

To: Corporate and Finance Services Committee

From: Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department

Report Number: CF-23-37

Date of Report: May 3, 2023

Date of Meeting: May 8, 2023

Subject: Financial Position as of March 31, 2023

Ward: All Wards

File: 03-05

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## **1.0 Purpose**

The purpose of this report is to provide Committee and Council with an update on the City's financial position as of March 31, 2023 and to seek approval on the proposed allocation of the 2022 Operating Surplus.

## **2.0 Recommendation**

That the Corporate and Finance Services Committee recommend to City Council:

That pursuant to Report CF-23-37, dated May 3, 2023, Financial Position as of March 31, 2023

- 1) That the transfer of \$2,245,000 of the 2022 Operating Surplus to the Parks and Recreation Infrastructure Reserve be approved; and
- 2) That the Parks and Recreation Infrastructure Reserve be utilized to fund the projects identified in Section 6.0, Table 2 of this report; and
- 3) That the transfer of \$808,230 of the 2022 Operating Surplus to the Conditions Audit Reserve be approved.

## **3.0 Executive Summary**

Not applicable

## **4.0 Input From Other Sources**

Corporate Leadership Team (C.L.T.)

## 5.0 Analysis

### 5.1 Cash Flow

The City has a stable cash balance which has been set aside in various reserves and capital programs. As the City continues to maintain aggressive investment strategies and diversification of instruments, the 2023 budget for Interest on Investments was adjusted to reflect an increase to investment revenues. It is anticipated that Interest on Investments will be favourable to budget by \$200,000 by year end.

### 5.2 Estimated Financial Position as of March 31, 2023

The estimated financial position forecasted for March 31, 2023 is unfavourable by \$254,000. A breakdown of all variances, by department is shown in Table 1.

**Table 1**

<b>Department</b>	<b>Budget Variance</b>
Corporate Revenue	\$200,000
Executive and Legislature	\$0
Office of the Chief Administrative Officer	\$0
Corporate and Finance Services	\$0
Safety and Facility Services	(\$37,000)
Oshawa Executive Airport	\$0
Community and Operations Services	(\$417,000)
Municipal Parking	\$0
Tribute Communities Centre	\$0
Economic and Development Services	\$0
Corporate Expenditures	\$0
External Agencies	\$0
<b>Total Year End Forecast December 31, 2023</b>	<b>(\$254,000)</b>

#### **Variance Explanations:**

At this time, Executive and Legislative, Office of the Chief Administrative Officer, Corporate and Finance Services, Oshawa Executive Airport, Municipal Parking, Tribute Communities Centre, Economic and Development Services, Corporate Expenditures, and External Agencies are tracking to be on budget at year end.

Safety and Facility Services is forecasting a year end unfavourable variance of \$37,000 due to increased contracted services in Facilities Management Services partially offset by salary savings and increased revenues related to Administrative Monetary Penalties (A.M.P.) in Municipal Law Enforcement and Licencing Services.

Community and Operations Services is forecasting a year end unfavourable variance of \$417,000 related to unbudgeted emergency repairs at recreation facilities, ice rental revenues lower than anticipated, and increased contracted services in Waste Services for unanticipated fleet vehicle downtime.

### **5.3 2022 Operating Surplus**

On an annual basis, operating surplus at the conclusion of the fiscal year is transferred to the Tax Rate Stabilization Reserve. The reserve currently has an uncommitted balance of \$7.8 million. The 2022 operating surplus is \$3,353,230.

On April 4, 2023, through Report CF-23-14, Council approved \$300,000 of additional funding for the HVAC replacement at Fire Hall 1 to be funded from the 2022 operating surplus.

On January 19, 2023, Council directed the following:

“That the projects not deferred from 2023 to 2024 be included in the 2023 Capital Budget and that staff prepare cost estimates for both design and construction and report on a financing strategy to fund these projects to the appropriate Standing Committee.”

The list of the projects identified and the cost estimates is shown in Table 2. It is recommended that \$2,245,000 of the 2022 surplus be transferred to the Parks and Recreation Infrastructure Reserve to fund the following projects.

**Table 2**

<b>Project</b>	<b>Description</b>	<b>Cost Estimates</b>
50-0046	Parks Development – Site Investigations	\$25,000
	<b>Design</b>	
51-0119	Conant Park Redevelopment	\$45,000
51-0132	Lakeview Park Pathway Replacement	\$120,000
51-0134	Easton Park Redevelopment	\$160,000
51-0136	Baker Park – Splash Pad	\$85,000
51-0138	Greenbriar Park Redevelopment	\$40,000
51-0142	Elena Park Redevelopment	\$70,000
53-0004	Stone Street Park Shore Protection'	\$300,000
	<b>Construction</b>	
51-0121	Sunnyside Park Redevelopment	\$1,200,000
51-0130	Pumphouse Marsh Viewing Deck	\$200,000
	<b>Total</b>	<b>\$2,245,000</b>

The funding recommendation for the identified projects listed above plus the additional funding for the HVAC replacement at Fire Hall 1 leaves a remaining balance of the 2022 operating surplus in the amount of \$808,230.

The Conditions Audit Reserve (CARs) is nearly depleted after responding to capital need requirements identified in the 2023 Capital Budget. It is recommended the remaining 2022 Operating Surplus balance of \$808,230 be transferred into the CARs Reserve.

## **6.0 Financial Implications**

As outlined in Report CF-23-37, the unfavourable variance is forecast to be \$254,000, which is primarily a result of increased contracted services, unbudgeted emergency repairs and lower than expected ice rental revenues. Staff will continue to look for cost savings and implement mitigation measures if necessary to make up the estimated shortfall.

## **7.0 Relationship to the Oshawa Strategic Plan**

The preparation and adoption of the annual budget supports the Oshawa Strategic Plan goals of Economic Prosperity & Financial Stewardship and Accountable Leadership by providing proactive and responsible financial management while ensuring respect and transparency.



Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department