



CITY OF KINGSTON
INFORMATION REPORT TO COUNCIL

Report No.: 10-232

TO: Mayor and Council
 FROM: Stephen Dickey, Deputy Treasurer
 RESOURCE STAFF: Angela Brown, Financial Planning Coordinator
 DATE OF MEETING: 2010-08-24
 SUBJECT: Second Quarter Operating Budget Report for 2010

EXECUTIVE SUMMARY:

This information report is to provide a financial status update of the general operating fund as at June 30, 2010, the end of the second fiscal quarter.

RECOMMENDATION:

This report is for information purposes only.

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES <hr/> Stephen Dickey, Deputy Treasurer
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER <hr/> Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	√
Terry Willing, <i>Community Development Services</i>	N/R
Denis Leger, <i>Corporate Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

August 24, 2010

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OPTIONS/DISCUSSION:

The financial information provided in this report is from the financial accounting records of the corporation as at June 30, 2010. The report reflects the approved operating budget for the year 2010 together with 2010 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. With respect to the overall corporate results, three schedules are attached, reported by group and summarized by department. Police, Library, Agency Transfers and Municipal Utilities are summarized as well. Schedule A reflects the net operating information (revenues less expenditures). Schedules B and C reflect gross revenues and gross expenditures respectively.

This report also includes the 2010 second quarter results for the Grand Theatre and the INVISTA Centre as provided in summary form by the departments in Schedules D and E. The K-Rock Centre's second quarter results are being presented under a separate report.

From the information provided, we advise that overall the revenue and expenditures for the second quarter are tracking normally. With the exception of comments below, many of those reflecting otherwise are generally seasonal in nature and appear to be reasonable at this time.

Interest income on corporate investments and bank balances are tracking below budget due to the continued low interest rates, with a current projection of a \$400K shortfall in investment income for 2010 which will be funded from the working fund reserve. Recreation and Leisure Services are expecting to have a \$150K deficit due primarily to lower ice rental revenues and higher utilities costs in the arenas than budgeted. It is expected that any deficits currently projected above will be absorbed by savings across the corporation.

On the positive side, fuel prices have continued to track in accordance to budget and the market prices for recycling products continue to be less volatile. Recreation and Leisure Services program revenue was higher than budgeted. Departments are continually working with finance staff to review variances on a regular basis with a goal to have a balanced budget by year end. At this time through a collective effort we are committed to the goal of a balanced 2010 budget.

EXISTING POLICY/BY LAW:

By-law 2010-21, "A By-Law to Adopt the 2010 Operating Budget"

NOTICE PROVISIONS:

Not Applicable

ACCESSIBILITY CONSIDERATIONS:

Not Applicable

FINANCIAL CONSIDERATIONS:

There are no financial considerations at this time. Comments are contained in the options/discussions section of this report and in the appendices that are attached.

CONTACTS:

Stephen Dickey, Deputy Treasurer
Angela Brown, Financial Planning Coordinator

Ext. 2370
Ext. 2366

OTHER CITY OF KINGSTON STAFF CONSULTED:

Gerard Hunt, Chief Administrative Officer	Ext. 2205
Lanie Hurdle, Director of Recreation & Leisure Services	Ext. 1231
Brian McCurdy, Director of Cultural Services	Ext. 1354

EXHIBITS ATTACHED:

- Schedule A – Net Operating Report
- Schedule B – Gross Revenues
- Schedule C – Gross Expenditures
- Schedule D – Grand Theatre Quarterly Report
- Schedule E – INVISTA Centre Quarterly Report

