

THE CORPORATION OF THE CITY OF SARNIA
People Serving People

CORPORATE SERVICES DIVISION

OPEN SESSION REPORT

TO: Mayor and Members of Council

FROM: Holly Reynolds, City Treasurer
Michelle Alton, General Manager of Corporate Services

DATE: June 6, 2022

SUBJECT: Q1-2022 Budget Status Update

Recommendation:

It is recommended:

That Sarnia City Council receives the Q1 Budget Status Report for the period ending March 31, 2022.

Executive Summary:

The forecast for all budgets combined is a surplus of \$230,577, which represents 0.14% of the \$162,378,641 combined budget. This is comprised of:

- A surplus of \$367,555 (0.32%) in the General Operating Budget, including a Police Budget surplus of \$130,697
- A deficit of \$483,076 (-6.78%) in the Transit Budget
- A surplus of \$250,588 (1.15%) in the Sewer Budget
- A surplus of \$95,510 (0.52%) in the Water Budget

The forecast does not include COVID-19 Safe Restart funding. Staff will continue to assess the COVID-19 pandemic impacts as the year progresses.

Staff will continue to monitor revenue and expenses throughout the remainder of the year to strive to remain within the approved budget.

Background:

The Quarter 1 Budget Status – March 31, 2022 (Attachment 1) includes: Operating, Transit, Sewer and Water Budgets. The budgets include actual results to March 31, 2022 and forecasted amounts for the remainder of the year. Results include input from departments highlighting any revenues or expenses where over-spending or savings are expected.

Attachment 1 provides a summary by department with columns defined as:

- 2022 Budget represents the Operating, Transit, Sewer and Water budgets as approved by Council;
- 2022 YTD Actuals represents the actual revenues and expenses from January to March 2022. Currently, we do not accrue for all revenues or expenses that have not been received or paid and therefore some figures may be based on processed items only;
- 2022 Forecast represents anticipated year-end revenues and expenses based on actual results to the end of March 2022, plus forecasted amounts to the end of the year;
- Variance represents the difference between the Budget column and the Forecast column. A variance in brackets represents a negative variance and is an unfavourable result.

Comments:

General Operating Budget – Forecast Year-End Results

The 2022 General Operating Budget, which excludes Transit, Sewer, and Water is forecasting a surplus of \$367,555 which represents 0.32% of the \$115,046,377 General Operating Budget.

The table below highlights the key drivers of the surplus:

| Key Drivers | Variance \$ Surplus (Deficit) |
|---|--|
| Savings: | |
| Labour costs – salary, wages and benefits | 510,474 |
| Roads - materials | 109,869 |
| Pressures: | |
| Arenas revenues | (381,834) |
| All other variances combined | (1,651) |
| Police surplus | 130,697 |
| Total General Operating surplus | 367,555 |

Revenue Pressures:

- **Arena revenue** – forecasting to be under budget by \$381,834 due to closures early in the year. Arena revenues will continue to be monitored to determine if the pressures reverse during the remainder of the year as activities ramp up.

Expense Savings:

- **Labour Costs** – forecasting to be under budget by \$510,474 due to vacancies in the first quarter that are in the process of being filled.
- **Road – materials** – the City has incurred lower material costs in the first quarter of the year.

At this time, there is no COVID-19 mitigation funding included in the forecast as it is too early to tell if the current pressures will continue for the full year.

Transit Budget – Forecast Year-End Results

The 2022 Transit Budget is forecasting a deficit of \$483,076. This represents -6.78% of the \$7,125,417 Transit Budget.

The table below highlights the key drivers of the deficit:

| Key Drivers | Variance \$ Surplus (Deficit) |
|------------------------------|--|
| Savings: | |
| Salaries and benefits | 172,342 |
| Pressures: | |
| Gasoline | (255,833) |
| Fare revenues | (282,722) |
| Insurance | (127,707) |
| All other variances combined | 10,844 |
| Total Transit deficit | (483,076) |

Recent gas price increases are responsible for the increase in the gasoline variance. Reductions in ridership are driving the decreases in revenues and labour costs. Safe Restart funding has been not been included in the operating results; staff will continue to monitor.

