



**City of Kingston
Report to Council
Report Number 24-205**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Christa Walsh, Manager, Financial Planning
Date of Meeting: October 1, 2024
Subject: Operating Budget Status Report – August 2024

Council Strategic Plan Alignment:

Theme: Financial measures/budget

Goal: See above

Executive Summary:

This report provides a financial status update of the general operating budget as at August 31, 2024. Exhibits to the report provide detailed budget and actual information and variances by department and an overall net operating position of 66.4% of the annual budget at August 31, 2024. Revenue and expenditure variances reflect expected timing, seasonality, and other operational factors. Further information on year-to-date results is included in the body of this report.

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. August results continue to support a balanced budget by year-end.

Recommendation:

This report is for information only.

October 1, 2024

Page 2 of 5

Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF

FINANCIAL OFFICER & CITY TREASURER

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

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services

Jennifer Campbell, Commissioner, Community Services

Neil Carbone, Commissioner, Corporate Services

David Fell, President & CEO, Utilities Kingston

Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives Not required

Brad Joyce, Commissioner, Infrastructure, Transportation
& Emergency Services

October 1, 2024

Page 3 of 5

Options/Discussion:**Background**

The financial information provided in this report is derived from the financial accounting records of the Corporation as at August 31, 2024. Exhibits to the report reflect the approved operating budget for the 2024 fiscal year together with 2024 actual year-to-date revenue and expenditure information, reported by group and summarized by department. Board and agency transfers and municipal utilities are also summarized.

Exhibit A reflects the net operating information (revenues less expenditures). Exhibits B and C reflect gross revenues and gross expenditures respectively. A variance column is provided for reference purposes which shows 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.

Exhibit A shows a net operating position of 66.4% of the total annual budget at August 31, 2024. Revenues and expenditures to the end of August reflect seasonal and other budget variances normally experienced year to year; however, other notable revenue and expenditure variances at August 31st are summarized below.

- Fuel costs are trending lower than anticipated due primarily to lower than projected prices, resulting in a current surplus impacting Transit operations (\$555K) and Public Works (\$100K).
- Winter control costs are trending at approximately 73% of the annual budget, which is slightly higher than the historical average. Costs are managed through the remainder of the year as cyclical winter control costs decline.
- Transit is reporting a \$700K surplus due primarily to lower than projected fuel prices, as noted above, as well as vacancies resulting from past recruitment challenges.
- Transportation revenues are trending lower than expected with a variance of \$129K compared to budget. Increased revenues are expected over the remainder of the year as the automated speed enforcement program is implemented.
- Solid Waste is reporting a \$277K surplus at August 31st as a result of higher than expected revenues from the blue box program subsidies (\$53K), sale of materials (\$82K) and collection recoveries (\$50K).
- Fire & Rescue is reporting a \$654K deficit at August 31st due to higher than anticipated staffing costs related to WSIB, sick-time and backfill costs required in order to maintain the necessary minimum staff levels.
- Licensing & Enforcement is reporting a \$320K surplus year-to-date with raffle and bingo license revenues exceeding expectations by \$130K, as well as savings resulting from the timing of staffing hires.

October 1, 2024

Page 4 of 5

- A net parking surplus of \$620K to-date, included in the Licensing & Enforcement department, is being transferred to the Parking Reserve Fund in accordance with policy. Parking revenues are \$337K higher than anticipated, reflecting cyclical levels, with the majority of the surplus coming from parking meter and space rentals. The remainder of the surplus is a result of timing of expenditures.
- Climate Leadership Division reflects a surplus of \$200K resulting from a slower than expected implementation timing of the Green Standard Community Improvement Plan program.
- Rideaucrest is reporting year-to-date surplus of \$1.2M with \$800K attributed to vacancies resulting from recruitment challenges and the timing of hires, related mostly to nursing support. The remaining \$400K surplus relates to the receipt of additional Provincial funding.
- The expenditure surplus of \$378K reported by the Community Development and Wellbeing Department reflects a delayed implementation of this new department and the corresponding delays in recruiting for budgeted positions.
- Electricity cost savings of \$345K year-to-date are contributing to the surplus in Facilities Management and Construction Services.
- Airport revenues are approximately \$342K less than the projected at the end of August due to the delays in the resumption of scheduled passenger service. These revenue losses are slightly offset by reductions in lower direct cost spending.
- Legal Services is reporting a deficit of \$433K at the end of July primarily as a result of higher than projected external legal services including costs related to the Davis Tannery project.