CITY OF KINGSTON
Net Operating Report - Operating Fund - Municipal
2010-06-30

	Actuals	Annual	Variance	Y-T-D=50%
	Year to Date	Budget	\$	Actual to Budget
				%
<u>Municipal Operations</u>				
Mayor & Council	282,781	596,803	(314,022)	47%
Chief Administrative Officer's Office	224,051	428,225	(204,174)	52%
Transportation, Properties & Emergency Services				
Commissioner's Office	174,585	397,664	(223,079)	44%
Fire & Rescue	9,739,247	19,305,141	(9,565,894)	50%
Real Estate & Construction Services	893,979	1,966,266	(1,072,287)	45%
Transportation Services	3,068,555	7,103,697	(4,035,142)	43%
Total Transportation, Properties & Emergency Services	13,876,366	28,772,769	(14,896,402)	48%
Public Works Services				
Commissioner's Office	-	-	-	-
Engineering	1,962,944	4,161,610	(2,198,666)	47%
Public Works	7,423,207	15,515,503	(8,092,296)	48%
Solid Waste Division	2,424,928	6,501,801	(4,076,873)	37%
Total Public Works Services	11,811,079	26,178,914	(14,367,835)	45%
Community Services				
Commissioner's Office	99,817	263,762	(163,945)	38%
Building & Licensing	195,097	160,251	34,846	122%
Community & Family Services	10,370,585	20,816,416	(10,445,831)	50%
Residential Long Term Care - Rideaucrest	2,489,564	5,551,770	(3,062,205)	45%
Total Community Services	13,155,063	26,792,199	(13,637,135)	49%
Sustainability & Growth				
Commissioner's Office	175,769	595,260	(419,491)	30%
Cultural Services	912,862	1,930,907	(1,018,044)	47%
Planning & Development	511,268	1,132,504	(621,236)	45%
Recreation & Leisure	2,304,733	4,897,193	(2,592,460)	47%
Strategy, Environment & Communications	572,906	1,468,565	(895,659)	39%
Total Sustainability & Growth	4,477,539	10,024,429	(5,546,890)	45%
Corporate Administration				
Financial Services	618,286	1,553,614	(935,328)	40%
Human Resources & Organizational Development	1,164,695	2,687,424	(1,522,729)	43%
Information Systems & Technology	1,456,935	3,008,101	(1,551,166)	48%
Legal Services	(124,110)	282,895	(407,005)	-44%
Office of the City Clerk	663,722	1,557,791	(894,069)	43%
Total Corporate Administration	3,779,528	9,089,824	(5,310,296)	42%
Total All Departments	47,606,408	101,883,163	(54,276,754)	47%
Fiscal Services	10,519,921	19,194,946	(8,675,026)	55%
Taxation Revenue	(175,600,239)	(177,048,210)	1,447,971	99%
Total	(117,473,910)	(55,970,101)	(61,503,809)	210%
Boards & Agency Transfers	26,414,706	55,970,101	(42,092,945)	47%
Total Municipal Operations	(91,059,204)	0	(103,596,754)	-
<u>Municipal Utilities</u>				
Water	(520,625)	-	(520,625)	-
Wastewater	(519,977)	-	(519,977)	-
Gas	(540,812)	-	(540,812)	-
Appliance Rental Business	(69,281)	-	(69,281)	-
Total Municipal Utilities	(1,650,695)	-	(1,650,695)	-
Net Operating	(92,709,899)	0	(105,247,449)	-

