



December 31, 2022, Unaudited Financial Results General Fund and Utility Fund

Finance Committee – March 22, 2023



SAINT JOHN

General and Utility Fund Year End Unaudited Results

- Purpose of presentation is to provide Finance Committee an overview of the 2022 unaudited year end fund based financial results.
- City's annual audit is well underway with auditors on site as well as undertaken the audits of the various ABC's that will be consolidated into the City's financials.
- Staff and Auditors are working toward having audited consolidated financial statements to the Finance Committee for approval in May.



General Fund Year End Results

Staff brought year end estimates to Finance Committee on Nov 22, based on October 31, 2022, financial results.

	December 2022 Operating Estimates (Oct 31)	December 2022 Operating Results	Difference Projection vs Actuals
Revenues	\$166,975,487	\$168,543,009	\$1,567,522
Expenditures	\$166,970,705	\$166,085,277	\$885,428
Surplus(Deficit)	\$4,782	\$2,457,732	\$2,452,950



General Fund Year End Results

Summary of differences between projections vs actual results

- Revenue - \$1,567,522
 - Accommodation Levy - \$100,000 more than projected
 - Short Term Interest - \$400,000 more than projected
 - Transfer from Reserves - \$400,000 more than projected
 - Minor differences over several revenue lines
- Expenditures – \$885,428
 - Actuarial Review – (\$2,466,342) favorable adjustment
 - Majority of variance is within other charges
 - Transfer to Reserves - \$600,000 (majority relates to interest)
 - Other Charges - \$655,000

General Fund Year End Results

**The City of Saint John
Operating Fund by Object
December 31, 2022 - Unaudited**



	2022 Budget \$	2022 Actual \$	Year End Variance \$
Revenues			
Property Taxes	129,423,226	131,483,072	2,059,846
PILT Adjustment	15	15	-
Equalization & Unconditional Grant	17,837,497	16,647,118	(1,190,379)
Own Source Revenues	17,461,120	20,412,804	2,951,684
Total Revenues	164,721,858	168,543,009	3,821,151
Expenditures			
Wages and Benefits	88,420,260	85,426,979	2,993,281
Goods and Services	41,215,804	43,786,847	(2,571,043)
Grants - Agencies, Boards & Commission	12,553,214	13,118,161	(564,947)
Other Charges	22,532,580	23,753,290	(1,220,710)
Total Expenditures	164,721,858	166,085,277	(1,363,419)
Surplus (Deficit)	-	2,457,732	2,457,732

General Fund Year End Results



DISCLAIMER

- Wages and Benefits - \$2,993,281 positive variance
 - Actuarial Benefit Review - \$2,466,342 – this was a positive adjustment in 2022, however it is a noncash adjustment, the City has no control or influence of the adjustment. Actual calculations can swing significantly year over year and is the reason the general operating reserve includes \$2,000,000 in its balance to reduce the risk if the City incurred a significant negative adjustment.
 - Balance of Wages and Benefits were under budget strictly related to vacancies, particularly the length of vacancies due to the challenges faced with recruitment.
- **In Summary** – General fund has a surplus of \$2,457,732 which is a result of the one-time adjustment of \$2,466,342 due to the actuarial benefit review, meaning the City's actual operating results is a small deficit of (\$8,610) for year-end 2022.



General Fund Year End Results

The City of Saint John
Operating Fund by Service Area
December 31, 2022 - Unaudited



	2022 Budget \$	2022 Actual \$	Year End Variance \$
Revenues			
Property Taxes	129,423,226	131,483,072	2,059,846
PILT Adjustment	15	15	-
Equalization & Unconditional Grant	17,837,497	16,647,118	(1,190,379)
Growth & Community Development Services	3,597,649	4,639,580	1,041,931
Public Safety Services	2,105,169	2,177,250	72,081
Transportation & Environment Services	4,808,845	6,888,361	2,079,516
Finance & Administrative Services	6,332,418	6,383,753	51,335
Corporate Services	285,000	39,652	(245,348)
Utilities & Infrastructure Services	332,039	284,209	(47,830)
Total Revenues	164,721,858	168,543,009	3,821,151