The exhibits also include revenue and expenditure variances for municipal utility operations, as managed by Utilities Kingston. The operations of municipal utilities are funded entirely by rate revenues based on established charges approved by Council. Notable revenue and expenditure variances at August 31st are noted below.

- Water – reporting a small deficit as a result of lower-than-expected revenues.
- Gas – revenues and related commodity costs are reporting 12% less than budget due to reduced consumption in the first half of the year as a result of a 10% decrease in heating degree days.

Existing Policy/By-Law

The 2024 budget was proposed under the provisions of the Strong Mayor Powers.

October 1, 2024

Page 5 of 5

Notice Provisions

None

Financial Considerations

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

Contacts:

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

Christa Walsh, Manager, Financial Planning

Other City of Kingston Staff Consulted:

Applicable City Departments

Laura Deak, Manager of Finance, Utilities Kingston

Randy Murphy, Chief Financial Officer, Utilities Kingston

Exhibits Attached:

Exhibit A - Net Operating as at August 31, 2024

Exhibit B - Gross Revenue as at August 31, 2024

Exhibit C - Gross Expenditures as at August 31, 2024

City of Kingston

Net Operating as at August 31, 2024

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Transit Services	11,768,175	18,728,494	(6,960,319)	62.8%
Transportation Services	1,630,919	3,070,429	(1,439,510)	53.1%
Engineering Services	269,641	548,472	(278,831)	49.2%
Public Works Services	18,044,175	26,848,255	(8,804,080)	67.2%
Solid Waste Services	6,271,993	9,823,547	(3,551,554)	63.8%
Fire & Rescue	20,458,589	29,706,780	(9,248,191)	68.9%
Commissioner's Office	257,904	376,657	(118,753)	68.5%
Infrastructure, Transportation & Emergency Services	58,701,396	89,102,634	(30,401,238)	65.9%
Planning Services	884,471	1,345,216	(460,745)	65.7%
Building Services	-	-	-	-
Licensing & Enforcement	544,164	1,300,664	(756,500)	41.8%
Business, Real Estate & Environment	578,573	941,376	(362,803)	61.5%
Climate Leadership Division	338,052	816,589	(478,537)	41.4%
Commissioner's Office	251,678	376,307	(124,629)	66.9%
Growth & Development Services	2,596,938	4,780,152	(2,183,214)	54.3%
Heritage Services	1,226,428	2,281,272	(1,054,844)	53.8%
Housing & Social Services	14,515,011	21,802,376	(7,287,365)	66.6%
Recreation & Leisure Services	5,855,893	8,085,305	(2,229,412)	72.4%
Arts & Culture Services	2,328,877	3,382,730	(1,053,853)	68.8%
Residential Long Term Care	3,215,924	6,707,308	(3,491,384)	47.9%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Community Development & Wellbeing	478,672	1,034,740	(556,068)	46.3%
Commissioner's Office	199,462	284,471	(85,009)	70.1%
Community Services	27,820,267	43,578,202	(15,757,935)	63.8%
Facilities Management & Construction Services	1,899,623	3,750,515	(1,850,892)	50.6%
Communications & Customer Experience	1,865,748	2,880,952	(1,015,204)	64.8%
Information Systems & Technology	3,288,872	5,043,575	(1,754,703)	65.2%
Human Resources & Organization Development Services	2,541,154	3,944,621	(1,403,467)	64.4%
Corporate Asset Management & Fleet	-	-	-	-
Major Projects	-	-	-	-
Commissioner's Office	342,674	500,048	(157,374)	68.5%
Corporate Services	9,938,071	16,119,711	(6,181,640)	61.7%
Airport	409,929	329,629	80,300	124.4%
Mayor & Council	1,111,598	1,550,663	(439,065)	71.7%
Office of the CAO	230,416	699,529	(469,113)	32.9%
Legal Services	1,643,379	1,815,668	(172,289)	90.5%
Office of the City Clerk	1,289,653	2,078,966	(789,313)	62.0%
Strategy Innovation & Partnerships	831,616	970,468	(138,852)	85.7%
Financial Services	1,401,599	2,267,178	(865,579)	61.8%
Finance & Administration	6,918,190	9,712,101	(2,793,911)	71.2%
Agency Transfers	51,599,878	74,041,698	(22,441,820)	69.7%
Fiscal Services & Capital Levy	33,751,419	50,621,185	(16,869,766)	66.7%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Agency and Board Transfers & Fiscal Services	85,351,297	124,662,883	(39,311,586)	68.5%
Municipal Total	191,326,159	287,955,683	(96,629,524)	66.4%
Taxation Revenue	(286,912,099)	(287,955,683)	1,043,584	99.6%
Total Net Operating - Municipal Operations	(95,585,940)	-	(95,585,940)	
Water	539,493	-	539,493	-
Wastewater	(910,769)	-	(910,769)	-
Gas	(273,337)	-	(273,337)	-
Appliance Rental	(202,909)	-	(202,909)	-
Total Net Operating - Municipal Utilities	(847,522)	-	(847,522)	
Total Net Operating	(96,433,462)	-	(96,433,462)	