CITY OF KINGSTON
Gross Revenue - Operating Fund - Municipal
2010-06-30

	Actuals	Annual	Variance	Y-T-D=50%
	Year to Date	Budget	\$	Actual to Budget
				%
<u>Municipal Operations</u>				
Mayor & Council	(10,024)	-	(10,024)	-
Chief Administrative Officer's Office	(50,200)	(80,400)	30,200	62%
Transportation, Properties & Emergency Services				
Commissioner's Office	(23,498)	(56,995)	33,498	41%
Fire & Rescue	(86,276)	(172,500)	86,224	50%
Real Estate & Construction Services	(1,496,489)	(3,108,352)	1,611,863	48%
Transportation Services	(7,245,425)	(14,186,356)	6,940,931	51%
Total Transportation, Properties & Emergency Services	<u>(8,851,687)</u>	<u>(17,524,203)</u>	<u>8,672,516</u>	<u>51%</u>
Public Works Services				
Commissioner's Office	-	-	-	-
Engineering	(171,039)	(291,636)	120,597	59%
Public Works	(251,170)	(552,800)	301,630	45%
Solid Waste Division	(1,872,797)	(3,412,763)	1,539,966	55%
Total Public Works Services	<u>(2,295,007)</u>	<u>(4,257,199)</u>	<u>1,962,193</u>	<u>54%</u>
Community Services				
Commissioner's Office	(14,446)	(20,000)	5,554	-
Building & Licensing	(1,737,138)	(3,997,544)	2,260,406	43%
Community & Family Services	(25,181,822)	(46,760,294)	21,578,471	54%
Residential Long Term Care - Rideaucrest	(5,082,864)	(10,364,661)	5,281,797	49%
Total Community Services	<u>(32,016,270)</u>	<u>(61,142,499)</u>	<u>29,126,228</u>	<u>52%</u>
Sustainability & Growth				
Commissioner's Office	-	-	-	-
Cultural Services	(866,900)	(1,740,188)	873,288	50%
Planning & Development	(225,336)	(611,150)	385,814	37%
Recreation & Leisure	(3,821,324)	(7,215,810)	3,394,486	53%
Strategy, Environment & Communications	(102,583)	(380,749)	278,166	27%
Total Sustainability & Growth	<u>(5,016,143)</u>	<u>(9,947,897)</u>	<u>4,931,753</u>	<u>50%</u>
Corporate Administration				
Financial Services	(310,461)	(653,338)	342,877	48%
Human Resources & Organizational Development	(462,089)	(1,037,479)	575,391	45%
Information Systems & Technology	(467,848)	(869,424)	401,576	54%
Legal Services	(1,205,305)	(1,913,596)	708,291	63%
Office of the City Clerk	(91,564)	(510,150)	418,586	18%
Total Corporate Administration	<u>(2,537,266)</u>	<u>(4,983,987)</u>	<u>2,446,721</u>	<u>51%</u>
Total All Departments	<u>(50,776,597)</u>	<u>(97,936,184)</u>	<u>47,159,586</u>	<u>52%</u>
Fiscal Services	(5,269,722)	(1,888,629)	(3,381,093)	279%
Taxation Revenue	(176,920,316)	(180,343,210)	3,422,894	98%
Total	<u>(232,966,635)</u>	<u>(280,168,023)</u>	<u>47,201,388</u>	<u>83%</u>
Boards & Agency Transfers	(19,331,938)	(37,850,449)	18,518,511	51%
Total Municipal Operations	<u>(252,298,573)</u>	<u>(318,018,472)</u>	<u>65,719,899</u>	<u>79%</u>
<u>Municipal Utilities</u>				
Water	(7,539,607)	(16,404,621)	8,865,014	46%
Wastewater	(10,089,309)	(22,726,657)	12,637,348	44%
Gas	(18,810,684)	(48,926,076)	30,115,392	38%
Appliance Rental Business	(831,330)	(1,600,000)	768,670	52%
Total Municipal Utilities	<u>(37,270,930)</u>	<u>(89,657,354)</u>	<u>52,386,424</u>	<u>42%</u>
Gross Revenue	<u>(289,569,503)</u>	<u>(407,675,826)</u>	<u>118,106,323</u>	<u>71%</u>