Sewer Budget – Forecast Year-End Results

The 2022 Sewer Budget is forecasting a surplus of \$250,588. This represents 1.15% of the \$21,794,470 Sewer Budget.

The primary driver is lower forecasted repairs and maintenance costs based on the experience in the first quarter as well as lower utility costs.

Water Budget – Forecast Year-End Results

The 2022 Water Budget is forecasting a surplus of \$95,510. This represents 0.52% of the \$18,412,377 total Water Budget.

The primary driver is lower labour costs due to vacancies that are in the process of being filled.

Total Combined Budget – Forecast Year-End Results

The forecast for all budgets combined is a surplus of \$230,577 which represents 0.14% of the \$162,378,641 total overall 2022 Combined Budget.

Property Tax Arrears:

Property tax arrears are the accounts and amounts that are past due. Staff regularly monitor tax arrears. The tax arrears at March 31, 2022; December 31, 2021; and March 31, 2021 were as follows:

| | March 31, 2022 | March 31, 2021 | December 31, 2021 | Variance from December Increase (Decrease) |
|---------------------------|---------------------------|---------------------------|------------------------------|---|
| Total accumulated arrears | \$3,481,208 | \$3,404,751 | \$3,045,598 | \$435,610 |
| Number of accounts | 1,671 | 1,586 | 1,439 | 232 |

At March 31, 2022, the number of arrears accounts are up 232 from December 31, 2021 but only up 85 from March 31, 2021. Total accumulated arrears have increased \$435,610 from December 31, 2021 but have only increased \$76,457 from March 31, 2021. The analysis of March 31, 2022 arrears compared December 31, 2021 and March 31, 2021 arrears indicates that non-payments are not wide-spread, but continued monitoring is warranted. The City is well situated to ensure that tax accounts stay current. The City has 28,220 property tax accounts, of which 10,800 are on pre-authorized payments and 6,480 are paid through mortgages, resulting in 61.5% of the accounts having very stable payments.

Consultation:

All City departments were consulted on their financial results as at March 31, 2022 and their expected year-end forecasted results.

Financial Implications:

The financial implications have been discussed throughout this report.

Reviewed by:

Approved by:

Michelle Alton, General Manager of
Corporate Services

Chris Carter
Chief Administrator Officer

This report was prepared by Holly Reynolds, City Treasurer.

