183k). All payments consistent with expectations.	<b>Consistent</b> with our understanding of billing trends and schedules of payments.
<b>% Of Residential Water &amp; Sewer bills sent electronically</b> (February '23 vs. November '22)	<b>20.08%</b> (1,255 of 6,249)	<b>19.73%</b> (1,231 of 6,239)	<b>Improving</b> over time.  Residential bills are sent out quarterly in February, May, August, and November.	Update from most recent February 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
<b>Oversight and Management of the Finance &amp; IT functions to align with the Service Excellence expectations of the Town's Strategic Plan</b>	<p><b><u>Budget vs Actuals</u></b></p> <p>Costs appear to be more stable and falling in line with budget thus far for both operating and capital, except for one tender discussed below. The Finance Department continues track capital year to date weekly including detailed purchases for each project; this is ongoing. Any concerns with department directors are addressed 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. See latest funding opportunity discussed in Section 3 below that has been updated since Director Parlee last reported.</p>

	<p>Director Parlee will report to council quarterly over 2023 on the operating and capital budgets vs actual. Included below in section 3 is a detailed financial summary from the first three months ending in 2023, to March month end (Q1).</p> <p><b><u>Borrowing Long Term Debt</u></b></p> <p>The 2023 budget included borrowing of ~\$3.2m for General Capital and ~\$1.8M for Utility Capital. The Director completed the Application for Authorization to Borrow for proposed Capital Projects. The hearing date is scheduled for May 8<sup>th</sup> with the Municipal Capital Borrowing Board. Director Parlee had some additional work to do this year around projections related to the Utility fund, since it has been ten years since the Town borrowed via the Utility Fund. She has meetings with the province over next few weeks regarding borrowing. All is in good order.</p>
<b>Asset Management (Capital &amp; Inventory)</b>	<p>Starting in Q2 and spanning multiple years, Director Parlee along with relevant staff will begin 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. Meeting arrangements and planning has begun.</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>
<b>Operational Process Improvements &amp; Internal Controls</b>	<p>The largest task in this objective involves the Accounts Payable Automation plan. We continue to work with our developer and ensuring the system is compatible with our current accounting software. More meetings are occurring in the coming months. Latest we were told is that the two providers are working together for a solution that fits municipal accounting. We are hopefully to get good progress this year on this objective.</p>

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

#### Operating Budget: Quarterly Report Actuals vs. Budget

Part of Director Parlee's committed deliverables she communicated to Council was to report quarterly on the financial results of the Town. Everyone will have seen the circulated statements that Accounting Supervisor, Cathy Molnar, distributed last week.

As of the end of March, results are on par to budget for both general and utility funds, with a small surplus noted in each. Director Parlee has reviewed the statements and discussed any variances that were sizably outside expectations by either dollar value and/or percentage with each Director/manager.

## ***General Fund***

### ***Operating (Surplus of \$99,221)***

We are on target with a small surplus in the general fund for the first quarter of 2023. The largest variances noted were with Public Transit (Codiac Transpo) and Salaries/Benefits. Corporate reorganization led to staff shifting throughout departments and thus where their salaries and benefits were being coded. This caused some accounts to be over budget and some under budget; the net result being the same.

### **Revenues**

Revenue to March 2023 month end totalled \$134,793 over budget (or 1.52% over budget). Both the Warrant (property tax revenue) and the Community Funding and Equalization Grant are on budget, as expected, based on the schedule of fixed payments. Non-tax revenue is where flexibility may occur, therefore the entire \$134,793 IS attributed to this revenue category. The primary causes of the overage were as follows:

#### ***Revenue from own sources: \$109,690 over budget:***

- Interest on Cash in the Bank continues to do well in the first quarter of 2023, whereby the Town had \$17,809 more interest than budget, which is market driven.
- Building Permits were \$16,075 more than budget. This revenue account is difficult to predict at budget time, as we don't know what it will be until the permit is sold. We budget based on historical trends. A positive to see we are ahead of expectations.
- Proceeds on Sale of Assets saw a wonderful overage to budget of \$75,259 which is due to higher proceeds than anticipated by the department for the assets they were planning to sell. Three assets were sold in March at auction: 2013 Chev Truck (\$30,072), 2006 Kubota Tractor (\$42,475) and a 2020 Ventrac Tractor (\$14,712) for a total of \$87,259.
- Parks and Rec Revenue (Other): \$17,246 over budget. The key driver was recreation programs revenue which was \$13,541 above budget due to program enrollments being higher than expected, and thus budgeted for.