CITY OF KINGSTON
Gross Expenditure - Operating Fund - Municipal
2010-06-30

	Actuals	Annual	Variance	Y-T-D=50%
	Year to Date	Budget	\$	Actual to Budget
				%
<u>Municipal Operations</u>				
Mayor & Council	292,805	596,803	(303,998)	49%
Chief Administrative Officer's Office	274,251	508,625	(234,374)	54%
Transportation, Properties & Emergency Services				
Commissioner's Office	198,083	454,659	(256,576)	44%
Fire & Rescue	9,825,523	19,477,641	(9,652,118)	50%
Real Estate & Construction Services	2,390,468	5,074,618	(2,684,150)	47%
Transportation Services	10,313,980	21,290,054	(10,976,074)	48%
Total Transportation, Properties & Emergency Services	<u>22,728,053</u>	<u>46,296,972</u>	<u>(23,568,918)</u>	<u>49%</u>
Public Works Services				
Commissioner's Office	-	-	-	-
Engineering	2,133,984	4,453,246	(2,319,262)	48%
Public Works	7,674,377	16,068,303	(8,393,926)	48%
Solid Waste Division	4,297,725	9,914,564	(5,616,839)	43%
Total Public Works Services	<u>14,106,086</u>	<u>30,436,113</u>	<u>(16,330,027)</u>	<u>46%</u>
Community Services				
Commissioner's Office	114,263	283,762	(169,499)	40%
Building & Licensing	1,932,236	4,157,795	(2,225,560)	46%
Community & Family Services	35,552,407	67,576,709	(32,024,302)	53%
Residential Long Term Care - Rideaucrest	7,572,428	15,916,431	(8,344,002)	48%
Total Community Services	<u>45,171,334</u>	<u>87,934,697</u>	<u>(42,763,364)</u>	<u>51%</u>
Sustainability & Growth				
Commissioner's Office	175,769	595,260	(419,491)	30%
Cultural Services	1,779,763	3,671,095	(1,891,332)	48%
Planning & Development	736,604	1,743,654	(1,007,050)	42%
Recreation & Leisure	6,126,058	12,113,003	(5,986,946)	51%
Strategy, Environment & Communications	675,489	1,849,313	(1,173,825)	37%
Total Sustainability & Growth	<u>9,493,682</u>	<u>19,972,326</u>	<u>(10,478,644)</u>	<u>48%</u>
Corporate Administration				
Financial Services	928,747	2,206,952	(1,278,204)	42%
Human Resources & Organizational Development	1,626,784	3,724,904	(2,098,120)	44%
Information Systems & Technology	1,924,782	3,877,525	(1,952,742)	50%
Legal Services	1,081,194	2,196,491	(1,115,296)	49%
Office of the City Clerk	755,286	2,067,941	(1,312,654)	37%
Total Corporate Administration	<u>6,316,794</u>	<u>14,073,811</u>	<u>(7,757,017)</u>	<u>45%</u>
Total All Departments	<u>98,383,006</u>	<u>199,819,347</u>	<u>(101,436,341)</u>	<u>49%</u>
Fiscal Services	15,789,642	21,083,575	(5,293,933)	75%
Taxation Revenue	1,320,077	3,295,000	(1,974,923)	40%
Total	<u>115,492,725</u>	<u>224,197,922</u>	<u>(108,705,197)</u>	<u>52%</u>
Boards & Agency Transfers	45,746,645	93,820,550	(48,073,905)	49%
Total Municipal Operations	<u>161,239,370</u>	<u>318,018,472</u>	<u>(156,779,102)</u>	<u>51%</u>
<u>Municipal Utilities</u>				
Water	7,018,983	16,404,621	(9,385,638)	43%
Wastewater	9,569,331	22,726,657	(13,157,326)	42%
Gas	18,269,872	48,926,076	(30,656,204)	37%
Appliance Rental Business	762,049	1,600,000	(837,951)	48%
Total Municipal Utilities	<u>35,620,235</u>	<u>89,657,354</u>	<u>(54,037,119)</u>	<u>40%</u>
Gross Expenditure	<u>196,859,605</u>	<u>407,675,826</u>	<u>(210,816,221)</u>	<u>48%</u>

GRAND THEATRE QUARTERLY PERFORMANCE REPORT

PERIOD: QUARTER TWO Jan to end June 2010

% OF YEAR ELAPSED:

50%

FINANCIAL PERFORMANCE:

INCOME

	ACTUALS TO DATE	2010 BUDGET	VARIANCE	% SPENT/REC'D	EXPECTED BY YE	VARIANCE
Capital Reserve	-66,118	-113,032	-46,914	58%	-113,032	0
Grand Theatre Presents	-251,090	-562,870	-311,780	45%	-543,967	18,903
Working Fund Reserve	-125,000	-250,000	-125,000	50%	-250,000	0
Facility Rentals	-71,721	-134,550	-62,829	53%	-131,471	3,079
Credit Card Revenues	-29,242	-63,283	-34,041	46%	-58,268	5,015
Concessions	-5,230	-10,000	-4,770	52%	-10,000	0
Box Office Fees	-68,830	-172,719	-103,889	40%	-161,336	11,383
Equipment Reimbursements	-11,250	-30,000	-18,750	38%	-30,000	0
Fundraising	-90,793	-106,500	-15,707	85%	-165,371	-58,871
Technical Recoveries	-134,921	-233,345	-98,424	58%	-233,345	0
	-854,195	-1,676,299	-822,104	51%	-1,696,790	-20,491

EXPENDITURE

	ACTUALS TO DATE	2010 BUDGET	VARIANCE	% SPENT/REC'D	EXPECTED BY YE	VARIANCE
Grand Theatre Presents	279,302	594,397	315,095	47%	601,575	7,178
Salaries, Wages and Benefits	454,121	935,949	481,828	49%	910,238	-25,711
Utilities	51,429	112,600	61,171	46%	112,600	0
Repairs and Maintenance	40,259	87,800	47,541	46%	87,800	0
Other Materials, Supplies and Services	85,728	148,698	62,970	58%	187,569	38,871
Marketing	95,219	158,550	63,331	60%	158,550	0
	1,006,058	2,037,994	1,031,936	49%	2,058,331	20,337

NET (before trf to Capital Reserve)

	151,864	361,695	209,832	42%	361,541	-154
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Capital Reserve Transfer

	66,118	113,032	46,914	58%	113,032	0
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TOTAL

	217,982	474,727	256,746	46%	474,573	-154
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GRAND THEATRE QUARTERLY PERFORMANCE REPORT

PERIOD: QUARTER TWO Jan to end June 2010

% OF YEAR ELAPSED: 50%

OPERATIONAL PERFORMANCE:

Key Indicators:	Proj Days of Use		Budgeted Days of Use		Variance
	Rosen	Baby Grand	Rosen	Baby Grand	
Days of Use					
Community Groups	33	134	61	132	-26
Commercial	22	0	15	0	7
Grand Theatre Presents	33	0	42	0	-9
Rehearsal / set up	33	74	47	85	-25
Dark Days	6	51	7	54	-4
Non Performance	4	0	2	0	2
Total	131	259	174	271	-55
Grand Use Total		390		445	

Ticket Sales	YTD Tickets Sold	Total expected by Year End	Ticket Sales per Budget	Projected Variance
Community Groups	11,569	20,269	27,448	7,179
Commercial	4,441	8,972	7,745	-1,227
Grand Theatre Presents	6,675	14,318	13,602	-716
Off Site Events	1,883	5,000	3,000	-2,000
Baby Grand	4,552	8,357	9,830	1,474
Total	29,120	56,916	61,625	4,710
				51% Total expected sales YTD

NARRATIVE: ACTION REQ'D? ACTION PLANNED

<p>The first six months have been tracking on budget. We are projecting a net increase in fundraising due to an increase in Provincial and Federal grants, although we are over budget in revenues and expenses due to 2 special events that were originally budgeted as net revenues. We are projecting to be under in our ticket revenues due to projected losses for our 4 Nutcracker performances due to the KROCK Centre programming Cirque de Soleil during the same week. Community bookings are down partially due to Queen's Musical cancelling their event in January. Wages are projected lower due to vacancy in Production Co-ordinator.</p>	<p>N</p> <p>n/a</p>
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INVISTA QUARTERLY PERFORMANCE REPORT

