



**City of Kingston
Information Report to Council
Report Number 17-297**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer and City Treasurer
Resource Staff: Stephen Dickey, Director of Financial Services
Lana Foulds, Manager of Financial Planning
Date of Meeting: November 21, 2017
Subject: Third Quarter Operating Budget Status Report for 2017

Executive Summary:

This information report provides a financial status update of the general operating budget as at September 30, 2017. Exhibits to the report provide detailed budget and actual information and resulting variances as at the end of the third fiscal quarter. Revenues and expenditures are tracking normally with reported variances resulting from seasonality and other operational factors.

In order to ensure that net spending remains within approved budget parameters, staff regularly monitor and review budget variance information. This allows for unanticipated variances to be identified on a timely basis and any necessary corrective action to be taken in response to changing circumstances and conditions. Further information on year-to-date results is included in the body of this report.

Recommendation:

This report is for information purposes only.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER AND CITY TREASURER

Desirée Kennedy, Chief Financial Officer and
City Treasurer

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

- Lanie Hurdle, Commissioner, Community Services ✓
- Denis Leger, Commissioner, Corporate & Emergency Services ✓
- Mark Van Buren, Acting Commissioner, Transportation & Infrastructure Services ✓

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Options/Discussion:

The financial information provided in this report is derived from the financial accounting records of the Corporation as at September 30, 2017. The report reflects the approved operating budget for the year 2017 together with 2017 actual year-to-date revenue and expenditure information. A variance column is provided for reference purposes and generally reflects the amount of revenues to be generated or expenditures to be spent over the balance of the year. The actual to budget percent column provides a comparative indicator of the proportion of the annualized budget that has been spent or received to date.

In July the City implemented a new financial management system; included in this system is the ability to commit previously approved funds through purchase orders. These amounts are now included in the quarterly reporting shown as a separate column on Exhibit A. Tracking pre-encumbered amounts provides a more accurate and timely reporting of budgetary variances.

With respect to the overall corporate results, three exhibits are attached, reported by group and summarized by department. Board and agency transfers and municipal utilities are summarized as well. Exhibit A reflects the net operating information (revenues less expenditures). Exhibits B and C reflect gross revenues and gross expenditures respectively.

While the majority of revenues and expenditures to the end of the third quarter are tracking as expected and/or reflect seasonal variances, there are some favourable revenue and cost-saving projections as noted below, that are contributing to a projected small surplus by the end of the 2017 fiscal year.

Engineering utility consent and cut permit revenues are trending higher as a result of higher than projected revenues from the ongoing fibre to the home program. Solid Waste revenues continue to exceed budget to date due to higher than expected pricing for recyclable materials sold. More recently, market prices have dropped which are expected to reduce positive variances by year end. Planning, Building & Licensing revenues are currently exceeding budget due primarily to timing of recognition of licensing fees as well as higher than budgeted building permit revenues to date. Correspondingly, departmental expenditures are higher than budget reflecting the transfer of surplus building permit fees to the Building Permit Stabilization Reserve Fund, as per legislation.

Diesel fuel costs for transit are tracking lower than expected. In September, the expanded hours of operation for Sundays and Holidays took effect. This will align the expected volume increases closer to budget during the last quarter of the year.

Contributing to the year-end projections are higher than expected supplementary tax revenues net of tax related adjustments and net savings in salaries and benefit costs as a result of staff vacancies and turnover. Updated 2017 projections will be provided as part of the budget documents provided in preparation for the 2018 budget deliberations.

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This report also includes the 2017 third quarter results for the Grand Theatre, INVISTA Centre and Arenas and Rogers K-Rock Centre as provided in summary form by the departments in Exhibits D, E and F respectively.

Existing Policy/By Law:

By-Law Number 2016-25, "A By-Law to Approve the 2017 Operating Budget"

Notice Provisions:

There are no notice provisions under the *Municipal Act, 2001* for this report.

Accessibility Considerations:

The exhibits to this report are available in an alternate format upon request.

Financial Considerations:

There are no financial considerations at this time. Comments are contained in the Options/ Discussion section of this report and in the exhibits that are attached.

