



**City of Kingston
Information Report to Council
Report Number 19-277**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer and City Treasurer
Resource Staff: Lana Foulds, Director of Financial Services
Date of Meeting: November 19, 2019
Subject: Third Quarter Operating Budget Status Report for 2019

Executive Summary:

This information report provides a financial status update of the general operating budget as at September 30, 2019. 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. Updated 2019 projections will be provided as part of the budget documents prepared for the 2020 budget deliberations.

Recommendation:

This report is for information purposes only.

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Authorizing Signatures:

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

**Lanie Hurdle, Interim Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Peter Huigenbos, Acting Commissioner, Community Services

Brad Joyce, Acting Commissioner, Corporate 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 September 30, 2019. The report reflects the approved operating budget for the year 2019 together with 2019 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.

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.

The majority of revenues and expenditures to the end of the third quarter are tracking as expected and/or reflect expected seasonal or other variances as follows:

- Parking revenues - trending lower than expected due to reduced on-street parking during construction and reduced parking fine revenues. In accordance with policy, net revenues or expenditures from parking operations are transferred to/from the parking reserve fund.
- Winter control costs within Public Works are tracking higher than seasonal averages at the end of the third quarter. Budget results will be dependent on the extent of winter events for the remainder of the year.
- Solid Waste - lower than projected revenue as a result of the declining market for sale of recyclables.
- Engineering revenues - exceeding budgeted projections as a result of additional design and review, cut permit and municipal consent fees.
- Planning, Building & Licensing - Building permit revenues reached 100% of budget at the end of the third quarter. This results in excess net revenues that have been transferred to the Building Stabilization Reserve Fund in accordance with legislation.
- Housing & Social Services are recognizing lower Provincial subsidy revenues largely within the childcare programs which are offset by lower expenditures.
- Fuel prices are trending lower than forecasted, resulting in approximately \$210K of savings reported to date.

The 2019 federal budget confirmed a one-time allocation of federal gas tax monies. The City has received \$4.1M of a \$7.8M allocation which is reported as revenue in Fiscal Services. This revenue has been offset by a transfer to the Federal Gas Tax Reserve Fund.

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Staff continues to monitor provincial budget implications and effects on the 2019 municipal operations. A number of provincial budget proposals were subsequently deferred to 2020 and future years and staff will be incorporating anticipated effects of these into future operating budgets. Housing & Social Services has experienced reductions in 2019 in Ontario Works Administrative Provincial funding; however, cost management efforts have allowed these funding reductions to be absorbed by other operational savings.

Staff is projecting to be in a reasonable surplus position by the end of the 2019 fiscal year.

Existing Policy/By Law:

[By-Law Number 2019-28, A By-Law to Approve the 2019 Operating Budget](#)

Notice Provisions:

Not applicable

Accessibility Considerations:

The City's [Accessibility Standards Policy](#) indicates that the City of Kingston shall, upon request, and in consultation with the person making the request, provide or make arrangements to provide accessible formats and communication supports for persons with disabilities.

The Exhibits to this report are system generated or derived from the extensive spreadsheets used to develop and maintain the City's budgets. The Exhibits to this report will be provided in an alternate format upon request.

Financial Considerations:

Financial considerations are contained in the Options/Discussion section of this report.

Contacts:

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

Other City of Kingston Staff Consulted:

Laura Deak, Manager of Finance, Utilities Kingston

Exhibits Attached:

Exhibit A: Net Operating Report

Exhibit B: Gross Revenues

Exhibit C: Gross Expenditures

City of Kingston
Net Operating as at September 30, 2019

	Actuals	Annual	Variance	YTD=75%
	Year to Date	Budget	\$	Actual to Budget %
Transit Services	11,981,708	17,146,360	5,164,652	69.88%
Transportation Services	844,576	1,387,070	542,494	60.89%
Public Works Services	17,512,385	22,682,211	5,169,826	77.21%
Solid Waste Services	6,059,370	8,225,552	2,166,182	73.67%
Engineering Services	1,293,485	2,174,699	881,214	59.48%
Transportation & Public Works	37,691,524	51,615,892	13,924,368	73.02%
Real Estate & Environmental Initiatives	748,069	1,034,972	286,903	72.28%
Planning, Building, & Licensing	1,789,622	2,572,890	783,268	69.56%
Cultural Services	3,489,176	4,471,759	982,583	78.03%
Recreation & Leisure Services	6,368,449	8,095,048	1,726,599	78.67%
Housing & Social Services	12,107,370	17,114,710	5,007,340	70.74%
Long Term Care	4,190,646	5,787,399	1,596,753	72.41%
Communications & Customer Experience	1,369,368	1,667,347	297,979	82.13%
Commissioner's Office	367,891	453,927	86,036	81.05%
Community Services	30,430,591	41,198,052	10,767,461	73.86%
Human Resources & Organization Development	2,263,223	3,165,120	901,897	71.51%
Facilities Management & Construction Services	2,306,124	3,085,279	779,155	74.75%
Legal Services	1,115,997	1,343,493	227,496	83.07%
Office of the City Clerk	1,328,636	1,837,933	509,297	72.29%
Fire & Rescue	18,584,694	24,935,983	6,351,289	74.53%
Information Systems & Technology	2,651,798	3,847,985	1,196,187	68.91%
Commissioner's Office	206,473	315,401	108,928	65.46%
Corporate Services	28,456,945	38,531,194	10,074,249	73.85%
Airport	25,319	35,000	9,681	72.34%
Mayor, Council, & CAO	1,430,939	1,909,270	478,331	74.95%
Financial Services	1,359,512	1,914,215	554,703	71.02%
Finance & Administration	2,815,770	3,858,485	1,042,715	72.98%
Agency Transfers	55,291,786	72,628,370	17,336,584	77.97%
Fiscal Services & Capital Levy	27,827,628	37,428,256	9,600,628	70.08%
Agency and Board Transfers & Fiscal Services	83,119,414	110,056,626	26,937,212	75.52%
Taxation Revenue	(246,657,192)	(245,260,249)	1,396,943	100.57%
Total	(64,142,948)		64,142,948	
Water	(2,009,648)		2,009,648	
Wastewater	(2,025,708)		2,025,708	
Gas	(344,779)		344,779	
Appliance Rental	(51,571)		51,571	
Municipal Utilities	(4,431,706)		4,431,706	
Total Net Operating	(68,574,654)		68,574,654	

City of Kingston
Gross Revenue as at September 30, 2019

YTD=75%

	Actuals	Annual	Variance	Actual to
	Year to Date	Budget	\$	Budget
				%
Transit Services	(9,158,838)	(11,669,041)	(2,510,203)	78.49%
Transportation Services	(7,098,079)	(10,061,183)	(2,963,104)	70.55%
Public Works Services	(547,475)	(592,754)	(45,279)	92.36%
Solid Waste Services	(2,560,506)	(3,709,807)	(1,149,301)	69.02%
Engineering Services	(679,823)	(593,325)	86,498	114.58%
Transportation & Public Works	(20,044,721)	(26,626,110)	(6,581,389)	75.28%
Real Estate & Environmental Initiatives	(84,632)	(306,660)	(222,028)	27.60%
Planning, Building, & Licensing	(4,819,534)	(5,231,400)	(411,866)	92.13%
Cultural Services	(1,392,976)	(2,402,169)	(1,009,193)	57.99%
Recreation & Leisure Services	(6,314,808)	(8,707,116)	(2,392,308)	72.52%
Housing & Social Services	(41,656,899)	(60,100,305)	(18,443,406)	69.31%
Long Term Care	(9,340,106)	(12,379,120)	(3,039,014)	75.45%
Communications & Customer Experience	(751,352)	(1,119,045)	(367,693)	67.14%
Community Services	(64,360,307)	(90,245,815)	(25,885,508)	71.32%
Human Resources & Organization Development	(232,830)	(363,086)	(130,256)	64.13%
Facilities Management & Construction Services	(2,372,342)	(3,384,232)	(1,011,890)	70.10%
Legal Services	(1,350,896)	(2,022,906)	(672,010)	66.78%
Office of the City Clerk	(99,688)	(216,349)	(116,661)	46.08%
Fire & Rescue	(273,057)	(327,330)	(54,273)	83.42%
Information Systems & Technology	(841,622)	(1,127,967)	(286,345)	74.61%
Corporate Services	(5,170,435)	(7,441,870)	(2,271,435)	69.48%
Airport	(1,293,292)	(1,735,200)	(441,908)	74.53%
Mayor, Council, & CAO	(533,358)	(873,915)	(340,557)	61.03%
Financial Services	(1,020,764)	(1,367,052)	(346,288)	74.67%
Finance & Administration	(2,847,414)	(3,976,167)	(1,128,753)	71.61%
Agency Transfers	(1,759,227)	(2,038,389)	(279,162)	86.30%
Fiscal Services & Capital Levy	(13,895,530)	(9,638,179)	4,257,351	144.17%
Agency and Board Transfers & Fiscal Services	(15,654,757)	(11,676,568)	3,978,189	134.07%
Taxation Revenue	(250,685,041)	(250,449,925)	235,116	100.09%
Total	(358,762,675)	(390,416,455)	(31,653,780)	91.89%
Water	(22,106,952)	(28,568,819)	(6,461,867)	77.38%
Wastewater	(25,451,372)	(32,905,499)	(7,454,127)	77.35%
Gas	(19,575,905)	(35,391,901)	(15,815,996)	55.31%
Appliance Rental	(2,209,350)	(2,832,648)	(623,298)	78.00%
Municipal Utilities	(69,343,579)	(99,698,867)	(30,355,288)	69.55%
Total Net Operating	(428,106,254)	(490,115,322)	(62,009,068)	87.35%