Attachments: Quarter 1 Budget Status – March 31, 2022

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|---|----------------------|---------------------|----------------------|------------------|
| CURRENT BUDGET SUMMARY | | | | |
| Taxation - Net (General, Transit & Sewer) | (85,812,901) | (2,603,788) | (85,812,901) | - |
| Provincial Subsidies | (4,812,227) | (985,114) | (4,067,863) | (744,364) |
| Federal Subsidies | (331,469) | - | (292,613) | (38,856) |
| Other Revenues & Costs Recovered | (71,422,044) | (21,550,941) | (71,232,704) | (189,340) |
| Total Revenue | (162,378,641) | (25,139,843) | (161,406,081) | (972,560) |
| Expenditures | 162,378,641 | 67,379,866 | 161,175,504 | 1,203,137 |
| TOTAL (SURPLUS)/DEFICIT | | | (230,577) | |
| NON-DEPARTMENTAL REVENUE | | | | |
| Expenditures | | | | |
| 1000 Taxation - General | 633,981 | 76,341 | 632,588 | 1,393 |
| 1200 Ontario Grants - Unconditional | 256,133 | 256,133 | 256,133 | - |
| 1350 Other Revenue | 903,380 | - | 826,809 | 76,571 |
| Total Expenditures | 1,793,494 | 332,474 | 1,715,530 | 77,964 |
| Revenue | | | | |
| 1000 Taxation-General | (79,948,657) | (168,332) | (79,948,657) | - |
| 1100 Payments in Lieu Taxes | (1,370,140) | (244,077) | (1,370,140) | - |
| 1200 Ontario Grants - Unconditional | (3,623,200) | (905,800) | (3,623,200) | - |
| 1305 Rents, Concessions & Franchises | (63,211) | (23,367) | (60,596) | (2,615) |
| 1340 Bluewater Power | (2,850,082) | - | (2,850,082) | - |
| 1350 Other Revenue | (1,946,380) | (271,142) | (1,863,150) | (83,230) |
| Total Revenue | (89,801,670) | (1,612,718) | (89,715,825) | (85,845) |
| Total NON-DEPARTMENTAL REVENUE | (88,008,176) | (1,280,244) | (88,000,295) | (7,881) |
| COUNCIL & ADMINISTRATION | | | | |
| Expenditures | | | | |
| 2000 Mayor & Council | 393,763 | 93,173 | 390,131 | 3,632 |
| 2001 Chief Administrative Officer | 303,293 | 71,699 | 301,066 | 2,227 |
| 2050, 2100 City Clerk | 1,147,007 | 162,478 | 1,135,278 | 11,729 |
| 2150 Economic Development | 490,636 | 61,417 | 572,618 | (81,982) |
| 2065-2066 Harbours | - | - | - | - |
| Total Expenditures | 2,334,699 | 388,767 | 2,399,093 | (64,394) |
| Revenue | | | | |
| 2000 Mayor & Council | - | - | - | - |
| 2050, 2100 City Clerk | (696,021) | (431,101) | (669,618) | (26,403) |
| 2150 Economic Development | - | (150,874) | (150,874) | 150,874 |
| 2065-2066 Harbours | - | - | - | - |
| Total Revenue | (696,021) | (581,975) | (820,492) | 124,471 |
| Total MAYOR & COUNCIL | 1,638,678 | (193,208) | 1,578,601 | 60,077 |

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|--------------------------------------|--------------------|---------------------|--------------------|-----------------|
| CORPORATE SERVICES | | | | |
| Expenditures | | | | |
| 2009 Administration & Communications | 346,974 | 34,632 | 300,198 | 46,776 |
| 2005 Legal | 560,325 | 99,983 | 530,471 | 29,854 |
| 2010-2012 Human Resources | 947,787 | 242,131 | 995,980 | (48,193) |
| 2020-2023 Finance | 2,174,746 | 463,572 | 2,171,449 | 3,297 |
| 2022 Information Technology | 2,271,272 | 510,135 | 2,287,120 | (15,848) |
| 2024 Customer Services | 705,776 | 132,680 | 671,126 | 34,650 |
| 2780 Emergency Services | 399,140 | 193,059 | 425,983 | (26,843) |
| 2013 Communications | 108,340 | 8,789 | 92,559 | 15,781 |
| 2065-2066 Harbours | 1,098,213 | 232,249 | 1,042,178 | 56,035 |
| Total Expenditures | 8,612,573 | 1,917,230 | 8,517,064 | 95,509 |
| Revenue | | | | |
| 2005 Legal | (58,200) | (26,034) | (55,192) | (3,008) |
| 2010-2012 Human Resources | (142,870) | (179,847) | (219,847) | 76,977 |
| 2020-2023 Finance | (704,445) | (572,941) | (729,822) | 25,377 |
| 2022 Information Technology | (493,000) | (491,000) | (491,168) | (1,832) |
| 2780 Emergency Services | - | 8,059 | - | - |
| 2065-2066 Harbours | (1,271,413) | (414,843) | (1,215,836) | (55,577) |
| Total Revenue | (2,669,928) | (1,676,606) | (2,711,865) | 41,937 |
| Total CORPORATE SERVICES | 5,942,645 | 240,624 | 5,805,199 | 137,446 |
| FIRE | | | | |
| Expenditures | | | | |
| 2500 Fire Officers | 21,419,013 | 5,407,171 | 21,406,094 | 12,919 |
| 2550 Fire Stations | 181,987 | 61,669 | 187,327 | (5,340) |
| Total Expenditures | 21,601,000 | 5,468,840 | 21,593,421 | 7,579 |
| Revenue | | | | |
| 2500 Fire Officers | (164,235) | (4,909) | (140,366) | (23,869) |
| Total Revenue | (164,235) | (4,909) | (140,366) | (23,869) |
| Total FIRE | 21,436,765 | 5,463,931 | 21,453,055 | (16,290) |

