

**Town of Riverview**  
**FINANCE AND IT DEPARTMENT MONTHLY REPORT**



To: Colin Smith, CAO

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

Date: November 27, 2023

Month & Year: October-November 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>\$265,386</b> October '23	<b>\$306,294</b> September '23	<p>The balance is <b>down</b> compared to last month.</p> <p>The department continues to see the total A/R balance consistently decline each month; the total balance is at its lowest since the Town resumed collection efforts post-Covid. The balance as of writing this report (11/21/2023) is \$248,954 therefore showing further decline.</p> <p>The team continues to do a great job working with residents to make payment arrangements and other measures needed to collect funds. The department is always keen to work with willing residents. The key is, they must be willing to work with us and remain responsive and committed to paying their current and/or overdue balance.</p>	<p>The balance has <b>decreased.</b></p> <p>Collection efforts have shown progress with the balance declining in total significantly since collections efforts have resumed.</p>

<b>Accounts Payable Processed</b> (October '23 vs. September '23)	<b>\$4,162,579</b> (337 Cheques)	<b>\$2,891,602</b> (318 Cheques)	Results are <b>as expected</b> . Some large, planned settlements for both months related to capital projects, and the Town also had a large scheduled payment to TransAqua.	<b>Consistent</b> with our understanding of billing trends and schedules of payments.
<b>% Of Residential Water &amp; Sewer bills sent electronically</b> (August '23 vs. May '23)	<b>20.77%</b> (1,301 of 6,265)	<b>20.40%</b> (1,275 of 6,250)	<b>Improving</b> over time. Residential bills are sent out quarterly in February, May, August, and November.	Update from most recent August 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>Overall, costs are stable and falling in line with budget thus far for the operating budget. The Finance &amp; IT Department continues to track capital year to date weekly including detailed purchases for each project.</p> <p>As of the end of October 2023, the Town is projecting a surplus in both the General and Utility Funds operating budgets as follows:</p> <ul style="list-style-type: none"> <li>• General: \$321,965</li> <li>• Utility: \$428,721</li> </ul> <p><u>Highlights:</u></p> <p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• <b>Revenue:</b> \$366,460 overall above budget. This is mostly driven by "Revenue from our own sources" which is \$255,021 above budget. Of the total, \$155,838 relates to "Proceeds on the sales of assets", which was much higher than expected (\$108,838 above budget) due to assets being sold for a higher dollar value than anticipated and some being sold that were not originally known at</li> </ul>

budget time. Building permits were also \$38,374 above expected, and Interest on cash in the bank was \$66,459 above budget due to the currently favorable (market driven) interest rates. Council will also see that there is \$39,414 more than expected revenues from “Miscellaneous revenue” which is the where the insurance recovery from the damaged Christmas lights infrastructure has been coded. Outside of revenue from own sources, Parks and Recreation also realized \$50,483 more “Other Revenue” than budget. Recreation Programs saw \$22,059 more revenue due higher participation. There was also \$18,720 more than budget for “Grants”. There was more opportunity for grants than anticipated which brought the total to \$23,720 (\$10,000 for a Canada Day Grant, \$5,000 from Participaction, \$6,220 from the Riverview Seniors Club from 2022 that was spent in 2023, and \$2,500 from Trans Canada Trail for a covered bridge replacement study)

- **Expenses:** Are \$44,495 in total above budget. Administration was \$191,405 under budget, which therefore absorbed the majority of the overages elsewhere. There were smaller savings scattered throughout, with the bulk being in Corporate Services of \$186,665 (staff changes), 3+ Corporation for \$56,068 (services were transitioned to SERSC), and fiscal services for \$59,299 for debt payments/interest coming in lower than the 5% required to budget for. The staff changes from restructure caused increase in other GL lines, where we see HR \$85,950 above budget for example. Fire was \$105,119 above budget in total. Two main areas caused the difference. First \$25,706 more than budget for salaries, wages, and benefits. This was all driven by more overtime than expected. And second, firefighting equipment was \$65,988 above budget. This is mostly due to vehicle repairs needed for Engine 11 (engine failure requiring critical repair). Parks and Recreation was \$108,535 above budget. Most of this cost is due to more repairs and maintenance required to service current assets and maintain operations. There was also \$18,993 in cost overages for Rink & Areana electricity. Consumption is significantly higher than last year and not enough was budgeted in 2023 to capture the lower ice reopening after repairs. The department also saw snow removal much higher than budget (\$21,735 over).

