



**City of Kingston
Report to Council
Report Number 19-130**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer and City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Date of Meeting: June 4, 2019
Subject: Fourth Quarter Operating Budget Report for 2018

Executive Summary:

This report provides Council with information on the financial results of the City of Kingston for the fiscal year 2018. The attachments, which include the year-end financial schedules as prepared by the Financial Services Department for audit purposes, report that the City has generated a surplus for 2018. The report recommends that the surplus be allocated to reserves and reserve funds in accordance with policy and to support longer-term capital funding strategies. It is important to note that some of these surpluses may be needed to help bridge some of the future financial gaps due to changes in provincial funding levels. The annual audited financial statements will be presented to the Administrative Policies Committee upon completion of the external audit process in May.

Recommendation:

That Council receive the 2018 fourth quarter operating budget status report; and

That Council approve the establishment of a WSIB Stabilization Reserve to manage future WSIB costs as a result of ongoing legislative changes; and

That \$1.5M be transferred from the Fire Vested Sick Leave Reserve Fund to provide seed funding to the WSIB Stabilization Reserve; and

That the surplus generated from municipal operations in the amount of \$3,950,894 be allocated as follows:

| | |
|-----------------------------------------------------|--------------|
| a. WSIB Stabilization Reserve | \$ 520,000 |
| b. Transit Capital Reserve Fund | \$ 285,000 |
| c. Library Capital Reserve Fund | \$ 302,177 |
| d. Working Fund Reserve (in accordance with policy) | \$ 2,843,717 |

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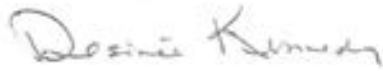
That the net surplus generated from the municipal utilities operations in the amount of \$5,005,193 be allocated to (from) the following utility reserve funds:

| | |
|------------------------------------|--------------|
| a. Water Capital Reserve Fund | \$ 1,707,875 |
| b. Wastewater Capital Reserve Fund | \$ 2,228,159 |
| c. Appliance Rental Reserve Fund | \$ (53,566) |
| d. Municipal Capital Reserve Fund | \$ 1,122,725 |

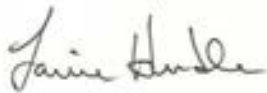
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Authorizing Signatures:



**Desirée Kennedy, Chief Financial
Officer and City Treasurer**



**Lanie Hurdle, Acting Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Gary Dyke, Commissioner, Corporate Enterprise Services



Peter Huigenbos, Acting Commissioner, Community Services



Jim Keech, President & CEO, Utilities Kingston



Sheila Kidd, Commissioner, Transportation & Public Works



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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 December 31, 2018. The report reflects 2018 actual revenue and expenditure information together with the approved operating budget. Three exhibits are attached, reported by group and summarized by department. 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. In addition, Exhibits D, E and F provide summary reports for the 2018 operations of the Grand Theatre, INVISTA Centre & Arenas and Rogers K-Rock Centre respectively. Exhibits G and H provide a summary of the reserve fund activity with respect to building permit fees and cash-in-lieu of parkland in accordance with legislative requirements for annual reporting.

Projected budget variances experienced in 2018 were considered when developing the 2019 budget estimates.

A. General Municipal Operations

The 2018 operating results report approximately \$3.9M in surplus from general municipal operations and \$5.0M in surplus from municipal utility operations.

The surplus from general municipal operations of approximately \$3.9M represents less than 1.0% of the total operating budget. Highlights contributing to the surplus include higher than anticipated revenues in a number of areas, including Engineering Services, Cultural Services and Fire and Rescue, as well as prior year housing provider surpluses and additional provincial gas tax receipts in Transit. Cost overruns in winter control, solid waste, fuel and insurance claims were offset by net savings as a result of staff vacancies and turnover and well managed spending of discretionary costs.

Exhibit A, attached to this report, reflects a summary of the 2018 net departmental surpluses or deficits. These amounts are summarized by group and department. The following information provides Council with further detail of the year-end financial results by group.

i. Transportation & Infrastructure Services

This group experienced a net deficit of approximately \$751K on a net budget of \$49.0M.

The Engineering Department reported a surplus of \$177K, primarily due to greater than anticipated revenues and savings in street lighting electricity costs.

The Transportation Services Department, which includes Parking and Traffic divisions, reported a combined net surplus of \$148K, primarily due to staff vacancies. The Parking division reported a surplus of \$672K which, in accordance with policy, was transferred to the Parking Reserve Fund as part of year-end transactions. The Parking division surplus was a result of greater than anticipated parking revenues (\$217K), saving in contracted

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services (\$116K), and lower than anticipated staffing costs due to vacancies and timing of hires (\$464K).

The Transit & Fleet Services Department includes Fleet Management and Transit operations. Fleet operations included anticipated cost overruns for fuel that exceeded projections by approximately \$500K. Fleet Services are fully cost recovered as they are charged out to the respective service areas.

Transit reported a net surplus of \$286K primarily as a result of additional Provincial Gas Tax subsidies. Additional fuel costs, noted above, related to transit operations were offset by lower discretionary spending on other fleet maintenance activities. This report recommends an allocation of the transit operations surplus of \$285K to the Transit Capital Reserve Fund to support future capital requirements as outlined in the current Transit Business Plan.

The Public Works Department reported a net deficit of \$1.2M for 2018. Budget pressures in winter control resulted in expenditures that exceeded budgets by approximately \$830K, including materials, salt, sand and gravel, contracted services and internal fleet cost allocations and fuel costs. Parks maintenance costs also exceeded budget by \$289K; these costs were partially offset by savings in other public works programs, as winter control demands required that staff resources be directed from other maintenance activities. While corporate policy permits the use of Working Fund Reserve transfers to cover excess winter control costs, the net deficit of \$1.2M in Public Works has been absorbed by other corporate savings.