General Fund Revenue

Year End Variance Analysis

Year End Results – \$3,821,151 Positive Variance

- Property Taxes and Unconditional Grant - \$869,467 overall positive variance due to the net property tax related to LNG.
- Growth and Community Services - \$1,041,931 positive variance – majority of variance relates to increase in Building Permit and Accommodation Levy revenue.
- Public Works & Transportation Services - \$2,079,516 positive variance – majority of surplus relates to increase in Meter Violations, Traffic By-law fines and various Parking Lot revenue as well as additional \$791,000 in funding under DTI's municipally designated highway program.
- Corporate Services – (\$245,348) negative variance due to less land sales in Industrial Parks than anticipated.



General Fund Year End Results

The City of Saint John
Operating Fund by Service Area
December 31, 2022 - Unaudited



	2022 Budget \$	2022 Actual \$	Year End Variance \$
Expenditures			
Growth & Community Development Ser	16,291,320	16,848,820	(557,500)
Transportation & Environment Services	39,445,202	41,500,985	(2,055,783)
Public Safety Services	56,204,643	56,129,367	75,276
Strategic Services	7,286,166	6,697,168	588,998
Corporate Services	7,092,813	6,550,227	542,586
Other Charges	31,778,313	31,009,453	768,860
Utilities & Infrastructure Services	6,623,401	7,349,256	(725,855)
Total Expenditures	164,721,858	166,085,277	(1,363,419)



Growth and Community Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$5,099,240	\$4,893,717	\$205,523
Goods and Services	\$11,192,080	\$11,955,103	(\$763,023)
Total	\$16,291,320	\$16,848,820	(\$557,500)



Growth and Community Services

Year End Variance Analysis

Year End Results - (\$557,500) Negative Variance

- Wages and Benefits – underbudget by \$205,523 due to various vacancies throughout the year.
- Goods and Services variance of (\$763,023) mainly due to Accommodation Levy expense that is transferred to Envision SJ, which was \$804,403 more than budgeted, however is offset by additional levy revenues which is great news as the City and businesses recover from COVID.
- CGAC variance is due to additional COVID funding approved in 2022, offset for expenditures is included in transfer from operating reserve revenues.
- Unconditioned grants is over budget due to funding committed for Memorial Cup, offset for expenditure is included in transfer from operating reserve revenues.



Public Works & Transportation Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$15,514,644	\$15,469,410	\$45,234
Goods and Services	\$23,930,558	\$26,031,575	(\$2,101,017)
Total	\$39,445,202	\$41,500,985	(2,055,783)



Public Works and Transportation Services

Year End Variance Analysis

Year End Results - **(\$2,055,783)** Negative Variance

➤ Goods and Services – **(\$2,101,017)** Negative Variance

- Snow Control Streets and Sidewalk - Increased cost of fuel, equipment parts large drivers of variance
- Road Salt was 168% over budget (\$547K overbudget)
- Street Services - additional cost for municipally designated highway program approved by DTI, (\$735K) funding from the over expenditure included in revenue.
- Solid Waste Management overbudget due to the roll out of the new solid waste program.
- Parks and Recreation variance due to combination of wages, insurance deductible and higher building maintenance.

➤ Transit Subsidy – over budget due significant cost of diesel fuel and insurance costs.



Public Safety Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$46,230,825	\$45,872,852	\$357,973
Goods and Services	\$9,973,818	\$10,256,515	(\$282,697)
Total	\$56,204,643	\$56,129,367	\$75,276



Public Safety Services

Fire & Emo Services – Year End Variance Analysis

Year End Results – **(\$11,622) Negative Variance**

- Negative variance due to inflationary cost in vehicle parts and fuels as well as professional fees for Pomax study.
- Positive variance in water supply charge from SJ Water

Saint John Police/PSCC - Year End Variance Analysis

Year End Results – \$49,480 Positive Variance

- Wages and benefits to be slightly underbudget due to various vacancies.
- Goods and Services – variance overages in fuel, insurance, legal fees.

