



**City of Kingston
Information Report to Council
Report Number 21-163**

To: Mayor and Members of Council
From: Desiree Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Scarlet Eyles, Manager, Financial Planning
Date of Meeting: June 22, 2021
Subject: Operating Budget Report as of April 30, 2021

Council Strategic Plan Alignment:

Theme: Financial measures/budget

Goal: See above

Executive Summary:

This information report provides a financial status update of the general operating budget as at April 30, 2021. Exhibits to the report provide detailed budget and actual information and resulting variances as at the end of April 2021. Revenue and expenditure variances reflect expected timing, seasonality, and other operational factors.

Year-to-date results also reflect fiscal impacts resulting from the COVID-19 pandemic. Changes to City services and related loss of revenues continue to put significant pressure on the City's finances. Staff anticipate that fiscal challenges as a result of the pandemic and related reopening activities will continue to impact budget to actual results throughout 2021. 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.

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Recommendation:

This report is for information only.

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Authorizing Signatures:



**Desiree Kennedy, Chief
Financial Officer & City
Treasurer**



**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services



Peter Huigenbos, Commissioner, Business, Environment & Projects



Brad Joyce, 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 April 30, 2021. The report reflects the approved operating budget for the 2021 fiscal year together with 2021 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 2021 budget estimates assumed that municipal services would be provided at a restricted capacity based on anticipated pandemic circumstances and region status. For the first part of the year, the City has been subject to emergency lockdowns resulting in service closures and/or reduced service levels and corresponding revenue reductions that, in some cases, are greater than originally projected.

Ongoing changes to City services and loss of service revenues continue to put pressure on the City's fiscal circumstances in 2021. The following revenues have been impacted as a result of service reductions or closures.

- Parking revenues are approximately 11% lower than average at the end of April. This is offset by cost savings of approximately 5% due primarily to lower staffing costs. In accordance with policy, the operational shortfall has been funded by the Parking Reserve Fund.
- Total recreation revenues are approximately \$940K underbudget year-to-date as a result of the unanticipated pandemic restrictions. Ice rentals are 18% year-to-date compared to an average year to date of 40% and membership and registration fees are only 3% year to date in comparison to budget estimates that were already reduced to reflect anticipated revenue shortages. Loss of recreation revenues have been partially offset by reductions in direct cost savings.
- Airport revenues continue to be impacted by the pandemic as a result of restrictions and limited air travel. Revenues to the end of April are 45% less than the same period for the previous year and 65% less than 2019. However, revenue losses to the end of April have primarily been offset by direct cost savings related to wages and contracted services. Staff continue to develop strategies to restore air service when travel is deemed safe.

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- POA revenues are approximately 15% of budget at the end of April due to a reduction of tickets issued. These revenue losses are offset by Provincial cost incurred to manage the program.

Other cost savings as a result of staff vacancies and other discretionary costs across departments are helping to offset revenue losses.

Subsequent to approval of the City's 2021 budget, the Province announced additional Safe Restart - Transit Funding and Social Services Relief Funding. Staff will ensure these funds are maximized in addressing the financial impact of the pandemic on operations in 2021.

Other revenue and expenditure variances noted include:

- Solid Waste revenues for sale of recyclables and sale of garbage bag tags are approximately \$300K higher than projected.
- Building permit revenues are 30% of budget (\$1.1M) at the end of April resulting in a net transfer from the Building Stabilization Reserve Fund in accordance with the legislation.
- Cultural services revenue expectations were reduced significantly in the 2021 budget and therefore results to date are not impacted by the lockdown restrictions.
- Operating results reflect expected seasonal or other timing variances in services such as public works, engineering, and facilities.

Staff continue to monitor the financial impacts of the pandemic on the 2021 municipal operating results and will update Council as additional information is available.

Existing Policy/By-Law:

[By-Law Number 2021-33, A By-Law to Approve the 2021 General Municipal Operating Budget](#)

Notice Provisions:

None

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.