The Solid Waste Division reported a net deficit of \$185K for 2018 resulting primarily from increased contracted services for the processing of recyclables. Revenues from the sale of recyclable materials were less than anticipated by approximately \$200K. Throughout 2018, we continued to see a weakening in the markets for recyclables which put pressure on projected revenues from the sale of these materials; however, this was offset by increases in other solid waste revenues.

ii. Community Services

This group experienced a net surplus of approximately \$1.9M on a net budget of \$40.7M.

The Real Estate and Environmental Initiatives Department reported a surplus of \$58K as a result of lower than anticipated landfill program expenses and staff vacancies.

The Planning, Building & Licensing Department reported a net surplus of \$193K primarily due to staff vacancies and lower than anticipated costs for contracted services related to animal control. Building permit fee revenues totalled \$2.2M in 2018, representing \$882K less than budget. The *Building Code Act* requires net costs related to building permit inspections and activities be fully funded from permit fees. Where permit revenues of this service are less than costs in a given year, money is transferred from the "Stabilization Reserve Fund" in accordance with the legislation. As a result, \$526K was transferred

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from this reserve fund to offset net costs related to these activities in 2018. Section D of this report, as well as Exhibit G, provide further details.

The Cultural Services Department reported a surplus of \$339K due primarily to savings in contracted services, including artists' fees. Exhibit D provides further detail on the Grand Theatre operations for 2018.

The Recreation and Leisure Services Department reported a \$7K surplus. Further details on the INVISTA Centre and arena facilities operations for 2018 are included in Exhibit E.

Net contributions from Leon's Centre of \$557,500K (guaranteed minimum of \$550K plus City's share of any additional revenue) are also included as revenue within the Recreation & Leisure budget in accordance with the operating agreement. This net contribution has been transferred to capital reserve funds to support debt payments. Financial results for the Leon's Centre for 2018 are summarized on Exhibit F attached.

The Housing and Social Services Department reported a net surplus of \$1.2M. Subsidies from other levels of government and the City's share of costs are generally based on related expenditure levels.

Lower than projected administrative expenses net of provincial funding allocations resulted in net savings of \$204K in the Ontario Works program. The City also realized savings of \$885K for Housing program delivery costs. The portable housing benefit (PHB) and rent supplement program experienced \$372K in program savings primarily from a delayed start to February 2019. The delayed start was due to a conflict with the recently initiated provincial PHB for victims of domestic violence. The PHB has successfully launched and initial findings are that each PHB is costing less than anticipated and staff expect that 30 more PHBs can be offered in 2019 than originally forecast. This should result in funds allocated to the PHB to be entirely spent in 2019.

There were program savings of \$200K with respect to the municipal portion of the CHPI funds. Savings were realized through a reallocation of CHPI funds from the Discretionary Residency Benefit program to offset the costs of municipally funded homeless programs as well service contracts with homeless service providers were not renewed until July. All homeless agencies and associated programming were fully funded. Staff continue to work to maximize provincial funding while ensuring that community needs are generally addressed. There were savings of \$295K for the recovery of prior year social housing provider surpluses, net of related contributions to reserves, which were made in accordance with policy. Municipalities are mandated by provincial legislation to provide subsidies to social housing providers using a benchmarked formula from the *Housing Services Act*; however, staff is reviewing options for the 2020 budget so that ongoing surpluses in this area can be reduced and the budget can be right sized.

Additional administrative savings were experienced in children's services and social services. Rideaucrest (long term care) operations reported a surplus of \$137K due primarily to unbudgeted increases in provincial funding and lower than anticipated wages.

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Communications & Customer Experience reported a deficit of \$24K. The Commissioner's Office reported a deficit of \$31K.

iii. **Corporate & Emergency Services**

This group experienced a net surplus of approximately \$766K on a net budget of \$34.1M.

Human Resources and Organization Development and Facilities Management and Construction Services Departments reported a surplus of \$100K and \$128K respectively, primarily as a result of staff vacancies and turnover.

The Legal Services and Insurance Services Department reported an \$89K deficit primarily due to timing of insurance claims settled in 2018 which includes payments of insurance deductibles and related expenses.

The Office of the City Clerk reported a surplus of \$106K primarily due to savings in delivery, postage and shipping.

The Fire and Rescue Department reported a surplus of \$521K due to higher than anticipated fire fees revenues of \$163K, lower than budgeted professional and contracted services costs of \$150K and lower than anticipated staffing costs of \$150K. This report recommends an allocation of the department surplus of \$520K to the WSIB Stabilization Reserve to manage future WSIB costs as a result of ongoing legislative changes.

The Airport reported a surplus of \$13K. The Commissioner's Office reported a net deficit of \$13K.

iv. **Finance, Technology and Administration**

This group reported a net surplus of \$503K on a budget of \$7.3M. Included in the surplus are savings as a result of staff vacancies and turnover (\$253K) and savings in telecommunications, Council travel and conferences and other discretionary cost savings (\$208K).

v. **Agencies Transfers**

Agency and board transfers reported a net surplus of \$317K, representing primarily the 2018 operating surplus as reported by the Kingston Frontenac Library Board. The Library Board surplus of \$302K was as a result of delayed timing of the completion of the Central Branch renovations project.

vi. **Fiscal Services**

The Fiscal Services budget reported a net surplus of \$1.1M as a result of additional investment income (\$500K) and other miscellaneous revenues as well as net savings from the revocation of the Bill 148 payroll benefit changes (\$400K). These amounts were

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offset by less than anticipated net revenues of \$100K from Provincial Offences (POA). The POA function is managed as part of the Legal Services Department; however, the net revenue is moved to Fiscal Services for financial reporting.