Street Lighting – Year End Variance Analysis

Year End Results - \$37,418 Positive Variance

- Expenses are slightly higher than anticipated.

Utilities and Infrastructure Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$3,392,655	\$3,476,468	(\$83,813)
Goods and Services	\$3,230,746	\$3,872,788	(\$642,042)
Total	\$6,623,401	\$7,349,256	(\$725,855)



Utilities and Infrastructure Services

Year End Variance Analysis

Year End Results – (\$725,855) Negative Variance

- Goods and Services – (\$642,042) Negative Variance
 - Carpenter shop is over budget due to increase cost in supplies and less internal billings than budgeted.
 - Facilities management is overbudget in the following
 - Engineering service (\$40K), this overage will be offset by funding included in revenues
 - Insurance deductible (\$52K) – unexpected claims in December
 - TD Station – (\$50K) humidifiers for seasonal operations
 - General building maintenance – (\$100K)
- Stockroom – (\$99K) – general cost increase for goods



Strategic Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$3,831,341	\$3,512,597	\$318,744
Goods and Services	\$3,454,825	\$3,184,571	\$270,254
Total	\$7,286,166	\$6,697,168	\$588,998

Strategic Services

Year End Variance Analysis

Year End Results – \$588,998 Positive Variance

- Wages and Benefits - \$318,744 Positive Variance
 - Due to various vacancies in the service area.
 - IT variance due to vacancies was \$150K
- Goods and Services – \$270,254 Positive Variance
 - Information technology – positive variance in telephone cost and other services
 - Corporate Planning – project budgeted under planning was undertaken with another budget under Corporate Services.

Corporate Services

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Wages and Benefits	\$5,105,822	\$4,891,238	\$214,584
Goods and Services	\$1,986,991	\$1,658,989	\$328,002
Total	\$7,092,813	\$6,550,227	\$542,586



Corporate Services

Year End Variance Analysis

Year End Results - \$542,586 Positive Variance

- Wages and Benefits - \$214,584 Positive Variance
 - Various vacancies across the service areas.
- Goods and Services - \$328,002 Positive Variance
 - City Manager's Office – budgeted items for one-time special projects such as not utilized due for various reasons.
 - Industrial Parks – overbudget due to approval for Strategic Plan and various other improvements, funding included in transfer from reserves to offset expenditures.
 - Most of the service areas have small year to date surpluses

Other Charges

The City of Saint John
Operating Fund by Service Area
December 31, 2022 - Unaudited



	2022 Budget \$	2022 Actual \$	Year End Variance \$
Other Charges			
Fiscal Charges	15,741,124	15,845,227	(104,103)
Deficit 2nd Previous Year	991,456	991,456	-
Landfill Closure	300,000	300,000	-
Special Pension Contributions	9,245,733	9,722,817	(477,084)
Reserves	1,200,000	2,316,607	(1,116,607)
Actuarial Gain/Loss	-	(2,466,654)	2,466,654
Capital from Operating	4,300,000	4,300,000	-
Total Other Charges	31,778,313	31,009,453	768,860

Other Charges

	December 2022 Operating Budget	December 2022 Operating Results	Year End Variance
Other Charges	\$31,778,313	\$31,009,453	\$768,860

- Special pension payments slightly over budget by \$477K, related to retro payments from settlement of collective agreements.
- Transfers to reserves over budget
 - \$500K received from Saint John Energy transferred to reserves
 - Interest on reserves amounted to \$540K due to higher interest rates
- Fiscal Charges slightly overbudget with additional expense incurred from fall debenture
- Actuarial Gain resulted in favourable adjustment of \$2.47M

Utility Fund Year End Results

Staff brought year end estimates to Finance Committee on Nov 22,
based on October 31, 2022, results