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Financial Considerations:

Comments are contained within the Options/ Discussion section of this report with reference to the exhibits attached.

Contacts:

Desiree Kennedy, Chief Financial Officer and City Treasurer, extension 2220

Lana Foulds, Director, Financial Services, extension 2209

Scarlet Eyles, Manager, Financial Planning, extension 2262

Other City of Kingston Staff Consulted:

Applicable City Departments

Exhibits Attached:

Exhibit A - Net Operating as at April 30, 2021

Exhibit B - Gross Revenue as at April 30, 2021

Exhibit C – Gross Expenditures as at April 30, 2021

City of Kingston**Net Operating as at April 30, 2021**

	Actuals Year to Date	Annual Budget	Variance \$	YTD=33% Actual to Budget %
Transit Services	5,861,227	17,583,666	11,722,439	33.33%
Corporate Asset Management & Fleet	33,819	225,192	191,373	15.02%
Transportation Services	852,969	3,099,739	2,246,770	27.52%
Engineering Services	169,010	778,478	609,468	21.71%
Public Works Services	7,865,571	24,026,171	16,160,600	32.74%
Solid Waste Services	2,641,472	9,766,298	7,124,826	27.05%
Transportation & Public Works	17,424,068	55,479,544	38,055,476	31.41%
Planning Services	399,553	1,395,774	996,221	28.63%
Building & Enforcement	298,538	1,315,779	1,017,241	22.69%
Residential Long Term Care	1,748,135	6,011,301	4,263,166	29.08%
Commissioner's Office	78,896	245,589	166,693	32.13%
Community Services	2,525,122	8,968,443	6,443,321	28.16%
Major Projects	-	-	-	0.00%
Business, Real Estate & Environment	234,508	860,117	625,609	27.26%
Recreation & Leisure Services	3,274,589	8,501,536	5,226,947	38.52%
Cultural Services	1,207,820	4,084,794	2,876,974	29.57%
Climate Leadership Division	106,225	339,800	233,575	31.26%
Commissioner's Office	110,502	317,000	206,498	34.86%
Business, Environment, & Projects	4,933,644	14,103,247	9,169,603	34.98%

	Actuals Year to Date	Annual Budget	Variance \$	YTD=33% Actual to Budget %
Legal Services	344,220	1,473,530	1,129,310	23.36%
Office of the City Clerk	560,270	1,860,986	1,300,716	30.11%
Facilities Management & Construction Services	946,368	3,838,487	2,892,119	24.65%
Communications & Customer Experience	737,077	2,706,269	1,969,192	27.24%
Information Systems & Technology	1,292,234	4,211,422	2,919,188	30.68%
Fire & Rescue	8,207,986	26,023,752	17,815,766	31.54%
Human Resources & Organization Development	806,652	3,177,981	2,371,329	25.38%
Commissioner's Office	81,882	271,481	189,599	30.16%
Corporate Services	12,976,689	43,563,908	30,587,219	29.79%
Airport	245,694	699,038	453,344	35.15%
Housing & Social Services	5,488,549	17,327,548	11,838,999	31.68%
Mayor, Council, & CAO	740,142	1,933,855	1,193,713	38.27%
Financial Services	540,376	1,926,060	1,385,684	28.06%
Finance & Administration	7,014,761	21,886,501	14,871,740	32.05%
Agency Transfers	22,389,598	66,358,429	43,968,831	33.74%
Fiscal Services & Capital Levy	15,506,956	43,054,443	27,547,487	36.02%
Agency and Board Transfers & Fiscal Services	37,896,554	109,412,872	71,516,318	34.64%
Taxation Revenue	(120,086,229)	(253,414,516)	(133,328,287)	47.39%
Total Net Operating - Municipal Operations	\$ (37,315,391)	\$ -	\$ 37,315,391	