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|---|--------------------|---------------------|--------------------|------------------|
| ENGINEERING & OPERATIONS | | | | |
| Expenditures | | | | |
| 3000 Administration - Engineering | 337,581 | 86,420 | 340,387 | (2,806) |
| 3033, 3035, 3036 Engineering | 2,590,283 | 632,827 | 2,571,206 | 19,077 |
| 3034, 3300 Traffic & Streetlighting | 2,010,991 | 503,270 | 1,998,136 | 12,855 |
| 3037 Shoreline Protection | 500,000 | 52,345 | 500,000 | - |
| 3040 Municipal Drains | 236,456 | 165,305 | 223,052 | 13,404 |
| 3005 Administration - Public Works | 984,590 | 247,610 | 991,739 | (7,149) |
| 3008 - 3011 Road Maintenance | 5,844,612 | 2,713,681 | 5,695,662 | 148,950 |
| 3015, 3020 Works Centre | 3,094,187 | 899,744 | 3,078,907 | 15,280 |
| 3880-3885 Garbage, Recycling & Compost | 4,373,856 | 959,006 | 4,416,517 | (42,661) |
| 3150-3195 Care-A-Van | 1,147,401 | 180,216 | 1,032,114 | 115,287 |
| Total Expenditures | 21,119,957 | 6,440,424 | 20,847,720 | 272,237 |
| Revenue | | | | |
| 3000 Administration - Engineering | (214,000) | (211,000) | (211,000) | (3,000) |
| 3033, 3035, 3036 Engineering | (2,310,049) | (371,678) | (2,305,193) | (4,856) |
| 3034, 3300 Traffic & Streetlighting | (152,400) | (33,538) | (168,700) | 16,300 |
| 3037 Shoreline Protection | (500,000) | - | (500,000) | - |
| 3040 Municipal Drains | (54,287) | (2,150) | (54,287) | - |
| 3005 Administration - Public Works | (735,800) | (735,800) | (735,800) | - |
| 3008 - 3011 Road Maintenance | (1,409,116) | (823,679) | (1,286,673) | (122,443) |
| 3015, 3020 Works Centre | (3,070,174) | (821,023) | (3,090,604) | 20,430 |
| 3880-3885 Garbage, Recycling & Compost | (1,127,591) | (122,461) | (1,136,875) | 9,284 |
| 3150-3195 Care-A-Van | (239,199) | (10,369) | (182,745) | (56,454) |
| Total Revenue | (9,812,616) | (3,131,698) | (9,671,877) | (140,739) |
| Total ENGINEERING & OPERATIONS | 11,307,341 | 3,308,726 | 11,175,843 | 131,498 |