	December 2022 Operating Estimates (Oct 31)	December 2022 Operating Results	Difference Projection vs Actuals
Revenues	\$48,624,113	\$49,129,361	\$505,248
Expenditures	\$48,471,683	\$48,863,077	(\$391,394)
Surplus(Deficit)	\$152,430	\$266,284	\$113,854



Utility Fund Year End Results

Summary of differences between projections vs actual results

- Revenue - \$505,248
 - Industrial Customer – much stronger consumption in the last two billings of the year - \$584K
 - Interest Revenue and Leachate slightly higher than estimated - \$140K
 - Internal Charges between Utility and General fund were \$200K less than estimated

- Expenditures – (\$391,394)
 - Majority of variance relates to timing on receiving goods and completing project such as industrial meter replacement

Utility Fund Year End Results

**Saint John Water
Water & Sewerage Operating Budget
December 31, 2022, Unaudited Results**



	2022 Budget	2022 Actuals	Variance
Revenues			
Flat Rate Accounts	22,250,000	22,127,968	(122,032)
Meter Rate Accounts	14,670,000	15,418,145	748,145
Industrial Raw Water Accounts	6,347,859	6,585,203	237,344
Fire Protection Levy	2,500,000	2,335,319	(164,681)
Storm Sewer Levy	925,000	884,401	(40,599)
Other Revenues	937,216	1,340,925	403,709
Previous Year's Surplus	437,400	437,400	-
Total Revenues	48,067,475	49,129,361	1,061,886
Expenditures			
Drinking Water Service	21,560,595	22,445,061	(884,466)
Wastewater Service	19,272,505	19,215,628	56,877
Infrastructure Management	717,900	683,669	34,231
Industrial Water Service	6,516,475	6,518,719	(2,244)
Total Expenditures	48,067,475	48,863,077	(795,602)
Surplus (Deficit)	-	266,284	266,284

Saint John Water Revenue

Revenue Year End Variance Analysis

Year End Results - \$1,061,886 Positive Variance

- Meter billings have continued to increase as COVID recovery and commercial consumption was up resulting in \$748,145 favorable variance
- Industrial revenue up slightly verses budget
- Other revenues are projected to be \$403,709 over budgeted amount.
 - Combination of interest, property transfers, and other charges

Utility Fund Year End Results

Expenditures Year End Variance Analysis

Year End Results - (\$795,602) Negative Variance

- Wages and Benefits - \$136,026 Positive Variance
 - Due to staffing retirement with resulting position elimination and unfilled position.
- Goods and Services – (\$931,631) Negative Variance
 - Largest driver of the variance is \$750,000 transfer to Capital reserves (approved at Nov Finance Committee)
 - Remaining minor variance across various service areas.

Conclusion

- The General Fund operating results was a deficit of only **(\$8,610)** on an operating budget of \$164,721,858. Year end operating results anticipated based on October results was \$4,782.
- General fund overall surplus is \$2,457,732 which is again, the result of a one-time noncash adjustment of \$2,466,342 due to the actuarial benefit review.
- Despite cost overruns in the winter programs, increases in fuel, insurance and many other goods in 2022, the risks and cost overruns were managed with the overall budget envelope.



Conclusion

- Surplus will be brought into the 2024 General Fund Operating Budget
- October 3, 2022 – “ Common Council resolve to allocate any annual general operating surpluses over the Council term to a Recreation Facility Capital Reserve to fund the catalytic project Comprehensive Recreation Facility”
- Budget Monitoring Policy FAS-021 - “Section 5.3 – Aggregate Wages and Benefits surpluses will be applied to the Operating Reserve until the Operating Reserve is fully financed in accordance with FAS-003 – Operating and Capital Reserves Policy; all surpluses there after will be applied fifty percent to the Capital Reserve and fifty percent to the City’s Long Term Debt Obligations;”

“Recommend that the Finance Committee receive and file this presentation and direct any questions to staff.”