Fiscal Services results also include benefit rebates of approximately \$600K with respect to claims experienced in connection with City staff benefit plans. Benefit costs are budgeted and recognized annually based on estimated premiums for these plans. In order to manage fluctuations in claims experience, rebates and other benefit surpluses are transferred to the Payroll Benefits Stabilization Reserve in order to address future benefit cost variability as a result of claims experienced as well as projected increases in future benefit costs.

As shown in Exhibit B and C, higher than budgeted revenues and expenses are offset within Fiscal Services which is used as a flow through mechanism to record land sales and any unanticipated provincial or federal funding that is received and subsequently transferred to the applicable reserves, reserve funds or capital funds.

vii. Taxation Revenue

The taxation revenue budget reported a net surplus of \$72K. Supplementary tax revenues were higher than projected by approximately \$130K and there was a positive net variance in payment-in-lieu (PIL) revenues of approximately \$100K as we saw higher than anticipated supplementary revenue for newly assessed municipal property and increased heads and beds revenue due to higher enrollment at St. Lawrence College.

Offsetting these additional tax revenues was a reduction of \$164K in revenue from penalty and interest on taxes due to a lowering of the City's taxation accounts receivable as a result of increased collection activity. In addition there was an adjustment of \$250K for taxation write-offs to reflect the anticipated risk of assessment appeals on large retail properties. As reported previously, larger than estimated settlements for large retail store appeals that had been outstanding for a number of years are now being realized as these appeals are resolved. This adjustment was offset by \$180K for lower than anticipated vacancy rebates.

Taxation revenue includes budgeted amounts transferred for the repayment of Development Charges and Impost Fee exemptions as well as amounts for properties in the Brownfield incentive programs. The administration of these amounts is in accordance with policy.

As approved by Council, the City Treasurer is given delegated authority to consider applying additional amounts to the repayment of Development Charges and Impost Fee exemptions based on any surplus resulting from assessment growth in the year. Funding additional transfers will accelerate the allocation of the tax incremental financing program and ultimately recognize revenues from assessment growth in the operating fund sooner. A review of supplementary tax revenues and outstanding tax exemption balances

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identified \$155K of additional Development Charges and Impost Fee exemptions that was eligible to be repaid earlier than projected.

B. Allocation of Municipal Surplus

Due to WSIB legislation changes over the past several years, the City continues to experience unpredictable annual operating budget expenditures with respect to workers' compensation costs related to Fire operations. As a result, staff is recommending that a WSIB Stabilization Reserve be established to provide funding in the event of any significant long-term awards for PTSD or presumptive cancers. To provide seed funding for the reserve, staff is recommending that \$1.5M be transferred from the Fire Vested Sick Leave Reserve Fund. The Sick Leave Reserve Fund is available to fund the drawdown or payout of accumulated sick leave credits accumulated as per the KPFFA collective agreement. Based on a recent review of the fund's balance and projected future costs, it was determined that the reserve fund was overfunded by more than \$2M and that it would be appropriate to transfer \$1.5M to the WSIB Stabilization Reserve as seed funding. Staff is also recommending that the 2019 Fire department surplus of \$520K be allocated to the WSIB Stabilization Reserve.

The 2019 operating budget and future year projections include ongoing annual contributions to both the Fire Vested Sick Leave Reserve Fund and the WSIB Stabilization Reserve. Staff will ensure that an appropriate drawdown mechanism is utilized for both of these funds.

Staff is also recommending that the transit operations surplus of \$285K be transferred to the Transit Capital Reserve Fund and the Kingston Frontenac Library Board surplus of \$302K be transferred to the Library Capital Reserve Fund, to address future capital requirements for both services. In accordance with the Working Fund Reserve policy, it is recommended that the remaining net municipal surplus be transferred to the Working Fund Reserve.

A summary of the municipal surplus allocations as recommended is provided below:

| | |
|-----------------------------------------------------|--------------|
| a. WSIB Stabilization Reserve Fund | \$ 520,000 |
| b. Transit Capital Reserve Fund | \$ 285,000 |
| c. Library Capital Reserve Fund | \$ 302,177 |
| d. Working Fund Reserve (in accordance with policy) | \$ 2,843,717 |

C. Municipal Operations Managed by Utilities Kingston

The operations of these municipal utilities are funded entirely by rate revenues based on established charges approved by Council during budget deliberations. Depending on the nature of the usage, often impacted by weather, as well as operational decisions made by Utilities Kingston management, annual surplus/ deficits will result.

As these operations are capital intensive, it is appropriate practice to allocate year end surplus amounts to respective capital reserve funds. Excess funds will be factored into future

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capital budget financing and will allow for additional infrastructure work or reduced debt issuance.

i. Water Operations

Water operations resulted in a net operating surplus of \$1.7M for 2018 as a result of higher than budgeted revenues. It is recommended that the water surplus be allocated to the Water Capital Reserve Fund.

ii. Wastewater Operations

Wastewater operations resulted in a net operating surplus of \$2.2M for 2018 as a result of higher than budgeted revenues and lower than budgeted spending due to overall efficiencies in operations. It is recommended that the wastewater surplus be allocated to the Wastewater Capital Reserve Fund.

iii. Gas Distribution and Appliance Rental Operations

Gas distribution operations resulted in a total operating surplus of \$1.1M and appliance rental operations reported a total operating deficit of approximately \$54K for 2018. The gas distribution surplus is primarily the result of non-commodity revenue that was \$1.0M greater than budget due to a colder than expected winter combined with a slight under expenditure of \$83K.