PERIOD: QUARTER TWO : January to end June 2010

% OF YEAR ELAPSED:

OPERATIONAL PERFORMANCE: QUARTER 2 ONLY

	Notes	INVISTA	%
ICE AVAILABILITY			
Total Ice Available for Rental:		5400.0	
Total Ice Booked		1988.0	37%
Total Ice Vacant		3412.0	63%
ICE BOOKINGS			
Hours Rented Adults		450.0	36%
Hours Rented Youth		797.0	64%
HALL AVAILABILITY			
Total Hall Hours Available:		6745.0	
Total Hall Hours Booked		1831.0	27%
Total Hall Hours Vacant		4914.0	73%
HALL BOOKING ANALYSIS			
Hall Hours Booked - Internal		310.0	17%
Hall Hours Booked - Partner Grps		537.0	29%
Hall Hours Booked - External		984.0	54%

NARRATIVE: (Notes)

	NOTE REF	ACTION REQ'D?	ACTION PLANNED
Increase in ice rental revenues in Quarter 2 compared to last year's Q2.	1	N	Amendments to Ice Allocation Policy to allow for cancellation fees, last minute notification and rates, tournament possibilities. Reduced rates for non-prime time were approved by Council in July 2010. See: Summary of Ice time by all arenas (TABLE ONE, below). The total ice rental revenue for all arenas expected by the end of the year is \$3,450,000 which is about \$215,000 less than budgeted in 2010. In 2nd quarter of 2009, the arenas were generating \$0.60 from every operating dollar spent. In 2nd quarter of 2010, the arenas are generating \$0.58 from every dollar spent. The revenue based on dollar spent is expected to increase in the 3rd and 4th quarter of 2010 as Harold Harvey has been de-commissioned, therefore reducing expenditures by about \$230,000. Revenues are expected to be slightly higher than last year.
Utilities higher than anticipated.	2	N	Energy curtailment program was established in the Spring/Summer period. Results of the program should be more noticeable in the 3rd quarter.
Expenditures at 53% spent, 50% of year elapsed	3	Y	Harold Harvey Arena was decommissioned in June 2010. Three rinks were operational at INVISTA to accommodate prime time. Staff scheduling changes are being implemented starting in September 2010 to reduce staffing costs during non-prime time.

INVISTA QUARTERLY PERFORMANCE REPORT

PERIOD: QUARTER TWO : January to end June 2010

% OF YEAR ELAPSED:

TABLE ONE: SUMMARY OF ICE TIME BY ALL ARENAS

	QTR 2 2010		BUDGET 2010		EXPECTED BY		%	QTR 2 2009		ACTUAL 2009
					YE			% @ QTR2 2009		
INVISTA	-992,591	-2,207,961	-2,016,474	-2,016,474	-2,016,474	-2,016,474	45.0%	-944,083	46.6%	-2,026,132
Cataraqui-Kinsmen	-245,500	-547,074	-546,998	-546,998	-546,998	-546,998	44.9%	-236,831	44.2%	-535,673
Memorial Centre	-164,944	-337,449	-351,441	-351,441	-351,441	-351,441	48.9%	-162,098	49.1%	-329,869
Harold Harvey Arena	-103,731	-265,123	-103,731	-103,731	-103,731	-103,731	39.1%	-98,545	40.9%	-240,726
Centre 70	-124,814	-309,443	-268,678	-268,678	-268,678	-268,678	40.3%	-126,011	49.8%	-252,868
Additional 'drop in' ice revenues, less ice time returns			-165,866	-165,866	-165,866	-165,866				
TOTAL	-1,631,580	-3,667,050	-3,453,188	-3,453,188	-3,453,188	-3,453,188	44.5%	-1,567,568	46%	-3,385,267