### **Expenditures**

Expenditures to quarter end were \$35,572 under budget. This is overall very close to expectation (this represents a 0.7% difference to budget, therefore less than 1%). I will discuss by department the notable causes for the collective variance. Many of the variances are due to corporate reorganization, whereby staff were shifted around to different departments, and thus where their salaries were being coded.

### ***Administration (\$17,058 under budget)***

- Accounting and IT Salaries: over budget by \$13,173, which is purely the IT Manager reorganization under the newly named/formed Finance and IT Department.
- Human Resources Salaries: over budget by \$8,830, which is for the same as above; shifts of both the Communication Manager and the HR Assistant to the HR salaries GL line from Corporate Services, therefore leaving that budget well under budget (discussed below).
- Corporate Services Salaries: under budget by \$32,651 due to the above HR shifts, but also the IT Manager moving to Finance/IT department, and the Supervisor of Municipal Facilities and Assets moving to Parks and Rec.
- Public Transit was \$29,585 above budget, for the following reasons:
  - Codiac Transpo was \$41,698 above budget. During discussions with the staff there, the issue lies in both a complex and outdated formula in need of replacement, and a discrepancy in timing. First, the formula needs work to drive costs better, and currently Director Parlee along with Director Ouellet and other staff from Moncton and Dieppe formed a working group to go over the Tri-Community Agreement, with special attention on the billing formula. Second, with timing, the budget provided by Codiac Transpo was calculated in August based on projections of Codiac's expenditures to year end. However, the finalized Moncton budget was used to prepare 2023 billings and was not passed by council until mid-November. This included several increases not identified in August, most notably, labour force increases. An increase in Moncton's figures meant an increase in the Town's billing due to the allocation formula. We communicated to staff at Codiac Transpo that any modification to the budget is to be communicated to us immediately so we can factor changes into our budget process. Thankfully, expense mitigations in other areas and increased revenue overall have allowed the Town to absorb the overage to date for Codiac Transpo. We will continue to monitor monthly billings going forward as each month we can expect around \$10k monthly more on average for public transit.
  - WA Transport is \$11,964 below budget and will remain that way as savings. The Member Contributions for all the New Mandated Services (Regional Transportation is one of these) were covered by the RSC Grant that was announced late in 2022. This grant pulled from the equalization grants for municipalities and reallocated some funds to the RSCs. The invoice submitted at budget time has this amount budgeted but in late 2022 RCS decided to not charge that; it is then covered under the grant.
- Economic Development Salaries: \$15,544 below budget due to the vacancy of the senior economic development officer that was budgeted a full year on.

### ***Fire & Rescue (\$13,367 under budget)***

- Overtime – Fire Call Ins: \$8,369 below budget. There was lower call volume than anticipated, and/or lower turnout than usual (the department is presently down two career FFs). This could balance out over the year. The department has two new FFs in training that will start coming in for calls by the end of May, bringing them back up to 20 career FFs.

- Gas, Oil and Diesel: \$3,052 below budget most likely attributed to a lower volume of calls.

#### ***Works & Engineering (\$51,974 over budget)***

- Engineering Services: \$10,161 under budget. \$9,434 was due to street light electricity. NB Power was asking for an 8.9% increase. They were only approved for 5% effective April 1, 2023. The department feels they will start to see this line item fall back on budget by the end of year.
- Small equipment purchases and Tools: \$4,179 and \$4,150 above budget, respectively. Both of these are due to purchases of equipment/tools such as generator, cut saws and “tools” such as drills to replace from the break-in.
- Summer Maintenance: \$33,674 above budget. Guard Rail & Parts was \$16,702 over budget and replacing old culverts was \$12,439 above budget. A portion of a large Culvert on Mitton Road collapsed taking the guard rail with it. The department patched up the culvert and had to install new sections of guard rail. This expense was obviously unexpected, therefore not budgeted for.
- Snow & Ice Removal: \$25,847 above budget. The main causes are overtime (\$16,032 over budget), and vehicle repairs and maintenance (\$20,271 over budget). Director Ouellet noted that the overtime continues to be difficult to predict as it is weather driven; they do their best to estimate based on historical data. Repairs and maintenance overage is mainly due to repairs to the two stolen trucks plus we had a few accidents with some plow equipment this winter. Insurance claims are pending.