**Utility Fund:**

- **Revenue:** is \$538,591 above budget. The main reason is due to more consumption/usage of water and sewer than anticipated for commercial users. This is largely driven by TransAqua, who are significantly higher than expected. Their use is expected to be cut by half in 2024.
- **Expenses:** are \$109,870 above budget, which is offset by higher revenue (higher revenues equates to higher expenses in some accounts, due to more services being provided). There were higher purchases of water (\$44,071) which is expected since consumption is higher. This number will also increase based on the number of water breaks (there was one in October for Buckingham). And water operating costs were \$93,201 above budget. \$90,707

	<p>of this overage is water maintenance. This account includes the costs to install water services for new hook ups (Kent location is a big one). As connection charges revenue increases so too does the water maintenance. Rock purchases also get charged here, therefore there may be a portion that does not get expensed in the year and is moved to inventory, depending on usage. Rock purchases are used for water break repairs, curbs/sidewalks, road repairs, etc.</p> <p>A more detailed report will be provided to council as per usual based on YE, once the statements are audited.</p>
<p><b>Asset Management (Capital &amp; Inventory)</b></p>	<p>Director Parlee along with relevant staff have begun to identify, analyze, and implement stronger management and control measures around asset management (both capital and inventory). The staff have already begun to identify potential operational/control weaknesses to improve for operational means as well as audit requirements.</p> <p>An Asset Management Committee (AMC) has been formed with the first three members (Shannon Parlee, Martin Dube, and Marcel LeBlanc) who have met numerous times in the year. As previously reported on, the entire committee met on October 5<sup>th</sup> for the first meeting, which went very well. All directors involved in asset management were involved, as well as those that directly oversee asset management, including Accounting Supervisor, Cathy Molnar.</p> <p>The committee discussed the mission, vision, and core values of AM, and how the objectives of the committee tie to the Town’s Strategic Plan. They also discussed the importance of an AMC, the future expectations of the committee, and discussed best management practices when it comes to accounting (capital vs expense, ongoing vs. current costs). The meeting finished with a round table discussion on how each department/staff managed their assets, any pain points, what technology they are using, etc.</p> <p>Director Parlee also continues to work on plans to develop strong controls around inventory management.</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>
<p><b>Operational Process Improvements &amp; Internal Controls</b></p>	<p>The largest task in this objective involves the Accounts Payable Automation plan (Provider: BeanWorks). Please see Section Three below for an update.</p>

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

#### **Budget**

Budget deliberations occurred on November 1<sup>st</sup> and were formally approved on November 14<sup>th</sup>. The budget was submitted to the province on November 15<sup>th</sup> (on time on the deadline). There was a nice portal introduced this year for submitting the budget, which Director Parlee was involved in several sessions to learn how to use it. Director Parlee loves technology and improving processes for ease and efficiency, which this new portal provided. She submitted the budget with relative ease.

A big kudos to the whole team for a smooth budget loaded with details. Thank you to council and Mayor LeBlanc for a great process. Director Parlee plans to provide council with a budget survey to gather feedback in the coming weeks. Council can be on the look out for more information. The hope is to gather any feedback on the budget process such as if there was enough information to make decisions, if the flow of information was good and sufficient, and if council has any suggested changes, etc.

#### **Council Orientation**

Director Parlee wishes a warm welcome to newly elected Councillor at Large, Stephen Gouzoules! She had a wonderful orientation with him on November 10<sup>th</sup> covering the Finance and IT department and introduced him to the entire department team.

#### **Riverview Recreation Complex – Borrowing Approval**

It is with delight to report that the borrowing application for the RRC has officially been approved, with the Ministerial Order being issued for both long-term and interim financing.

As a reminder, the total amount available to borrow for the project is \$19,500,000 in long-term financing, with \$10,000,000 available to use for interim financing via a line of credit. This piece is critical for moving forward, as it is a requirement to confirm all financing needed for a capital project prior to awarding a tender per the Municipal Capital Borrowing Board. Director Parlee also submitted the proof of debt financing with the Regional Development Corporation, which is part of the requirement for release of grant funding from the federal and provincial government (which needs sent prior to claims being made). The final piece needed to satisfy the Town's obligation for that agreement is the climate lens. Director Shea has informed Director Parlee that this will be completed in the coming few weeks.

#### **Long-Term Debt - Certificate**

The Town recently received the instructions for the debt certificate which was signed by the Town Clerk and Mayor LeBlanc for borrowing related to the General Fund for fiscal 2023 in the amount of \$1,760,000. This was motioned and approved by council at the September 11<sup>th</sup>, 2023, RCM and is intended to finance Transportation Services capital projects. The Town will receive these funds in early December.

#### **Insurance Renewal**

A big undertaking currently for Director Parlee along with assistance from Cathy Molnar (Accounting Supervisor) is completing all renewals documents for the General Liability insurance. There are more

demands in the past few years that insurance providers are requiring (more details on all aspects Town assets ranging from the number of floors to heating systems), which has created extra work from staff, including Martin Dube (Supervisor of Municipal Facilities and Assets). Next up is the cyber insurance, which is set for renewal in January.