Contacts:

Stephen Dickey, Director of Financial Services, Extension 2370

Lana Foulds, Manager of Financial Planning, Extension 2209

Other City of Kingston Staff Consulted:

Colin Wiginton, Director, Cultural Services

Luke Follwell, Director, Recreation & Leisure Services

Exhibits Attached:

Exhibit A: Net Operating

Exhibit B: Gross Revenues

Exhibit C: Gross Expenditures

Exhibit D: Grand Theatre Quarterly Performance Report

Exhibit E: INVISTA Centre and Arenas Quarterly Performance Report

Exhibit F: Rogers K-Rock Centre Quarterly Performance Report

**City of Kingston
 Net Operating
 As At September 30, 2017**

	Actuals Year to Date	Annual Budget	Actual to Budget	Commitments Year to Date	YTD = 75% Actual Variance \$
Engineering	1,911,918	3,288,851	58.13%	1,749	(1,375,184)
Transportation Services	11,661,707	15,706,973	74.25%	44,186	(4,001,080)
Public Works	15,805,874	21,127,466	74.81%	403,578	(4,918,014)
Solid Waste	4,328,685	7,571,620	57.17%	1,750,183	(1,492,752)
Transportation & Infrastructure Services	33,708,184	47,694,910	70.67%	2,199,696	(11,787,030)
Real Estate & Environmental Initiatives	767,964	1,062,765	72.26%	15,856	(278,945)
Planning, Building, & Licensing	1,551,177	2,799,871	55.40%	5,629	(1,243,065)
Cultural Services	2,857,163	4,310,087	66.29%	53,914	(1,399,010)
Recreation & Leisure Services	5,022,744	7,070,738	71.04%	167,704	(1,880,290)
Housing & Social Services	13,829,507	17,525,238	78.91%	32,077	(3,663,654)
Long Term Care	3,754,848	5,475,871	68.57%	345,439	(1,375,584)
Commissioner's Office	239,098	429,247	55.70%	6,094	(184,055)
Community Services	28,022,501	38,673,817	72.46%	626,711	(10,024,603)
Human Resources & Organization Development	1,931,455	2,993,006	64.53%	20,397	(1,041,154)
Communications and Customer Experience	1,012,145	1,547,855	65.39%	24,274	(511,436)
Facilities Management & Construction Services	2,339,988	2,957,371	79.12%	97,343	(520,040)
Legal Services	970,148	1,272,888	76.22%	11,906	(290,834)
City Clerk	1,137,636	1,726,595	65.89%	18,881	(570,078)
Fire & Rescue	17,514,764	23,944,093	73.15%	187,965	(6,241,364)
Commissioner's Office	57,785	236,131	24.47%	2,557	(175,789)
Corporate & Emergency Services	24,963,921	34,677,939	71.99%	363,324	(9,350,695)
Mayor, Council, & CAO	1,166,408	1,700,053	68.61%	397	(533,248)
Information Systems & Technology	2,716,940	3,469,173	78.32%	101,674	(650,559)
Financial Services	1,277,781	1,873,658	68.20%	4,906	(590,971)
Finance, Technology, & Administration	5,161,129	7,042,884	73.28%	106,977	(1,774,778)
Agency Transfers	51,377,401	68,298,015	75.23%		(16,920,614)
Fiscal Services & Capital Levy	24,080,256	32,313,748	74.52%		(8,233,492)
Agency and Board Transfers & Fiscal Services	75,457,657	100,611,763	75.00%	-	(25,154,106)
Taxation Revenue	(230,072,049)	(228,701,312)	100.60%	-	(1,370,737)
Total	(62,758,657)	-		3,296,708	(59,461,949)
Water	(171,518)				(171,518)
Wastewater	100,927				100,927
Gas	(301,641)			21,195	(280,446)
Appliance Rental	(20,058)				(20,058)
Municipal Utilities	(392,289)	-		21,195	(371,094)
Total Net Operating	(63,150,946)	-		3,317,903	(59,833,043)