It is recommended that the surplus from gas operations be transferred to the Municipal Capital Reserve Fund in accordance with policy. It is recommended that the deficit from the appliance rental business be absorbed by accumulated surpluses from prior years by allocating funds from the Appliance Rental Reserve Fund.

Gross revenues and expenditures for gas distribution as reported on Exhibits B and C show actuals of approximately \$30M in comparison to a budget of approximately \$35M. Included in the gas distribution operations are estimates for the commodity cost of gas which are dependent on volume projections and commodity market conditions. The gas commodity charge is reported as a flow-through and therefore included in both revenues and expenditures to reflect the actual cost of the gas that is passed directly on to the customer. Gross revenue and expenditure budgets are normally set at a level that reflects the possible risk of higher commodity rates and/or usage. The commodity surplus for the calendar year 2018 is mainly due to conservative budget estimates.

Audited financial statements for the year ended December 31, 2018 for the operations of 1425445 Ontario Limited (operating as Utilities Kingston) and for Kingston Hydro Corporation have been prepared by Utilities Kingston management and will be presented for approval to their respective Board of Directors.

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D. Bill 124 - Ontario Building Code Act

Bill 124 requires that the municipality publish an Annual Report on building fees in accordance with Section 7(4) of the *Building Code Act*. This report must be published within three months of the year end, and must be made available to anyone seeking this information.

The *Building Code Act* requires that building permit fees not exceed the cost of providing the service and that surplus fees be placed in a permit “Stabilization Reserve Fund” to ensure that a municipality does not suffer any negative financial impacts that would otherwise occur during slow times in the often volatile construction industry. This would also ensure that a municipality is able to retain the resources necessary to handle subsequent building booms. The 2018 Report on Building Fees, attached as Exhibit G, was made available on March 31, 2019.

E. Bill 73 - The Smart Growth for our Communities Act, 2015

Bill 73 requires that the municipality publish an Annual Report on cash-in-lieu of parkland fees. This report must include an annual Treasurer’s statement which shows the opening and closing balances of the Cash-In-Lieu of Parkland Reserve Fund as well as any amounts spent from these funds. The 2018 Report on Cash-In-Lieu of Parkland Fees is attached as Exhibit H.

Bill 73 also requires an annual Treasurer’s statement which includes the opening and closing balances and funds received and spent as part of Section 37 height and density agreements with respect to development projects. There is no opening balance and no activity in 2018 to be reported.

Existing Policy/By Law:

By-Law Number 2018-022, “A By-Law to Adopt the 2018 Operating Budget” and related policies.

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

Allocations to reserve and reserve funds are in accordance with Council approved policy and as approved by annual budget allocations or budget amendments approved by Council.

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Contacts:

Not applicable

Other City of Kingston Staff Consulted:

Randy Murphy, Chief Financial Officer, Utilities Kingston

Laura Deak, Manager of Finance, Utilities Kingston

Luke Follwell, Director, Recreation & Leisure Services

Colin Wiginton, Director, Cultural Services

Paige Agnew, Director, Planning, Building & Licensing Services

Exhibits Attached:

Exhibit A: 2018 Net Operating Report

Exhibit B: 2018 Gross Revenue – Operating Fund – Municipal

Exhibit C: 2018 Gross Expenditure – Operating Fund – Municipal

Exhibit D: 2018 Grand Theatre Fourth Quarter Report

Exhibit E: 2018 INVISTA Centre & Arenas Fourth Quarter Report

Exhibit F: 2018 Leon's Centre Fourth Quarter Report

Exhibit G: 2018 Report on Building Fees

Exhibit H: 2018 Report on Cash-In-Lieu of Parkland Fees

**City of Kingston
Net Operating
December 31, 2018**

100% of year

| | Actuals Year to Date | Annual Budget | Variance \$ | Actual to Budget % |
|---------------------------------------------------------|---------------------------------|--------------------------|------------------------|-----------------------------------|
| Transit & Fleet Services | 15,888,257 | 16,174,719 | (286,461) | 98.23% |
| Transportation Services | 937,242 | 1,084,945 | (147,703) | 86.39% |
| Public Works Services | 23,043,773 | 21,866,785 | 1,176,988 | 105.38% |
| Solid Waste Services | 7,750,604 | 7,565,678 | 184,926 | 102.44% |
| Engineering Services | 2,158,707 | 2,335,604 | (176,897) | 92.43% |
| Transportation & Infrastructure Services | 49,778,583 | 49,027,731 | 750,853 | 101.53% |
| Real Estate & Environmental Initiatives | 997,067 | 1,054,754 | (57,687) | 94.53% |
| Planning, Building, & Licensing | 2,710,193 | 2,902,943 | (192,750) | 93.36% |
| Cultural Services | 4,034,722 | 4,373,876 | (339,155) | 92.25% |
| Recreation & Leisure Services | 7,662,072 | 7,669,494 | (7,422) | 99.90% |
| Housing & Social Services | 15,839,980 | 17,087,184 | (1,247,204) | 92.70% |
| Long Term Care | 5,525,909 | 5,662,898 | (136,988) | 97.58% |
| Communications & Customer Experience | 1,545,313 | 1,520,924 | 24,389 | 101.60% |
| Commissioner's Office | 477,557 | 445,812 | 31,745 | 107.12% |
| Community Services | 38,792,813 | 40,717,885 | (1,925,072) | 95.27% |
| Human Resources & Organization Development | 2,972,545 | 3,072,312 | (99,767) | 96.75% |
| Facilities Management & Construction Services | 2,899,851 | 3,028,241 | (128,390) | 95.76% |
| Legal Services & Insurance Services | 1,377,225 | 1,287,801 | 89,423 | 106.94% |
| City Clerk | 1,608,658 | 1,714,994 | (106,335) | 93.80% |
| Fire & Rescue | 24,156,213 | 24,676,998 | (520,784) | 97.89% |
| Airport | 21,877 | 35,000 | (13,123) | 62.51% |
| Commissioner's Office | 326,317 | 313,281 | 13,036 | 104.16% |
| Corporate & Emergency Services | 33,362,686 | 34,128,627 | (765,940) | 97.76% |
| Mayor, Council, & CAO | 1,606,692 | 1,773,624 | (166,932) | 90.59% |
| Information Systems & Technology | 3,395,989 | 3,647,459 | (251,470) | 93.11% |
| Financial Services | 1,835,575 | 1,919,834 | (84,259) | 95.61% |
| Finance, Technology, & Administration | 6,838,256 | 7,340,917 | (502,661) | 93.15% |
| Agency Transfers | 70,085,036 | 70,402,229 | (317,193) | 99.55% |
| Fiscal Services & Capital Levy | 34,147,678 | 35,266,166 | (1,118,489) | 96.83% |
| Agency and Board Transfers & Fiscal Services | 104,232,714 | 105,668,395 | (1,435,681) | 98.64% |
| Taxation Revenue | (236,955,946) | (236,883,553) | (72,393) | 100.03% |
| Total General Operations | (3,950,894) | - | (3,950,894) | |
| Water | (1,707,875) | | (1,707,875) | |
| Wastewater | (2,228,159) | | (2,228,159) | |
| Gas | (1,122,725) | | (1,122,725) | |
| Appliance Rental | 53,566 | | 53,566 | |
| Municipal Utilities | (5,005,193) | - | (5,005,193) | |
| Total Net Operating | (8,956,087) | - | (8,956,087) | |

**City of Kingston
Gross Revenue
December 31, 2018**

| | | | 100% of Year | |
|---------------------------------------------------------|----------------------|----------------------|--------------------|----------------|
| | Actuals | Annual | Actual to | |
| | Year to Date | Budget | Budget | |
| | | Variance | % | |
| | | \$ | | |
| Transit & Fleet Services | (11,309,633) | (10,662,082) | (647,551) | 106.07% |
| Transportation Services | (9,471,645) | (9,290,270) | (181,375) | 101.95% |
| Public Works Services | (670,634) | (524,418) | (146,216) | 127.88% |
| Solid Waste Services | (3,750,447) | (3,751,735) | 1,288 | 99.97% |
| Engineering Services | (699,630) | (569,520) | (130,110) | 122.85% |
| Transportation & Infrastructure Services | (25,901,989) | (24,798,025) | (1,103,964) | 104.45% |
| Real Estate & Environmental Initiatives | (217,684) | (300,793) | 83,109 | 72.37% |
| Planning, Building, & Licensing | (4,164,191) | (4,991,620) | 827,429 | 83.42% |
| Cultural Services | (2,520,987) | (2,305,986) | (215,001) | 109.32% |
| Recreation & Leisure Services | (9,033,433) | (9,084,525) | 51,092 | 99.44% |
| Housing & Social Services | (55,302,307) | (59,546,498) | 4,244,191 | 92.87% |
| Long Term Care | (12,225,818) | (12,218,729) | (7,089) | 100.06% |
| Communications & Customer Experience | (1,002,242) | (1,070,288) | 68,046 | 93.64% |
| Commissioner's Office | (82,089) | (80,000) | (2,089) | 102.61% |
| Community Services | (84,548,751) | (89,598,439) | 5,049,688 | 94.36% |
| Human Resources & Organization Development | (288,829) | (308,908) | 20,079 | 93.50% |
| Facilities Management & Construction Services | (3,122,682) | (3,244,445) | 121,763 | 96.25% |
| Legal Services & Insurance Services | (1,736,019) | (1,996,542) | 260,523 | 86.95% |
| City Clerk | (804,334) | (813,922) | 9,588 | 98.82% |
| Fire & Rescue | (505,426) | (326,794) | (178,632) | 154.66% |
| Airport | (1,620,279) | (1,607,358) | (12,921) | 100.80% |
| Commissioner's Office | | | | |
| Corporate & Emergency Services | (8,077,569) | (8,297,969) | 220,400 | 97.34% |
| Mayor, Council, & CAO | (796,613) | (929,135) | 132,522 | 85.74% |
| Information Systems & Technology | (1,443,237) | (1,440,065) | (3,172) | 100.22% |
| Financial Services | (1,115,895) | (1,097,516) | (18,379) | 101.67% |
| Finance, Technology, & Administration | (3,355,745) | (3,466,716) | 110,971 | 96.80% |
| Agency Transfers | (1,193,932) | (791,768) | (402,164) | 150.79% |
| Fiscal Services & Capital Levy | (15,815,117) | (9,916,341) | (5,898,776) | 159.49% |
| Agency and Board Transfers & Fiscal Services | (17,009,049) | (10,708,109) | (6,300,940) | 158.84% |
| Taxation Revenue | (244,437,016) | (242,221,998) | (2,215,018) | 100.91% |
| Total General Operations | (383,330,119) | (379,091,256) | (4,238,863) | 101.12% |
| Water | (28,058,737) | (26,330,000) | (1,728,737) | 106.57% |
| Wastewater | (32,547,476) | (30,668,500) | (1,878,976) | 106.13% |
| Gas | (31,077,840) | (35,190,550) | 4,112,710 | 88.31% |
| Appliance Rental | (2,740,652) | (2,663,220) | (77,432) | 102.91% |
| Municipal Utilities | (94,424,705) | (94,852,270) | 427,565 | 99.55% |
| Total | (477,754,824) | (473,943,526) | (3,811,298) | 100.80% |