City of Kingston

Gross Revenues as at August 31, 2024

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Transit Services	(10,250,143)	(15,822,189)	5,572,046	64.8%
Transportation Services	(502,041)	(946,608)	444,567	53.0%
Engineering Services	(38,360)	(25,750)	(12,610)	149.0%
Public Works Services	(1,027,064)	(1,521,131)	494,067	67.5%
Solid Waste Services	(4,141,521)	(5,982,363)	1,840,842	69.2%
Fire & Rescue	(705,960)	(905,477)	199,517	78.0%
Commissioner's Office	-	-	-	-
Infrastructure, Transportation & Emergency Services	(16,665,089)	(25,203,518)	8,538,429	66.1%
Planning Services	(877,773)	(1,506,149)	628,376	58.3%
Building Services	(2,410,315)	(3,843,661)	1,433,346	62.7%
Licensing & Enforcement	(7,655,223)	(10,937,933)	3,282,710	70.0%
Business, Real Estate & Environment	(99,159)	(238,590)	139,431	41.6%
Climate Leadership Division	-	-	-	-
Commissioner's Office	-	-	-	-
Growth & Development Services	(11,042,470)	(16,526,333)	5,483,863	66.8%
Heritage Services	(69,473)	(233,953)	164,480	29.7%
Housing & Social Services	(46,387,364)	(76,167,487)	29,780,123	60.9%
Recreation & Leisure Services	(7,923,938)	(11,255,228)	3,331,290	70.4%
Arts & Culture Services	(1,536,108)	(2,281,865)	745,757	67.3%
Residential Long Term Care	(12,233,929)	(17,773,085)	5,539,156	68.8%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Community Development & Wellbeing	(50,000)	(95,000)	45,000	52.6%
Commissioner's Office	-	-	-	-
Community Services	(68,200,812)	(107,806,618)	39,605,806	63.3%
Facilities Management & Construction Services	(2,959,109)	(4,636,967)	1,677,858	63.8%
Communications & Customer Experience	(121,847)	(279,633)	157,786	43.6%
Information Systems & Technology	(810,991)	(1,249,993)	439,002	64.9%
Human Resources & Organization Development Services	(156,843)	(297,864)	141,021	52.7%
Corporate Asset Management & Fleet	(167,570)	(250,000)	82,430	67.0%
Major Projects	(152,107)	(226,181)	74,074	67.3%
Commissioner's Office	-	-	-	-
Corporate Services	(4,368,467)	(6,940,638)	2,572,171	62.9%
Airport	(673,090)	(1,522,986)	849,896	44.2%
Mayor & Council	-	-	-	-
Office of the CAO	(377,109)	(247,870)	(129,239)	152.1%
Legal Services	(1,239,087)	(1,943,868)	704,781	63.7%
Office of the City Clerk	(78,337)	(144,155)	65,818	54.3%
Strategy Innovation & Partnerships	(697,462)	(612,679)	(84,783)	113.8%
Financial Services	(1,093,554)	(1,673,404)	579,850	65.3%
Finance & Administration	(4,158,639)	(6,144,962)	1,986,323	67.7%
Agency Transfers	(495,147)	(742,721)	247,574	66.7%
Fiscal Services & Capital Levy	(15,370,015)	(22,420,483)	7,050,468	68.6%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Agency and Board Transfers & Fiscal Services	(15,865,162)	(23,163,204)	7,298,042	68.5%
Municipal Total	(120,300,639)	(185,785,273)	65,484,634	64.8%
Taxation Revenue	(289,277,973)	(292,103,893)	2,825,920	99.0%
Total	(409,578,612)	(477,889,166)	68,310,554	85.7%
Water	(23,858,883)	(36,379,188)	12,520,305	65.6%
Wastewater	(27,745,587)	(42,122,648)	14,377,061	65.9%
Gas	(18,213,484)	(37,371,118)	19,157,634	48.7%
Appliance Rental	(2,593,932)	(3,709,000)	1,115,068	69.9%
Municipal Utilities	(72,411,886)	(119,581,954)	47,170,068	60.6%
Total Gross Revenue	(481,990,498)	(597,471,120)	115,480,622	80.7%

