

FINANCE DEPARTMENT MONTHLY REPORT

To: Colin Smith, CAO

Prepared by: Robert Higson, CPA, CA

Date: Oct, 2017

Month: Oct 2017



Agenda Item: 7b.1

Meeting Date: COW

10/23/2017

Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
Debt Ratio (beginning of year)	15.75% 2017	11.99% 2016	Increasing	Due to debt for Ops Ctr.
Accounts Receivable (significantly past due accounts only)	\$244,000 (Oct/17)	\$194,000 (Sept/17))	Stable	Increase (Director working with clerk to collect accounts)
Accounts Payable processed (Sept '17 vs. Aug'17)	\$2,714,995 (334 cheques)	\$4,197,790 (429 cheques)	-	-
% of Water & Sewer Bills sent electronically (quarterly Aug' 17 vs. May '17)	10.0%	10.0%	Gradual growth in e- billing	Stable (clerk/receptionist is promoting this option at the municipal payments counter)

Section 2: Status of Department's Operational Priorities for 2017

Priority	Status
Lead the Town in the development of a long range capital Asset Management Plan (AMP)	<p>The continued development of the AMP is among the performance objectives for the Director of Finance during 2017.</p> <p>The team has met with the external consultant (Opus) and provided volumes of information, studies and assessments for the major categories of Town assets. The team has participated in four workshops to date lead by the consultants. The first was held on February 24 during which the Level of Service to be provided through Town assets was discussed in detail. The Level of Service plays a role in determining the nature, type and cost of investment in assets by the Town.</p>

Priority	Status
	<p>The second AMP workshop was held on Tuesday, March 14 during which the <i>State of the Infrastructure</i> (condition of assets) was reviewed.</p> <p>A third workshop was held on April 27th during which the Town's ongoing activities related to the cycle of maintaining/replacing capital assets was discussed.</p> <p>The last workshop was held on July 6 to review the level of <i>financial investment</i> required related to long term capital planning based upon agreed levels of service.</p> <p>This process will culminate with a brief presentation to Council on November 14th. This verbal report along with a written document will form the framework for what will be an ongoing continuous improvement process related to Asset Management.</p>
Long Term Financial Planning and Managing Debt Ratio	<p>Monitoring and managing the level of the debt ratio is one of the objectives for the Director of Finance. He will ensure the best combination for utilization of capital reserves, capital financed from operations and project funding grants from senior levels of government in order to minimize the necessity for using long term debt to achieve long term asset management. The current objective is to maintain a debt ratio lower than 16% with continued vigilance in this area.</p> <p>Council recently approved borrowing for the balance (\$4.1m) needed to finance the Operations Center. The paperwork has been sent to the Province with formal PNB approval and receipt of funds expected by early December. The total amount borrowed for the Operations Center is \$14.1million (\$10.0 million last year) versus an initial capital budget of \$16.6 million. This very positive result is due to lower than budgeted construction costs and financing a portion through "capital from operating revenues". The Town has reduced interest costs by over \$120,000 in 2017 by borrowing this \$4.1m final amount in the later part of this year rather than earlier in 2017.</p>
Technology Options	<p>The Director of Finance is undertaking a review of certain aspects of the Finance Department operations with the objective of identifying opportunities for the adoption of technologies that may improve efficiencies and/or allow staff to provide enhanced service to both internal and external customers.</p> <p>Examples of this may include banking technology, customer relationship and financial budgeting, planning and reporting tools.</p> <p>The Director has met with bank personnel to discuss some of these opportunities. Our IT consultant is also reviewing opportunities and will be meeting with staff to try to capitalize on them moving forward.</p>

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

Budget 2018 Preparation

Staff have developed a timeframe for the budget preparation process. Each department is already reviewing their year to date results and has started to work on developing plans for 2018 and beyond. This year the process will be even more difficult due to the PNB's decision to freeze property assessments thereby virtually eliminating revenue growth in 2018. This, in combination with inflationary and contractual obligations for expenses, will make prioritization even more critical than in the past.

The Director of Finance and CAO have had discussions to determine the recommended financial parameters to be used throughout the budget process. These parameters were presented to Council for discussion at the COW meeting on September 25 and will form the basis for the draft budget for Council deliberations. It is Council's direction to prepare a draft budget for deliberation with no increase in the property tax rate.

The Director of Finance has already received some budget submissions from external third parties and attended the Executive Insight Committee meeting to review the RCMP 2018 budget. In addition the Director has attended a meeting to review the Greater Moncton Waste Water Commission (Trans Aqua) budget. Additional external groups will be presenting to Council on Wednesday, October 25th.

Directors will begin meeting as a group with the CAO during the first week of November after each department submits their proposed budget(s) and current year projections to Finance.

Codiac RCMP Building Committee

Ongoing. Recently an RFP was issued to engage consultants for professional services related to assisting in the preparation of a tender for this large project. As well the proponent will advise the three municipalities in choosing the best model for design, build, finance and ownership of this policing facility.

The Committee held a kickoff meeting with the successful proponent on October 16 to discuss terms of reference, expectations, risks and objectives related to this project. All members of this Committee must apply for an *Enhanced Reliability Security Clearance* certificate which includes the completion of several lengthy documents followed by an interview by the RCMP.

It is currently projected this new facility will open in fiscal 2020. The additional costs for the Town of Riverview's share of operating/building this facility will be significant and must be factored into short and long term financial planning.

Safety Leadership

The Director of Finance has been appointed to the *Safety Governance Committee* and is participating in a *Safety Leadership Program* sponsored by Work Safe NB designed to enhance the Town's safe

work culture. An introductory workshop was held earlier in 2017 followed by three additional workshops to date related to this initiative. The Director also participated in a one on one discussion with the Safety Leadership consultant to exchange ideas on this initiative. One additional group workshop will be held on October 26. To date the workshops have been received quite positively by the attendees.

Lease Agreement – Town Hall Office Space

The Director prepared an agreement which provides office space on the second floor of Town Hall for a staff member working on behalf of Alaina Lockhart, MP for Fundy Royal. This lease is effective October 16, 2017 for an initial term of one year.

General Liability Insurance Renewal

The Director has met with our insurance provider to discuss the annual renewal. It is not anticipated that the rates will increase with the exception of amounts related to inflationary increases in asset replacement values and assets added since the prior year.

Employee Engagement

The Director is coordinating an information session in conjunction with the other Directors located at the Town Hall building to enhance communication with all Town Hall staff regarding initiatives, events and plans related to their departments.