#### ***Parks & Recreation (\$14,023 over budget)***

- Salaries, Wages & Benefits: \$9,568 above budget. Due to more overtime related to the timing of several weather events (weekends).
- Casual wages: \$5,739 below budget. Per Director Shea, this was an allocation error on the monthly spread, which will be corrected going forward and even out.
- Winter program salaries: \$4,785 below budget which is also an allocation error on monthly spread, which will be corrected going forward and even out.
- Machinery equipment and repair: \$7,210 above budget due to the timing of repairs which shifted from Q2 to Q1 this year.
- Lawn equipment repair: \$3,689 above budget which is again due to the timing of repairs which shifted from Q2 to Q1 this year.
- Snow removal: \$13,008 above budget which is due to contracted rates which increased substantially after budget approval.

## ***Utility Fund***

### ***Operating (Surplus of \$123,512)***

#### **Revenue**

Utility revenue through the first quarter of 2023 was \$156,513 above budget. Water and Sewer (including treatment) was \$130,360 more than budget. This number is driven by the consumption usage of TransAqua as well as new apartments, and thus users, being more than expected.

Revenue from our own sources was \$23,903 above budget. \$17,809 of that is due to a more favorable interest rate and the revenue we are generating on cash in the bank. As noted above with the general fund, this is market driven.

#### **Expenditures**

Utility expenses were overall \$33,001 above budget to the end of the first quarter 2023. The primary causes of change are as follows:

- Water labour costs: overtime was \$13,222 over budget. Overtime continues to be difficult to predict. OT is due to watermain breaks, which the department keeps hoping for less each year. Director Ouellet was told we had a few less this winter than previous years.
- Water operating vehicle repairs and maintenance: over budget by \$9,285. This is an allocation from the general fund, therefore has the same explanation as above.
- Sewer operating vehicle repairs and maintenance: over budget by \$9,824 which is in line with above as well and an allocation from the general fund.
- Collection charges: \$6k higher than budget. Collection charges are the fees charged for the use of payment by credit/debit card (both in person and online banking). The budget for 2023 was the same as 2022, however, the actual fees for 2022 were 13% over budget. This account has been flagged to increase the budget next year as our costs will continue to increase.

## **Capital Budget Quarterly Report**

### ***General Fund***

Total spent to date is \$1,180,554 compared to a budget of \$12,675,777. It is early days for capital, with many largest projects slated in the coming months, therefore we do not have a lot to report on as of this quarter for actuals. We had many tenders come in lately, with most being on or below budget for the general fund, therefore things are trending well. We will continue to monitor as capital projects ramp up in coming months.

### ***Utility Fund***

Total spent to date is \$38,230 compared to a budget of \$5,661,000, therefore a very small portion has been spent to date, as expected, since projects only start when the weather conditions improve. We have gone to tender on several projects, and all are falling in line except for Yale Avenue, which was over budget by \$421k. Savings in other areas from tenders being under budget helped offset costs in the overall utility capital, as well as the deferral of a project (Biggs Drive for \$180k), which will allow costs to still come in on target as it looks currently for this fiscal, but we will need to adjust our long-term capital plan. We will continue to monitor all results to budget and report on anything necessary.

### ***Ten Year Plan***

The Directors and CAO plan to meet to discuss the budget in June to update the ten-year plan and see how 2023 is tracking. We will factor in updated cost forecasts and any deferrals into our plan, as well as incorporate updated government funding for the RRC. Then, we can look at the budget with council later in year around August, as per usual for our ten-year outlook.

### **ACOA**

Director Parlee submitted a claim related to the Municipal Park Project at the end of March for which we received 50% of the eligible costs back into our bank account for \$234,850. We have approved ACOA funding for this project of \$938k, for which we will receive 50%, or up to \$469k back on monies spent for the municipal park project.

### **Cyber Training**

With cyber crime on the rise, it is becoming increasingly important that we are prepared at the Town by staying up to date and providing training to employees. Employees/council now all have access to emails, therefore any person could be targeted with phishing and other scams. As such, Director Parlee worked with IT Manager, Marcel LeBlanc, and rolled out cyber training to all with email access in early April. Several people have already completed the training. This will involve approximately an hour of training on various cyber related topics. Everyone will have 60 days to complete the training from launch date and we are available to support everyone along the way whether coaching and/or providing computer and time slots for those that don't have access to one.

## Information Technology Service Request March 2023

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