City of Kingston

Gross Expenditures as at August 31, 2024

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Transit Services	22,018,318	34,550,683	(12,532,365)	63.7%
Transportation Services	2,132,960	4,017,037	(1,884,077)	53.1%
Engineering Services	308,001	574,222	(266,221)	53.6%
Public Works Services	19,071,239	28,369,386	(9,298,147)	67.2%
Solid Waste Services	10,413,514	15,805,910	(5,392,396)	65.9%
Fire & Rescue	21,164,549	30,612,256	(9,447,707)	69.1%
Commissioner's Office	257,904	376,657	(118,753)	68.5%
Infrastructure, Transportation & Emergency Services	75,366,485	114,306,151	(38,939,666)	65.9%
Planning Services	1,762,244	2,851,366	(1,089,122)	61.8%
Building Services	2,410,315	3,843,661	(1,433,346)	62.7%
Licensing & Enforcement	8,199,387	12,238,597	(4,039,210)	67.0%
Business, Real Estate & Environment	677,732	1,179,966	(502,234)	57.4%
Climate Leadership Division	338,052	816,589	(478,537)	41.4%
Commissioner's Office	251,678	376,307	(124,629)	66.9%
Growth & Development Services	13,639,408	21,306,486	(7,667,078)	64.0%
Heritage Services	1,295,901	2,515,225	(1,219,324)	51.5%
Housing & Social Services	60,902,375	97,469,863	(36,567,488)	62.5%
Recreation & Leisure Services	13,779,831	19,340,533	(5,560,702)	71.2%
Arts & Culture Services	3,864,985	5,664,595	(1,799,610)	68.2%
Residential Long Term Care	15,449,853	24,480,392	(9,030,539)	63.1%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Community Development & Wellbeing	528,672	1,129,740	(601,068)	46.8%
Commissioner's Office	199,462	284,471	(85,009)	70.1%
Community Services	96,021,079	150,884,819	(54,863,740)	63.6%
Facilities Management & Construction Services	4,858,732	8,387,481	(3,528,749)	57.9%
Communications & Customer Experience	1,987,595	3,160,584	(1,172,989)	62.9%
Information Systems & Technology	4,099,863	6,293,567	(2,193,704)	65.1%
Human Resources & Organization Development Services	2,697,997	4,242,486	(1,544,489)	63.6%
Corporate Asset Management & Fleet	167,570	250,000	(82,430)	67.0%
Major Projects	152,107	226,181	(74,074)	67.3%
Commissioner's Office	342,674	500,048	(157,374)	68.5%
Corporate Services	14,306,538	23,060,347	(8,753,809)	62.04%
Airport	1,083,019	1,852,616	(769,597)	58.5%
Mayor & Council	1,111,598	1,550,663	(439,065)	71.7%
Office of the CAO & Strategic Projects	607,525	947,399	(339,874)	64.1%
Legal Services	2,882,466	3,759,536	(877,070)	76.7%
Office of the City Clerk	1,367,990	2,223,121	(855,131)	61.5%
Strategy Innovation & Partnerships	1,529,078	1,583,147	(54,069)	96.6%
Financial Services	2,495,153	3,940,584	(1,445,431)	63.3%
Finance & Administration	11,076,829	15,857,066	(4,780,237)	69.9%
Agency Transfers	52,095,025	74,784,419	(22,689,394)	69.7%
Fiscal Services & Capital Levy	49,121,434	73,041,668	(23,920,234)	67.3%

Department	Actuals Year to Date	Annual Budget	Variance \$	YTD=67% Actual to Budget %
Agency and Board Transfers & Fiscal Services	101,216,459	147,826,087	(46,609,628)	68.5%
Municipal Total	311,626,798	473,240,956	(161,614,158)	65.8%
Taxation Revenue	2,365,874	4,148,210	(1,782,336)	57.0%
Total	313,992,672	477,389,166	(163,396,494)	65.8%
Water	24,398,376	36,379,188	(11,980,812)	67.1%
Wastewater	26,834,818	42,122,648	(15,287,830)	63.7%
Gas	17,940,147	37,371,118	(19,430,971)	48.0%
Appliance Rental	2,391,023	3,709,000	(1,317,977)	64.5%
Municipal Utilities	71,564,364	119,581,954	(48,017,590)	59.8%
Total Gross Expenditures	385,557,036	596,971,120	(211,414,084)	64.6%