**City of Kingston
 Gross Revenue
 As At September 30, 2017**

YTD = 75%

	Actuals Year to Date	Annual Budget	Variance \$	Actual to Budget
Engineering	(898,505)	(762,779)	(135,726)	117.79%
Transportation Services	(13,396,081)	(18,009,275)	4,613,194	74.38%
Public Works	(461,648)	(622,629)	160,981	74.14%
Solid Waste	(3,195,700)	(3,575,067)	379,367	89.39%
Transportation & Infrastructure Services	(17,951,934)	(22,969,750)	5,017,816	78.15%
Real Estate & Environmental Initiatives	(75,663)	(214,127)	138,464	35.34%
Planning, Building, & Licensing	(4,290,793)	(4,624,941)	334,148	92.78%
Cultural Services	(1,417,182)	(2,408,436)	991,254	58.84%
Recreation & Leisure Services	(7,146,232)	(9,662,936)	2,516,704	73.96%
Housing & Social Services	(38,033,253)	(53,202,821)	15,169,567	71.49%
Long Term Care	(8,922,320)	(11,958,484)	3,036,163	74.61%
Commissioner's Office	(161,276)	(130,000)	(31,276)	124.06%
Community Services	(60,046,719)	(82,201,745)	22,155,024	73.05%
Human Resources & Organization Development	(153,609)	(204,812)	51,203	75.00%
Communications and Customer Experience	(794,206)	(1,106,282)	312,076	71.79%
Facilities Management & Construction Services	(2,637,481)	(3,354,704)	717,223	78.62%
Legal Services	(1,565,841)	(2,135,635)	569,795	73.32%
City Clerk	(291,861)	(451,842)	159,981	64.59%
Fire & Rescue	(179,204)	(326,268)	147,064	54.93%
Commissioner's Office	(1,145,163)	(1,486,085)	340,922	77.06%
Corporate & Emergency Services	(6,767,365)	(9,065,628)	2,298,264	74.65%
Mayor, Council, & CAO	(142,934)	(483,660)	340,726	29.55%
Information Systems & Technology	(1,052,008)	(1,411,829)	359,820	74.51%
Financial Services	(784,494)	(1,081,473)	296,979	72.54%
Finance, Technology, & Administration	(1,979,436)	(2,976,962)	997,525	66.49%
Agency Transfers	(330,603)	(705,133)	374,530	46.89%
Fiscal Services & Capital Levy	(10,477,769)	(9,316,810)	(1,160,959)	112.46%
Agency and Board Transfers & Fiscal Services	(10,808,372)	(10,021,943)	(786,429)	107.85%
Taxation Revenue	(233,267,264)	(233,315,411)	48,147	99.98%
Total	(330,821,090)	(360,551,439)	28,522,781	91.75%
Water	(19,433,370)	(25,986,000)	6,552,630	74.78%
Wastewater	(22,541,761)	(29,944,000)	7,402,239	75.28%
Gas	(19,798,658)	(34,906,000)	15,107,342	56.72%
Appliance Rental	(1,939,742)	(2,550,000)	610,258	76.07%
Municipal Utilities	(63,713,531)	(93,386,000)	34,445,726	68.23%
Total Gross Revenue	(394,534,621)	(453,937,439)	62,968,507	86.91%