	Actuals	Annual	Variance	YTD=33%
	Year to Date	Budget	\$	Actual to
				Budget %
Water	(2,040,012)	-	2,040,012	
Wastewater	(2,664,797)	-	2,664,797	
Gas	(3,297,937)	-	3,297,937	
Appliance Rental	(52,599)	-	52,599	
Total Net Operating - Municipal Utilities	\$ (8,055,345)	\$ -	\$ 8,055,345	

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Gross Revenue as at April 30, 2021

	Actuals Year to Date	Annual Budget	Variance \$	YTD=33% Actual to Budget %
Transit Services	(3,271,315)	(11,594,508)	(8,323,193)	28.21%
Corporate Asset Management & Fleet	(35,920)	-	35,920	0.00%
Transportation Services	(2,569,335)	(10,171,920)	(7,602,585)	25.26%
Engineering Services	(5,257)	-	5,257	0.00%
Public Works Services	(118,719)	(704,339)	(585,620)	16.86%
Solid Waste Services	(1,432,795)	(3,428,626)	(1,995,831)	41.79%
Transportation & Public Works	(7,433,341)	(25,899,393)	(18,466,052)	28.70%
Planning Services	(306,667)	(1,100,875)	(794,208)	27.86%
Building & Enforcement	(1,586,964)	(4,888,226)	(3,301,262)	32.47%
Residential Long Term Care	(4,248,505)	(12,842,918)	(8,594,413)	33.08%
Commissioner's Office	(6,142,136)	(18,832,019)	(12,689,883)	32.62%
Community Services	(150,133)	(425,082)	(274,949)	35.32%
Business, Real Estate & Environment	(48,418)	(338,554)	(290,136)	14.30%
Recreation & Leisure Services	(774,720)	(5,291,818)	(4,517,098)	14.64%
Cultural Services	(38,853)	(372,210)	(333,357)	10.44%
Business, Environment, & Projects	(1,012,124)	(6,427,664)	(5,415,540)	15.75%
Legal Services	(360,835)	(2,021,455)	(1,660,620)	17.85%
Office of the City Clerk	(35,512)	(129,049)	(93,537)	27.52%

YTD=33%

**Actual to
Budget %**

	Actuals Year to Date	Annual Budget	Variance \$	Actual to Budget %
Facilities Management & Construction Services	(1,011,983)	(3,322,127)	(2,310,144)	30.46%
Communications & Customer Experience	(377,166)	(1,140,461)	(763,295)	33.07%
Information Systems & Technology	(383,061)	(1,174,611)	(791,550)	32.61%
Fire & Rescue	(220,327)	(666,266)	(445,939)	33.07%
Human Resources & Organization Development	(73,898)	(366,695)	(292,797)	20.15%
Corporate Services	(2,462,782)	(8,820,664)	(6,357,882)	27.92%
Airport	(173,078)	(948,972)	(775,894)	18.24%
Housing & Social Services	(17,106,051)	(61,324,510)	(44,218,459)	27.89%
Mayor, Council, & CAO	(253,803)	(829,446)	(575,643)	30.60%
Financial Services	(385,827)	(1,312,610)	(926,783)	29.39%
Finance & Administration	(17,918,759)	(64,415,538)	(46,496,779)	27.82%
Agency Transfers	(68,018)	(784,834)	(716,816)	8.67%
Fiscal Services & Capital Levy	(883,681)	(11,879,251)	(10,995,570)	7.44%
Agency and Board Transfers & Fiscal Services	(951,699)	(12,664,085)	(11,712,386)	7.51%
Taxation Revenue	(121,746,824)	(258,647,555)	(136,900,731)	47.07%
Total	(157,667,665)	(395,706,918)	(238,039,253)	39.84%
Water	(11,234,859)	(31,112,000)	(19,877,141)	36.11%
Wastewater	(13,107,256)	(36,200,000)	(23,092,744)	36.21%
Gas	(11,771,441)	(34,925,000)	(23,153,559)	33.70%
Appliance Rental	(1,102,413)	(3,080,000)	(1,977,587)	35.79%