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|--|--------------------|---------------------|--------------------|------------------|
| COMMUNITY SERVICES | | | | |
| Expenditures | | | | |
| 4500 Administration | 124,081 | - | 93,916 | 30,165 |
| 4505-4551 Parks Maintenance | 5,150,398 | 1,793,656 | 5,112,179 | 38,219 |
| 4600-4601, 4950 Recreation & Strangway | 1,090,047 | 225,919 | 945,239 | 144,808 |
| 4610, 4611, 4612, 5022, 5025 Committees | 121,505 | 14,896 | 114,792 | 6,713 |
| 4700-4710, 4715-4716 Arenas & Pools | 4,029,739 | 973,025 | 3,874,723 | 155,016 |
| 2052, 4900-4903 Facilities - Other & Libraries | 1,063,012 | 365,003 | 1,100,979 | (37,967) |
| 5005, 5010 Planning & COA | 1,031,641 | 202,811 | 990,935 | 40,706 |
| 5020 Building | 788,682 | 212,712 | 873,884 | (85,202) |
| 5035 By-law Enforcement | 1,340,395 | 329,452 | 1,200,760 | 139,635 |
| Total Expenditures | 14,739,500 | 4,117,474 | 14,307,407 | 432,093 |
| Revenue | | | | |
| 4505-4551 Parks Maintenance | (559,725) | (177,549) | (530,377) | (29,348) |
| 4600-4601, 4950 Recreation & Strangway | (500,304) | (31,169) | (322,191) | (178,113) |
| 4610, 4611, 4612, 5022, 5025 Committees | (45,000) | (63,099) | (108,099) | 63,099 |
| 4700-4710, 4715-4716 Arenas & Pools | (2,492,085) | (590,983) | (2,143,827) | (348,258) |
| 2052, 4900-4903 Facilities - Other & Libraries | (32,500) | (5,284) | (27,411) | (5,089) |
| 5005, 5010 Planning & COA | (1,168,891) | (364,774) | (1,190,253) | 21,362 |
| 5020 Building | (788,682) | (307,942) | (873,884) | 85,202 |
| 5035 Bylaw Enforcement | (672,050) | (169,585) | (619,534) | (52,516) |
| Total Revenue | (6,259,237) | (1,710,385) | (5,815,576) | (443,661) |
| Total COMMUNITY SERVICES | 8,480,263 | 2,407,089 | 8,491,831 | (11,568) |
| OTHER | | | | |
| Expenditures | | | | |
| 2490 Other Municipal | 12,758,147 | 12,686,740 | 12,779,612 | (21,465) |
| 5500 Debt Charges | 1,016,132 | 232,259 | 1,017,238 | (1,106) |
| 5515 Unclassified | 433,746 | 154,126 | 469,541 | (35,795) |
| 5520 Municipal Grants | 130,000 | 80,000 | 127,674 | 2,326 |
| 5525 Contribution to Boards & Commissions | 546,103 | 270,029 | 546,487 | (384) |
| Total Expenditures | 14,884,128 | 13,423,154 | 14,940,552 | (56,424) |
| Revenue | | | | |
| 2490 Other Municipal | (2,939,949) | (2,939,949) | (2,939,949) | - |
| Total Revenue | (2,939,949) | (2,939,949) | (2,939,949) | - |
| Total OTHER | 11,944,179 | 10,483,205 | 12,000,603 | (56,424) |

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|--|--------------------|---------------------|--------------------|------------------|
| POLICE SERVICES | | | | |
| Expenditures | | | | |
| 2600 Police - Officers | 19,345,242 | 4,363,790 | 19,276,113 | 69,129 |
| 2605 Police - Court Security | 850,207 | 127,661 | 731,568 | 118,639 |
| 2610 Police - Communications | 2,784,628 | 1,058,783 | 2,865,528 | (80,900) |
| 2615 Police - Civilian | 3,059,627 | 634,289 | 2,911,406 | 148,221 |
| 2620 Police - Janitorial | 340,346 | 86,630 | 349,927 | (9,581) |
| 2625 Police - Station | 3,531,071 | 1,945,187 | 3,454,969 | 76,102 |
| 2630 Police Services Board | 49,905 | 9,699 | 45,491 | 4,414 |
| Total Expenditures | 29,961,026 | 8,226,039 | 29,635,002 | 326,024 |
| Revenue | | | | |
| 2600 Police - Officers | (2,079,253) | (557,526) | (1,958,027) | (121,226) |
| 2610 Police - Communications | (574,353) | (494,353) | (494,353) | (80,000) |
| 2625 Police - Station | (39,115) | (6,020) | (45,135) | 6,020 |
| 2630 Police Services Board | (10,000) | - | (9,879) | (121) |
| Total Revenue | (2,702,721) | (1,057,899) | (2,507,394) | (195,327) |
| Total POLICE SERVICES | 27,258,305 | 7,168,140 | 27,127,608 | 130,697 |
| TOTAL GENERAL OPERATING (SURPLUS)/DEFICIT | | | (367,555) | |
| TRANSIT CONVENTIONAL | | | | |
| Expenditures | | | | |
| 1055 Taxation - Transit Area | 231,083 | 141,088 | 231,083 | - |
| 3100-3125 Transit | 6,894,334 | 2,104,673 | 7,107,822 | (213,488) |
| Total Expenditures | 7,125,417 | 2,245,761 | 7,338,905 | (213,488) |
| Revenue | | | | |
| 1055 Taxation - Transit Area | (4,494,104) | (2,191,379) | (4,494,104) | - |
| 3100-3125 Transit Operations | - | (9,311) | (9,311) | 9,311 |
| 3140 Transit Revenue - Operations | (2,631,313) | (413,578) | (2,352,414) | (278,899) |
| Total Revenue | (7,125,417) | (2,614,268) | (6,855,829) | (269,588) |
| Total TRANSIT CONVENTIONAL | - | (368,507) | 483,076 | (483,076) |
| TOTAL TRANSIT (SURPLUS)/DEFICIT | | | 483,076 | |