**City of Kingston
Gross Expenditures
December 31, 2018**

| | Actuals | Annual | Variance | 100% of Year Actual to |
|---------------------------------------------------------|---------------------|--------------------|--------------------|----------------------------------|
| | Year to Date | Budget | \$ | Budget |
| | | | | % |
| Transit & Fleet Services | 27,197,890 | 26,836,801 | 361,089 | 101.35% |
| Transportation Services | 10,408,886 | 10,375,214 | 33,672 | 100.32% |
| Public Works Services | 23,714,407 | 22,391,203 | 1,323,204 | 105.91% |
| Solid Waste Services | 11,501,051 | 11,317,413 | 183,638 | 101.62% |
| Engineering Services | 2,858,337 | 2,905,124 | (46,787) | 98.39% |
| Transportation & Infrastructure Services | 75,680,571 | 73,825,755 | 1,854,816 | 102.51% |
| Real Estate & Environmental Initiatives | 1,214,751 | 1,355,547 | (140,796) | 89.61% |
| Planning, Building, & Licensing | 6,874,384 | 7,894,563 | (1,020,179) | 87.08% |
| Cultural Services | 6,555,709 | 6,679,862 | (124,153) | 98.14% |
| Recreation & Leisure Services | 16,695,506 | 16,754,019 | (58,513) | 99.65% |
| Housing & Social Services | 71,142,287 | 76,633,682 | (5,491,395) | 92.83% |
| Long Term Care | 17,751,727 | 17,881,627 | (129,900) | 99.27% |
| Communications & Customer Experience | 2,547,556 | 2,591,213 | (43,657) | 98.32% |
| Commissioner's Office | 559,646 | 525,812 | 33,834 | 106.43% |
| Community Services | 123,341,566 | 130,316,325 | (6,974,759) | 94.65% |
| Human Resources & Organization Development | 3,261,374 | 3,381,220 | (119,846) | 96.46% |
| Facilities Management & Construction Services | 6,022,532 | 6,272,686 | (250,154) | 96.01% |
| Legal Services & Insurance Services | 3,113,244 | 3,284,344 | (171,100) | 94.79% |
| City Clerk | 2,412,992 | 2,528,915 | (115,923) | 95.42% |
| Fire & Rescue | 24,661,639 | 25,003,792 | (342,153) | 98.63% |
| Airport | 1,642,156 | 1,642,358 | (202) | 99.99% |
| Commissioner's Office | 326,317 | 313,281 | 13,036 | 104.16% |
| Corporate & Emergency Services | 41,440,254 | 42,426,596 | (986,342) | 97.68% |
| Mayor, Council, & CAO | 2,403,304 | 2,702,759 | (299,455) | 88.92% |
| Information Systems & Technology | 4,839,226 | 5,087,524 | (248,298) | 95.12% |
| Financial Services | 2,951,471 | 3,017,350 | (65,879) | 97.82% |
| Finance, Technology, & Administration | 10,194,001 | 10,807,633 | (613,632) | 94.32% |
| Agency Transfers | 71,278,969 | 71,193,997 | 84,972 | 100.12% |
| Fiscal Services & Capital Levy | 49,962,795 | 45,182,507 | 4,780,288 | 110.58% |
| Agency and Board Transfers & Fiscal Services | 121,241,764 | 116,376,504 | 4,865,260 | 104.18% |
| Taxation Revenue | 7,481,070 | 5,338,444 | 2,142,626 | 140.14% |
| Total General Operations | 379,379,226 | 379,091,257 | 287,969 | 100.08% |
| Water | 26,350,862 | 26,330,000 | 20,862 | 100.08% |
| Wastewater | 30,319,317 | 30,668,500 | (349,183) | 98.86% |
| Gas | 29,955,115 | 35,190,550 | (5,235,435) | 85.12% |
| Appliance Rental | 2,794,217 | 2,663,220 | 130,997 | 104.92% |
| Municipal Utilities | 89,419,511 | 94,852,270 | (5,432,759) | 94.27% |
| Total | 468,798,737 | 473,943,527 | (5,144,790) | 98.91% |

Grand Theatre Quarterly Performance Report

Period: Fourth Quarter: For the twelve months ending December 31, 2018

Financial Performance:

| Income | Actuals to Date | 2018 Budget | Variance | Total 2017 |
|------------------------------------------|------------------------|-----------------------|------------------|---------------------|
| Rental Revenue | \$ (205,333) | \$ (166,000) | (39,333) | \$ (167,074) |
| Other Revenues & Recoveries ¹ | (993,533) | (893,000) | (100,533) | (819,140) |
| Total Income | \$ (1,198,866) | \$ (1,059,000) | (139,866) | \$ (986,214) |
| Expenditure | | | | |
| Operational Expenditures ² | \$ 1,552,048 | \$ 1,515,799 | 36,249 | \$ 1,391,911 |
| Contributions to Reserve Funds | 143,919 | 150,000 | (6,081) | 123,989 |
| Total Expenditures | \$ 1,695,967 | \$ 1,665,799 | 30,168 | \$ 1,515,900 |
| Net | \$ 497,101 | \$ 606,799 | (109,698) | \$ 529,686 |