YTD=33%

**Actual to
Budget %****Actuals
Year to Date****Annual
Budget****Variance
\$****Municipal Utilities****(37,215,969)****(105,317,000)****(68,101,031)****35.34%****Total Gross Revenue****\$ (194,883,634)****\$ (501,023,918)****\$(306,140,284)****38.90%**

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Gross Expenditures as at April 30, 2021

	Actuals Year to Date	Annual Budget	Variance \$	YTD=33% Actual to Budget %
Transit Services	9,132,542	29,178,174	20,045,632	31.30%
Corporate Asset Management & Fleet	69,739	225,192	155,453	30.97%
Transportation Services	3,422,304	13,271,659	9,849,355	25.79%
Engineering Services	174,267	778,478	604,211	22.39%
Public Works Services	7,984,290	24,730,510	16,746,220	32.29%
Solid Waste Services	4,074,267	13,194,924	9,120,657	30.88%
Transportation & Public Works	24,857,409	81,378,937	56,521,528	30.55%
Planning Services	706,220	2,496,649	1,790,429	28.29%
Building & Enforcement	1,885,502	6,204,005	4,318,503	30.39%
Residential Long Term Care	5,996,640	18,854,219	12,857,579	31.81%
Commissioner's Office	78,896	245,589	166,693	32.13%
Community Services	8,667,258	27,800,462	19,133,204	31.18%
Major Projects	150,133	425,082	274,949	35.32%
Business, Real Estate & Environment	282,926	1,198,671	915,745	23.60%
Recreation & Leisure Services	4,049,309	13,793,354	9,744,045	29.36%
Cultural Services	1,246,673	4,457,004	3,210,331	27.97%
Climate Leadership Division	106,225	339,800	233,575	31.26%
Commissioner's Office	110,502	317,000	206,498	34.86%
Business, Environment, & Projects	5,945,768	20,530,911	14,585,143	28.96%

	Actuals Year to Date	Annual Budget	Variance \$	YTD=33% Actual to Budget %
Legal Services	705,055	3,494,985	2,789,930	20.17%
Office of the City Clerk	595,782	1,990,035	1,394,253	29.94%
Facilities Management & Construction Services	1,958,351	7,160,614	5,202,263	27.35%
Communications & Customer Experience	1,114,243	3,846,730	2,732,487	28.97%
Information Systems & Technology	1,675,295	5,386,033	3,710,738	31.10%
Fire & Rescue	8,428,313	26,690,018	18,261,705	31.58%
Human Resources & Organization Development	880,550	3,544,676	2,664,126	24.84%
Commissioner's Office	81,882	271,481	189,599	30.16%
Corporate Services	15,439,471	52,384,572	36,945,101	29.47%
Airport	418,772	1,648,010	1,229,238	25.41%
Housing & Social Services	22,594,600	78,652,058	56,057,458	28.73%
Mayor, Council, & CAO	993,945	2,763,301	1,769,356	35.97%
Financial Services	926,203	3,238,670	2,312,467	28.60%
Finance & Administration	24,933,520	86,302,039	61,368,519	28.89%
Agency Transfers	22,457,615	67,143,263	44,685,648	33.45%
Fiscal Services & Capital Levy	16,390,637	54,933,694	38,543,057	29.84%
Agency and Board Transfers & Fiscal Services	38,848,252	122,076,957	83,228,705	31.82%
Taxation Revenue	1,660,595	5,233,039	3,572,444	31.73%
Total	120,352,272	395,706,917	275,354,645	30.41%
Water	9,194,847	31,112,000	21,917,153	29.55%

	Actuals	Annual	Variance	YTD=33%
	Year to Date	Budget	\$	Actual to
				Budget %
Wastewater	10,442,459	36,200,000	25,757,541	28.85%
Gas	8,473,504	34,925,000	26,451,496	24.26%
Appliance Rental	1,049,814	3,080,000	2,030,186	34.08%
Municipal Utilities	29,160,624	105,317,000	76,156,376	27.69%
Total Gross Expenditures	\$ 149,512,896	\$ 501,023,917	\$ 351,511,021	29.84%