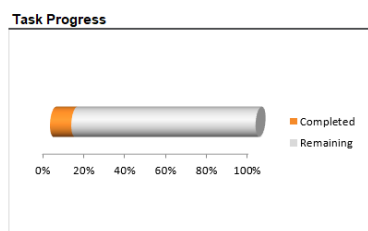
### Pentation Testing (IT)

The Town is currently undergoing a third-party network Penetration Test, which is ongoing to December 18<sup>th</sup>, 2023. This test is important for several reasons, including to:

1. **Identify Vulnerabilities** – so the Town can patch them. If patching is not possible, the Town can do other things such as additional controls to mitigate the risk.
2. **Simulate Cyberattacks** – a penetration test acts like a cyberattack to see how the Town’s systems cope.
3. **Improve Cybersecurity** – by using an ethical hacker they will use the same techniques as a bad actor and inform on what ways they can get into the system so the Town can lower that risk.
4. **Prevent Real Cyberattacks** – by proving a bad actor could manipulate a vulnerability before it is done, this gives the Town time to remove or reduce that risk.
5. **Remain Compliant** – cyber liability insurance providers expect the Town to do an annual test to be eligible for coverage.
6. **Provide Training** – to see how the Town’s systems, tools, and IT staff react to a simulated attack so the Town can train to be better during a real attack.

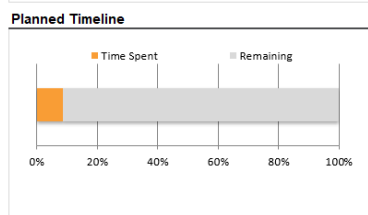
Below is the timeline and status as of November 20<sup>th</sup>, 2023:

Project Milestone	% Complete	Notes
Pen Test Completion	20%	External testing In Progress
Assessment Findings Report Delivered	0%	
Project Closeout	0%	



*Dates May be Subject to Change*

Phase	Start	Planned Completion	Actual Completion
Project Kickoff	17-Nov-2023	17-Nov-2023	17-Nov-2023
External Pen Tests	17-Nov-2023	30-Nov-2023	-
Assessment Findings Report (ETA)	30-Nov-2023	30-Nov-2023	-
Remediation	1-Dec-2023	18-Dec-2023	-



This will be a recurring test done annually, that is budgeted around \$10,000.

### Accounts Payable Automation Software

Perhaps one of the biggest developments in many years – Director Parlee is VERY pleased to announce the successful launch of the Accounts Payable Automation Software (BeanWorks) which is a cloud-based

automated A/P solution that helps accounting teams move swiftly from invoice to payment. It uses automatic data entry to import data to a secure online dashboard and manages the approval process. There are many great benefits, including:

- **Improved Accuracy:** human errors can be one of the costliest areas associated with processing invoices manually. Automated process tools that intelligently capture the information presented on invoices not only speeds up the process but also reduced errors that are timely and cost money.
- **Cost Savings:** Time is money, therefore speeding up the process saves the Town money.
- **Improvements in Workflow and Time Efficiency:** invoices that sit on desks or emails are no longer, as an automated system eliminates delays, and streamlines the entire approval process. Trips to Town hall to pick up invoices are also eliminated.
- **Better for the Environment:** No more big piles of paper and trails, as it moves things to a paperless process.
- **Enhanced Insight:** A comprehensive dashboard details the AP process clearly, making it easy to identify where an invoice is sitting, and who to contact in the event of a delay.
- **A Fantastic Audit Trail & Real-time Updates:** BeanWorks provides centralized documentation storage. No more large filing cabinets as historical invoices can be pulled up easily for quick reference and for collecting information for the Town's auditors. Overall, the software provides better tracking and management of expenses.

There has been great feedback so far with the new system with staff saying how easy it is to use.

### [Reserve Calculations](#)

A big task to complete for the next RCM in December is the reserve calculation. Director Parlee will determine the amount of reserves needing transferred for both the General and Utility Funds, which the Town is required to do before December 31<sup>st</sup>. This is a standard process that occurs annually in December. Therefore, the RCM will include this item on the agenda. Crucial to this calculation is assessing all capital spent to date and projections to YE, then assessing all financing sources available to the Town to determine what will be transferred. Director Parlee will prepare a Council Report Form as well as motion for this for the December 11<sup>th</sup>, 2023, scheduled RCM.

### [Funding Opportunities](#)

Director Parlee submitted the second claim for the *Infrastructure Renewal Program* earlier this month for a total of \$2,289,040. As a reminder, this program is for replacing existing water, storm and wastewater systems that are at end-of-life and in need of replacement. The Town will receive 83.33% of the funds based on the project agreement (less recoverable HST). This claim will max out the funds available to the Town for the 2023-2024 fiscal allotment (\$3,991,504) thereby fully utilizing the grant money available. Confirmation was just received as I write this report that the claim was approved, and remittance sent for a total of \$1,729,740 which will be deposited into the Town's bank account shortly. This is the first year of three related to this program.