

## FINANCE DEPARTMENT MONTHLY REPORT

To: Colin Smith, CAO

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Month: April 2018

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### Section 1: Operational Dashboard

Metric	Current Period	Prior Period	Annual Result	Trend
Debt Ratio (end of year)	11.93% 2018 (Budget)	13.96% 2017 (Actual)	Decrease	Stable
Accounts Receivable (significantly past due accounts only)	\$240,000 (Apr/18)	\$199,000 (Mar/18)	Stable	Slight increase (Director working with NEW clerk to collect accounts)
Accounts Payable processed (Mar 18 vs. Feb '18)	\$1,215,793 (384 cheques)	\$1,829,679 (335 cheques)	-	-
% of Water & Sewer Bills sent electronically (quarterly Feb '18 vs. Nov '17)	11.3% (678 out of 6,022)	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 2018

Priority	Status
Lead the Town in the development of a long range capital Asset Management Plan (AMP)	The new <b>Asset Management Policy</b> along with the new Asset Management Plan document will be provided to Council on April 23 as part of the process to engage Council leading up to the Financial Planning Session scheduled for April 30. The Director shall briefly review the Policy.

Priority	Status
Long Term Financial Planning and Managing Debt Ratio	<p>An <i>Application for Authorization to Borrow</i> for capital projects in 2018 was heard by the provincial Municipal Capital Borrowing Board (MCBB) on April 9. The Hearing went well with the final decision to be announced within the next couple of weeks.</p> <p>Staff are working on developing an <u>updated</u> long term financial plan. This plan will include a property tax rate strategy and prioritization of capital projects over the next ten (10) years. This plan will, of course, include significant Council input during preparation followed by review, discussion and adoption at a future public Council meeting. It is proposed that the input from Council will include a workshop(s) with staff to thoroughly review and discuss capital project priorities and timelines for the next decade. The date and time of this workshop is scheduled for the evening of Monday, April 30.</p> <p>Monitoring and managing the debt ratio, which has been calculated at 13.96% as at December 31, 2017, is one of the most important 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 effective long term asset management. The current objective is to maintain a debt ratio lower than 16% with continued vigilance in this area.</p>
Technology Options	<p>No specific new projects at this time. Staff is constantly on the lookout for opportunities to utilize new and evolving technologies.</p> <p>The decision whether to implement is always made in the context of benefits outweighing the costs to implement and maintain.</p> <p>One simple recent example is that Payroll is now e-mailing bi-weekly payroll information to employees and councillors rather than stuffing envelopes and paper copies being issued. Paper copies are still made available if an employee requests it.</p>

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

#### 2017 Financial Statements and External Audit

The audited 2017 Financial Statement has been added to the Town's website.

Recently an article appeared in the local newspaper discussing the difference between the two required financial reporting standards for New Brunswick municipalities.

Firstly there is the method used for budgeting and reporting to the Province. This is also the format used for monthly financial reporting to Council throughout the year. It is based upon ensuring cash receipts are sufficient to meet the cash required to meet debt and other payment obligations.

The second reporting format (audited) is required by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. This format was not required for NB municipalities prior to 2012. It is representative of matching expenses to revenues and includes depreciation of assets over their estimated useful lives, contributions from developers for roads built and turned over to the Town, grants from senior levels of government. It excludes other items such as debt principal payments and transfers to capital reserves.

The latter PSAB format results in a significant “accounting” surplus. **This surplus does not represent available cash. It largely represents investments in capital assets.** This is not a new topic and has been the case since 2012. For some reason it has only recently become a focus for local media.

There is value to having the financial statements prepared in each of the formats but it does create significantly more time and effort than prior to the PSAB requirement being put in place.

An updated **Value for Services** (*“where does your tax dollar get spent”*) document will be placed on the Town’s new website in the near future.

### **Benefits (Health and Dental) Renewal**

The Director(s) of Finance and Human Resources have initiated discussions to commence the annual renewal process with Manulife. In conjunction with the renewal, which is effective on July 1, 2018, discussions will take place with Mercer Consulting to review the adequacy of our benefits plan, industry trends and the value of obtaining quotations from other insurance providers at this time.