City of Kingston
Gross Expenditures as at September 30, 2019

YTD=75%

	Actuals	Annual	Variance	Actual to
	Year to Date	Budget	\$	Budget
				%
Transit Services	21,140,546	28,815,401	7,674,855	73.37%
Transportation Services	7,942,655	11,448,253	3,505,598	69.38%
Public Works Services	18,059,860	23,274,965	5,215,105	77.59%
Solid Waste Services	8,619,876	11,935,359	3,315,483	72.22%
Engineering Services	1,973,308	2,768,024	794,716	71.29%
Transportation & Public Works	57,736,245	78,242,002	20,505,757	73.79%
Real Estate & Environmental Initiatives	832,701	1,341,632	508,931	62.07%
Planning, Building, & Licensing	6,609,156	7,804,290	1,195,134	84.69%
Cultural Services	4,882,152	6,873,928	1,991,776	71.02%
Recreation & Leisure Services	12,683,257	16,802,164	4,118,907	75.49%
Housing & Social Services	53,764,269	77,215,015	23,450,746	69.63%
Long Term Care	13,530,752	18,166,519	4,635,767	74.48%
Communications & Customer Experience	2,120,720	2,786,392	665,672	76.11%
Commissioner's Office	367,891	453,927	86,036	81.05%
Community Services	94,790,898	131,443,867	36,652,969	72.12%
Human Resources & Organization Development	2,496,053	3,528,206	1,032,153	70.75%
Facilities Management & Construction Services	4,678,466	6,469,511	1,791,045	72.32%
Legal Services	2,466,893	3,366,399	899,506	73.28%
Office of the City Clerk	1,428,324	2,054,282	625,958	69.53%
Fire & Rescue	18,857,751	25,263,313	6,405,562	74.64%
Information Systems & Technology	3,493,420	4,975,952	1,482,532	70.21%
Commissioner's Office	206,473	315,401	108,928	65.46%
Corporate Services	33,627,380	45,973,064	12,345,684	73.15%
Airport	1,318,611	1,770,200	451,589	74.49%
Mayor, Council, & CAO	1,964,297	2,783,185	818,888	70.58%
Financial Services	2,380,276	3,281,267	900,991	72.54%
Finance & Administration	5,663,184	7,834,652	2,171,468	72.28%
Agency Transfers	57,051,013	74,666,759	17,615,746	76.41%
Fiscal Services & Capital Levy	41,723,158	47,066,435	5,343,277	88.65%
Agency and Board Transfers & Fiscal Services	98,774,171	121,733,194	22,959,023	81.14%
Taxation Revenue	4,027,849	5,189,676	1,161,827	77.61%
Total	294,619,727	390,416,455	95,796,728	75.46%
Water	20,097,304	28,568,819	8,471,515	67.01%
Wastewater	23,425,664	32,905,499	9,479,835	67.66%
Gas	19,231,126	35,391,901	16,160,775	50.74%
Appliance Rental	2,157,779	2,832,648	674,869	74.26%
Municipal Utilities	64,911,873	99,698,867	34,786,994	65.11%
Total Net Operating	359,531,600	490,115,322	130,583,722	73.36%