Notes

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: Fourth Quarter: For the twelve months ending December 31, 2018

Operational Performance:

| Key Indicators: | | | | |
|------------------------------|-----------------|------------|--------------|------------|
| | Actuals to Date | | Budgeted | |
| Days of Use | Regina Rosen | Baby Grand | Regina Rosen | Baby Grand |
| Performance ¹ | 121 | 110 | 110 | 55 |
| Non Performance ² | 56 | 104 | 98 | 74 |
| Total Use (by space) | 177 | 214 | 208 | 129 |
| Total Use (combined) | 391 | | 337 | |

| Attendance | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 2018 | 2017 |
|------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|
| On-site Events ³ | 24,332 | 16,810 | 1,937 | 23,220 | 66,299 | 53,275 |
| Off-site Events ⁴ | 3,589 | 3,647 | 5,225 | 4,041 | 16,502 | 15,186 |
| Total | 27,921 | 20,457 | 7,162 | 27,261 | 82,801 | 68,461 |

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: Fourth Quarter: For the twelve months ending December 31, 2018

Financial Performance: INVISTA Centre

| Income | Actuals To Date | 2018 Budget | Variance | Total 2017 |
|-------------------------------|--------------------|--------------------|----------------|--------------------|
| Ice Rentals | (2,416,950) | (2,461,700) | 44,750 | (2,403,359) |
| Other Revenues and Recoveries | (312,126) | (335,900) | 23,774 | (306,686) |
| | (2,729,076) | (2,797,600) | 68,524 | (2,710,046) |
| Expenditure | | | | |
| Operational Expenditures | 2,798,958 | 2,676,101 | 122,857 | 2,549,281 |
| Contributions to Reserves | 1,578,841 | 1,578,841 | - | 1,532,856 |
| | 4,377,799 | 4,254,943 | 122,857 | 4,082,137 |
| Net | 1,648,722 | 1,457,343 | 191,380 | 1,372,091 |

Summary of Ice Revenues - All Arenas

| Facility | Actual 2018 | Budget 2018 | % 2018 | Total 2017 |
|-------------------|--------------------|--------------------|------------|--------------------|
| INVISTA Centre | (2,416,950) | (2,461,700) | 98% | (2,403,359) |
| Cataraqui-Kinsmen | (621,130) | (628,300) | 99% | (610,165) |
| Memorial Centre | (435,701) | (425,755) | 102% | (439,897) |
| C70 | (324,128) | (339,900) | 95% | (309,864) |
| Total | (3,797,909) | (3,855,655) | 99% | (3,763,285) |

INVISTA & Arenas Quarterly Performance Report

Period: Fourth Quarter: For the twelve months ending December 31, 2018

Operational Performance: All Arenas

| Ice Rentals | INVISTA | | Cat/Kin, Memorial Centre, C70 | | Total All Arenas | |
|----------------------------|----------------|----------|--------------------------------------|----------|-------------------------|----------|
| Prime | Hours | % | Hours | % | Hours | % |
| Total Available | 10,396 | | 6,582 | | 16,978 | |
| Booked | 8,503 | 82% | 5,346 | 81% | 13,849 | 82% |
| Vacant | 1,893 | 18% | 1,236 | 19% | 3,129 | 18% |
| Non-Prime | | | | | | |
| Total Available | 9,124 | | 3,270 | | 12,394 | |
| Booked | 3,181 | 35% | 1,067 | 33% | 4,248 | 34% |
| Vacant | 5,943 | 65% | 2,203 | 67% | 8,146 | 66% |
| Distribution of Ice | | | | | | |
| Total | 11,752 | | | | | |
| Youth | 9,034 | 77% | | | | |
| Adult | 2,718 | 23% | | | | |

| Hall Rentals | INVISTA | |
|------------------------------|----------------|----------|
| Halls | Hours | % |
| Total Available | 11,988 | |
| Booked | 3,483 | 29% |
| Vacant | 8,505 | 71% |
| Distribution of Halls | Hours | % |
| Internal | 557 | 16% |
| External | 1,829 | 53% |
| Partner Groups | 1,097 | 31% |

Leon's Centre Quarterly Performance Report

Period: Fourth Quarter: For the Twelve Months ending December 31, 2018

Financial Performance:

| Income | Actuals to Date | 2018 Budget | Variance | Total 2017 |
|-----------------------------------|-----------------------|-----------------------|------------------|-----------------------|
| SMG Events | \$ (853,630) | \$ (851,826) | (1,804) | \$ (642,415) |
| Kingston Frontenacs Events | (485,440) | (489,711) | 4,271 | (461,356) |
| Other Revenues and Recoveries | (1,537,874) | (1,647,983) | 110,109 | (1,453,801) |
| | \$ (2,876,944) | \$ (2,989,520) | 112,576 | \$ (2,557,572) |
| Expenditure | | | | |
| Operational Expenditures | \$ 2,221,437 | \$ 2,392,405 | (170,968) | \$ 2,085,741 |
| | \$ 2,221,437 | \$ 2,392,405 | (170,968) | \$ 2,085,741 |
| Net Income From Operations | \$ (655,507) | \$ (597,115) | (58,392) | \$ (471,831) |