**City of Kingston
 Gross Expenses
 As At September 30, 2017**

	Actuals	Annual	Variance	YTD = 75%
	Year to Date	Budget	\$	Actual to Budget
Engineering	2,810,423	4,051,629	(1,241,206)	69.37%
Transportation Services	25,057,788	33,716,247	(8,658,459)	74.32%
Public Works	16,267,522	21,750,095	(5,482,573)	74.79%
Solid Waste	7,524,385	11,146,687	(3,622,302)	67.50%
Transportation & Infrastructure Services	51,660,118	70,664,658	(19,004,540)	73.11%
Real Estate & Environmental Initiatives	843,627	1,276,892	(433,265)	66.07%
Planning, Building, & Licensing	5,841,970	7,424,812	(1,582,842)	78.68%
Cultural Services	4,274,345	6,718,523	(2,444,178)	63.62%
Recreation & Leisure Services	12,168,976	16,733,674	(4,564,698)	72.72%
Housing & Social Services	51,862,760	70,728,058	(18,865,298)	73.33%
Long Term Care	12,677,168	17,434,355	(4,757,187)	72.71%
Commissioner's Office	400,374	559,247	(158,873)	71.59%
Community Services	88,069,220	120,875,561	(32,806,341)	72.86%
Human Resources & Organization Development	2,085,064	3,197,818	(1,112,754)	65.20%
Communications and Customer Experience	1,806,351	2,654,137	(847,786)	68.06%
Facilities Management & Construction Services	4,977,469	6,312,075	(1,334,606)	78.86%
Legal Services	2,535,989	3,408,523	(872,534)	74.40%
City Clerk	1,429,497	2,178,437	(748,940)	65.62%
Fire & Rescue	17,693,968	24,270,361	(6,576,393)	72.90%
Commissioner's Office	1,202,948	1,722,216	(519,268)	69.85%
Corporate & Emergency Services	31,731,286	43,743,567	(12,012,281)	72.54%
Mayor, Council, & CAO	1,309,342	2,183,713	(874,371)	59.96%
Information Systems & Technology	3,768,948	4,881,001	(1,112,053)	77.22%
Financial Services	2,062,275	2,955,131	(892,856)	69.79%
Finance, Technology, & Administration	7,140,565	10,019,845	(2,879,280)	71.26%
Agency Transfers	51,708,004	69,003,148	(17,295,144)	74.94%
Fiscal Services & Capital Levy	34,558,025	41,630,558	(7,072,533)	83.01%
Agency and Board Transfers & Fiscal Services	86,266,029	110,633,706	(24,367,677)	77.97%
Taxation Revenue	3,195,215	4,614,099	(1,418,884)	69.25%
Total	268,062,433	360,551,436	-92,489,003	74.35%
Water	19,261,852	25,986,000	(6,724,148)	74.12%
Wastewater	22,642,688	29,944,000	(7,301,312)	75.62%
Gas	19,497,017	34,906,000	(15,408,983)	55.86%
Appliance Rental	1,919,684	2,550,000	(630,316)	75.28%
Municipal Utilities	63,321,241	93,386,000	(30,064,759)	67.81%
Total Gross Expenditures	331,383,674	453,937,436	-122,553,762	73.00%

Grand Theatre Quarterly Performance Report

Period: Third Quarter for the nine months ending September 30, 2017

Financial Performance:

	Actuals to Date	Current Year Budget	Expected by Year End	Variance	<u>Previous Year Comparators</u>	
					Total 2016	3rd Quarter 2016
Income						
Rental Revenue	\$ (119,505)	\$ (165,000)	\$ (165,000)	0	\$ (186,471)	\$ (87,859)
Other Revenues & Recoveries ¹	(524,512)	(887,900)	(887,900)	0	(831,460)	(474,069)
Total Income	\$ (644,017)	\$ (1,052,900)	\$ (1,052,900)	0	\$ (1,017,931)	\$ (561,928)
Expenditure						
Operational Expenditures ²	\$ 994,517	\$ 1,490,815	\$ 1,490,815	0	\$ 1,475,866	\$ 1,038,798
Contributions to Reserve Funds	57,755	150,000	150,000	0	122,139	80,914
Total Expenditures	\$ 1,052,272	\$ 1,640,815	\$ 1,640,815	0	\$ 1,598,005	\$ 1,119,712
Net	\$ 408,255	\$ 587,915	\$ 587,915	0	\$ 580,074	\$ 557,785

¹ Includes concession sales, expenditure recoveries, box office fees and a capital improvement surcharge

² Includes staffing, facility-related costs, box office costs, concessions and technical costs

Grand Theatre Quarterly Performance Report

Period: Third Quarter for the nine months ending September 30, 2017

Operational Performance:

Key Indicators:

	Actuals to Date		Budgeted	
	Regina Rosen	Baby Grand	Regina Rosen	Baby Grand
Days of Use				
Performance ¹	74	106	110	55
Non Performance ²	76	79	98	74
Total Use (by space)	150	185	208	129
Total Use (combined)	335		337	

Attendance	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2017 YTD Total	2016 YTD Total
On-site Events ³	19,114	13,300	3,172	0	35,586	29,811
Off-site Events ⁴	3,036	3,265	3,357	0	9,658	6,290
Total	22,150	16,565	6,529	0	45,244	36,101

Notes

¹ Includes ticketed events only (Community, Commercial, Grand Theatre Presents).