ATTACHMENT 1
THE CORPORATION OF THE CITY OF SARNIA
QUARTER 1 BUDGET STATUS - March 31, 2022

| | 2022 Budget | 2022 YTD Actuals | 2022 Forecast | Variance |
|--|---------------------|---------------------|---------------------|-----------------|
| SEWER AREA | | | | |
| Expenditures | | | | |
| 3500 Sanitary Sewer Maintenance | 11,405,555 | 10,243,861 | 11,308,713 | 96,842 |
| 3501 Environmental Services Group | 1,992,306 | 585,688 | 1,989,386 | 2,920 |
| 3502 Operations Centre | 56,300 | 1,396 | 45,521 | |
| 3505-3507 Sewage Treatment Plant | 4,872,768 | 1,125,693 | 4,723,066 | 149,702 |
| 3510 Sewer - General Administration | 2,533,654 | 1,765,118 | 2,534,739 | (1,085) |
| 3600 Storm Sewer Maintenance | 933,887 | 392,729 | 925,023 | 8,864 |
| Total Expenditures | 21,794,470 | 14,114,485 | 21,526,448 | 268,022 |
| Revenue | | | | |
| 3505-3507 Sewage Treatment Plant | (350,000) | (108,089) | (342,089) | (7,911) |
| 3600 Storm Sewer Maintenance | (933,887) | (2) | (925,023) | (8,864) |
| 3590 Sewer Area - Revenue | (20,510,583) | (4,958,069) | (20,509,924) | (659) |
| Total Revenue | (21,794,470) | (5,066,160) | (21,777,036) | (17,434) |
| Total SEWER | - | 9,048,325 | (250,588) | 250,588 |
| TOTAL SEWER (SURPLUS)/DEFICIT | | | (250,588) | |
| WATER AREA | | | | |
| Expenditures | | | | |
| 3700-3710 Water - General Administration | 6,959,510 | 2,115,453 | 6,941,099 | 18,411 |
| 3705 Water - Distribution | 11,452,867 | 8,589,765 | 11,413,263 | 39,604 |
| Total Expenditures | 18,412,377 | 10,705,218 | 18,354,362 | 58,015 |
| Revenue | | | | |
| 3705 Water - Distribution | (414,787) | (471,796) | (433,627) | 18,840 |
| 3790 Water - Revenue | (17,997,590) | (4,280,791) | (18,016,245) | 18,655 |
| Total Revenue | (18,412,377) | (4,752,587) | (18,449,872) | 37,495 |
| Total WATER | - | 5,952,631 | (95,510) | 95,510 |
| TOTAL WATER (SURPLUS)/DEFICIT | | | (95,510) | |
| TOTAL (SURPLUS)/DEFICIT | | | (230,577) | |