(Prior to Reserve Fund Contributions & Management Fees)

Leon's Centre Quarterly Performance Report

Period: Fourth Quarter: For the Twelve Months ending December 31, 2018

Operational Performance:

| Key Indicators: | 2018 Actual | 2018 Budget | Variance | % Achieved |
|--------------------------|-----------------------|-----------------------|---------------------|-------------|
| Revenues | | | | |
| SMG Spectator Events | \$ (839,766) | \$ (813,863) | \$ 25,903 | 103% |
| SMG Non-Spectator Events | (13,864) | (37,963) | (24,099) | 37% |
| | <hr/> | | | |
| SMG Events | (853,630) | (851,826) | 1,804 | 100% |
| Frontenacs Events | (485,440) | (489,711) | (4,271) | 99% |
| Total Event Income | (1,339,070) | (1,341,537) | (2,467) | 100% |
| Suites/Club Seats | (770,460) | (896,964) | (126,504) | 86% |
| Naming/Advertising | (543,683) | (558,769) | (15,086) | 97% |
| Ice Rentals | (192,913) | (180,000) | 12,913 | 107% |
| Other | (30,818) | (12,250) | 18,568 | 252% |
| | <hr/> | | | |
| | \$ (2,876,944) | \$ (2,989,520) | \$ (112,576) | 96% |
| Expenses | | | | |
| Operating | \$ 2,221,437 | \$ 2,392,405 | \$ 170,968 | 93% |
| | <hr/> | | | |
| Net Income | \$ (655,507) | \$ (597,115) | \$ 58,392 | 110% |

| Number of Events | | | | |
|-------------------------------|-----------|------------|-----------|------------|
| SMG Spectator Events | 19 | 28 | 9 | 68% |
| SMG Non-Spectator Events | 15 | 33 | 18 | 45% |
| | <hr/> | | | |
| SMG Events | 34 | 61 | 27 | 56% |
| Frontenacs Events | 46 | 40 | (6) | 115% |
| Total Number of Events | 80 | 101 | 21 | 79% |

| Attendance | | | | |
|--------------------------|----------------|----------------|---------------|------------|
| SMG Spectator Events | 70,673 | 79,850 | 9,177 | 89% |
| SMG Non-Spectator Events | 30,091 | 30,249 | 158 | 99% |
| | <hr/> | | | |
| SMG Events | 100,764 | 110,099 | 9,335 | 92% |
| Frontenacs Events | 116,116 | 118,072 | 1,956 | 98% |
| Total Attendance | 216,880 | 228,171 | 11,291 | 95% |

Note: Spectator Events include: Concerts, Family Shows, Entertainment Events, Performing Arts and Sporting Events
 Non-Spectator Events include: Assemblies, Banquets, Consumer/Trade Shows, Conventions, Meetings, Other Events
 Council Meeting 16 June 4 2019

Leon's Centre
Quarterly Performance Report
Fourth Quarter ending December 31, 2018

The Leon's Centre operating agreement (2018-2022) 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 fourth quarter of each year, prior to budget deliberations.

Community Involvement

| Meetings, Events, Public Speaking, Outreach: | <u># of Occurrences - YTD</u> |
|-----------------------------------------------------|----------------------------------------|
| • KEDCO/Tourism | 36 |
| • KAP | 6 |
| • Downtown Kingston! BIA | 28 |
| • Chamber of Commerce | 5 |
| • Post-secondary institutions | 12 |
| • Military & business | 5 |
| • Tenant/Hockey Team | 9 |
| • Patron Surveys | 9 |
| • Promoter | 14 |
| • Club Seat Surveys | 1 |
| • Premium Suite Surveys | 1 |
| • Other Community/Charity | 35 |
| | |
| Community Support: | <u># of Contributions - YTD</u> |
| • In Kind - Facility (total value - \$64,259) | 40 |
| • Cash - SMG (total value - \$nil) | 0 |

2018 Report on Building Fees

In accordance with the *Building Code Act (BCA)*,
S. O. 1992, c. 23 Section 7 (4)

(A) Fees

| | |
|----------------------------------------------------|-----------------------|
| Revenues | \$ 2,218,919 |
| Expenditures: | |
| 1. Direct costs - administration & enforcement | (1,804,229) |
| 2. Direct costs - other related service costs | (487,783) |
| 3. Indirect costs - for support & overhead | (452,683) |
| 4. Transfer from Permit Stabilization Reserve Fund | 525,776 |
| | <u>\$ (2,218,919)</u> |

(B) Permit Stabilization Reserve Fund

*(Per 2006 Ontario Building Code Regulations,
Division C, Part 1, Section 1.9.1.1. (1) (d))*

| | |
|------------------------------------------|---------------------|
| Opening balance, January 1, 2018 | \$ 6,139,210 |
| Add: | |
| Interest earned on fund | 114,089 |
| Less: | |
| Funding for capital purposes | (57,396) |
| Transfer to operating | <u>(525,776)</u> |
| Ending balance, December 31, 2018 | <u>\$ 5,670,127</u> |

2018 Report on Cash in Lieu of Parkland

Cash-In-Lieu of Parkland Reserve Fund

| | | |
|-----------------------------------------|----|---------------------|
| Opening Balance January 1, 2018 | \$ | 89,096 |
| Add: | | |
| Interest earned on fund | | 1,079 |
| Contribution from Developers | | 95,709 |
| Less: | | |
| Transfers to capital | | <u>183,333</u> |
| Ending Balance December 31, 2018 | \$ | <u><u>2,551</u></u> |