² Includes load-ins, tech days, rehearsal days, dark days and load-outs.

³ Includes all ticketed events sold through the Grand Theatre and held on-site.

⁴ Includes all ticketed events sold through the Grand Theatre but held off-site [i.e. Domino Theatre, Isabel Bader Centre for the Performing Arts (Kingston Symphony) and Kingston Writersfest]

INVISTA & Arenas Quarterly Performance Report
Period: Third Quarter for the nine months ending September 30, 2017

Financial Performance: INVISTA

	Actuals to Date	Current Year Budget	Expected by Year End	Variance	<u>Previous Year Comparators</u>	
					Total 2016	3rd Quarter 2016
Income						
Ice Rentals	\$ (1,617,170)	\$ (2,390,000)	\$ (2,345,000)	45,000	\$ (2,423,456)	\$ (1,676,588)
Other Revenues & Recoveries	(185,580)	(342,690)	(342,690)	0	(289,388)	(179,743)
	\$ (1,802,750)	\$ (2,732,690)	\$ (2,687,690)	45,000	\$ (2,712,844)	\$ (1,856,331)
Expenditure						
Operational Expenditures	\$ 1,834,430	\$ 2,418,386	\$ 2,418,386	0	\$ 2,428,838	\$ 1,766,743
Contributions to Reserves	1,149,642	1,532,856	1,532,856	0	1,488,209	1,116,157
	\$ 2,984,072	\$ 3,951,242	\$ 3,951,242	0	\$ 3,917,047	\$ 2,882,900
Net	\$ 1,181,322	\$ 1,218,552	\$ 1,263,552	45,000	\$ 1,204,203	\$ 1,026,568

Summary of Ice Revenue - All Arenas

Facility:	Actuals to Date	Current Year Budget	Expected by Year End	% 2017	<u>3rd Quarter</u>	
					Total 2016	2016
INVISTA Centre	\$ (1,617,170)	\$ (2,390,000)	\$ (2,345,000)	68%	\$ (2,423,456)	\$ (1,676,588)
Cataraqui-Kinsmen	(334,879)	(610,000)	(615,000)	55%	(623,739)	(323,626)
Memorial Centre	(222,446)	(413,354)	(420,000)	54%	(423,906)	(202,140)
C70	(169,215)	(330,000)	(335,000)	51%	(322,355)	(161,797)
Total	\$ (2,343,710)	\$ (3,743,354)	\$ (3,715,000)	63%	\$ (3,793,456)	\$ (2,364,151)

INVISTA & Arenas Quarterly Performance Report

Period: Third Quarter for the nine months ending September 30, 2017

Operational Performance: All Arenas

Ice Rentals	INVISTA		Cat/Kin, Memorial Centre, C70		Total All Arenas	
Prime	Hours	%	Hours	%	Hours	%
Total Available	7,056		3,580		10,636	
Booked	5,633	80%	2,771	77%	8,404	79%
Vacant	1,423	20%	809	23%	2,232	21%
Non-Prime						
Total Available	7,394		2,486		9,880	
Booked	2,325	31%	481	19%	2,806	28%
Vacant	5,069	69%	2,005	81%	7,074	72%
Distribution of Ice						
Total	9,129					
Youth	7,155	78%				
Adult	1,974	22%				

Hall Rentals	INVISTA	
Halls	Hours	%
Total Available	9,648	
Booked	2,700	28%
Vacant	6,948	72%
Distribution of Halls		
Internal	221	8%
External	1,675	62%
Partner Groups	804	30%

Rogers K-Rock Centre Quarterly Performance Report

Period: Third Quarter for the nine months ending September 30, 2017

Financial Performance:

Income	Actuals to Date	2017 Budget	Expected by Year End	Variance	<u>Previous Year Comparators</u>	
					Total 2016	3rd Quarter 2016
SMG Events	\$ (443,998)	\$ (845,557)	\$ (607,952)	\$ 237,605	\$ (1,062,734)	\$ (679,755)
Kingston Frontenacs Events	(307,177)	(452,706)	(471,614)	(18,908)	(457,398)	(351,517)
Other Revenues and Recoveries	(1,017,461)	(1,613,939)	(1,458,193)	155,746	(1,493,157)	(1,091,805)
	\$ (1,768,636)	\$ (2,912,202)	\$ (2,537,759)	\$ 374,443	\$ (3,013,289)	\$ (2,123,077)
Expenditure						
Operational Expenditures	\$ 1,596,441	\$ 2,305,145	\$ 2,052,361	\$(252,784)	\$ 2,282,024	\$ 1,670,931
	\$ 1,596,441	\$ 2,305,145	\$ 2,052,361	\$(252,784)	\$ 2,282,024	\$ 1,670,931
Net Income From Operations	\$ (172,195)	\$ (607,057)	\$ (485,398)	\$ 121,659	\$ (731,265)	\$ (452,146)

(Prior to Reserve Fund Contributions & Management Fees)

Rogers K-Rock Centre Quarterly Performance Report

Period: Third Quarter for the nine months ending September 30, 2017

Operational Performance:

Key Indicators:	2017 Actual	2017 Budget	Variance	% Achieved
Revenues				
SMG Spectator Events	\$ (386,273)	\$ (812,367)	\$ (426,094)	48%
SMG Non-Spectator Events	(57,725)	(33,190)	24,535	174%
SMG Events	\$ (443,998)	\$ (845,557)	\$ (401,559)	53%
Frontenacs Events	(307,177)	(452,706)	(145,529)	68%
Total Event Income	\$ (751,175)	\$ (1,298,263)	\$ (547,088)	58%
Suites/Club Seats	(578,133)	(888,083)	(309,950)	65%
Naming/Advertising	(350,953)	(531,106)	(180,153)	66%
Ice Rentals	(79,051)	(180,000)	(100,949)	44%
Other	(9,324)	(14,750)	(5,426)	63%
	\$ (1,768,636)	\$ (2,912,202)	\$ (1,143,566)	61%
Expenses				
Operating	\$ 1,596,441	\$ 2,305,145	\$ 708,704	69%
Net Income	\$ (172,195)	\$ (607,057)	\$ (434,862)	28%

Number of Events				
SMG Spectator Events	12	33	21	36%
SMG Non-Spectator Events	45	43	(2)	105%
SMG Events	57	76	19	75%
Frontenacs Events	28	38	10	74%
Total Number of Events	85	114	29	75%

Attendance				
SMG Spectator Events	35,240	85,800	50,560	41%
SMG Non-Spectator Events	23,649	30,044	6,395	79%
SMG Events	58,889	115,844	56,955	51%
Frontenacs Events	75,314	113,844	38,530	66%
Total Attendance	134,203	229,688	95,485	58%

Note: Spectator Events include: Concerts, Family Shows, Entertainment Events, Performing Arts and Sporting Events
 Non-Spectator Events include: Assemblies, Banquets, Conventions, Meetings, Other Events

Rogers K-Rock Centre Quarterly Performance Report

Third Quarter ending September 30, 2017

The Rogers K-Rock Centre operating agreement (2013-2017) includes a requirement for SMG to provide a detailed qualitative performance report to the City's contract administrator on a quarterly basis.

In addition to the financial information on year-to-date results of operations and key performance indicators, the quarterly report now includes a summary of year-to-date qualitative performance measures.

Qualitative initiatives are developed annually and reported in greater detail in the Operator Annual Plan, typically presented in the 4th Quarter of each year, prior to budget deliberations.

Community Involvement

Meetings, Events, Public Speaking, Outreach:	Number of Occurrences <u>Year-to-Date</u>
<ul style="list-style-type: none"> • KEDCO • Downtown Kingston! BIA • Chamber of Commerce • Post-secondary institutions • Internships • Military & business • Tourism • Other Community/Charity • KAP • Patron Surveys • Promoter Surveys 	<p>8</p> <p>12</p> <p>1</p> <p>7</p> <p>2</p> <p>3</p> <p>15</p> <p>17</p> <p>3</p> <p>5</p> <p>10</p>

Community Support	Number of Contributions <u>Year-to-Date</u>
<ul style="list-style-type: none"> • In Kind – Loaned and Events (total value - \$14,800) • In Kind – Ticket donations (total value - \$4,465) • Cash - SMG (total value - \$6,089) 	<p>20</p> <p>69</p> <p>12</p>