

To: Corporate and Finance Services Committee

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

Report Number: CF-24-36

Date of Report: May 1, 2024

Date of Meeting: May 6, 2024

Subject: Financial Position as of March 31, 2024

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 forecasted financial position as of March 31, 2024.

## **2.0 Recommendation**

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

That Report CF-24-36, dated May 1, 2024 concerning the Financial Position as of March 31, 2024 be received for information.

## **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 2024 budget for Interest on Investments was adjusted to reflect an increase to investment revenues. Bank of Canada anticipated rate changes have been factored into the 2024 budget therefore investment revenues are expected to remain on budget to year end.

### 5.2 Estimated Financial Position as of March 31, 2024

The estimated financial position forecasted to year-end as of March 31, 2024 is unfavourable by \$19,000. A breakdown of all variances, by department as shown in Table 1.

**Table 1**

	<b>YTD Forecast (\$000's)</b>	<b>YTD Budget (\$000's)</b>	<b>Budget Variance (\$000's)</b>
Corporate Revenues	(\$2,051)	(\$1,915)	\$136
Corporate Expenditures	\$16,484	\$16,477	(\$7)
Executive and Legislature	\$309	\$309	\$0
Office of the Chief Administrative Officer	\$1,259	\$1,211	(\$48)
Corporate and Finance Services	\$4,317	\$4,311	(\$6)
Safety and Facility Services	\$10,247	\$10,111	(\$136)
Oshawa Executive Airport	(\$175)	(\$180)	(\$5)
Community and Operations Services	\$10,454	\$10,508	\$54
Tribute Communities Centre	\$195	\$195	\$0
Economic and Development Services	\$1,893	\$1,886	(\$7)
External Agencies	\$4,547	\$4,547	\$0
<b>Total Year End Forecast December 31, 2024</b>	<b>\$47,479</b>	<b>\$47,460</b>	<b>(\$19)</b>

#### Variance Explanations:

At this time, Executive and Legislative, Tribute Community Centre, and External Agencies are tracking to be on budget by year-end.

The forecasted net impact of Corporate Revenues and Expenditures is a favourable variance of \$129,000 primarily due to Municipal Accommodation Tax projected to be higher than anticipated. This tax is directly attributed to the volume of short term stays within the City boundary. The City is investigating opportunities to expand the program.

Office of the Chief Administrative Officer is forecasting a year-end unfavourable variance of \$48,000 primarily due to increased temporary salaries to assist with special projects.

Corporate and Finance Services are forecasting a year end unfavourable variance of \$6,000 due to unbudgeted software upgrades in Legal Services and a salary adjustment in IT Services.

Safety and Facility Services is forecasting a year end unfavourable variance of \$136,000 primarily due to the late receipt of radio cost invoices plus salary adjustments in Fire Services.

Oshawa Executive Airport is forecasting a year end unfavourable variance of \$5,000 primarily due to an emergency repair for a water main break, this is partially offset from a favourable variance related to the AWOS software.

Community and Operations Services is forecasting a year end favourable variance of \$54,000 primarily from higher than expected revenues for aquatic programming and increased ice rentals, partially offset by an unfavourable variance related to inflationary increases on automotive parts in Fleet Services.

Economic and Development Services is forecasting a year end unfavourable variance of \$7,000 primarily due to salary adjustments in the Economic Development program.

### **5.3 Reserve and Reserve Fund Updates**

At the Council meeting of September 20, 2022, a motion was introduced to provide the status of Reserve and Reserve funds. Table 2 shows the current status of the Capital Reserve and Reserve Funds, and Table 3 shows the current status of the Operating Reserve Funds.

Table 2

Capital Reserve	2024 Opening Balance	2024 Transfers into Reserves (Note 1)	2024 Transfers out of Reserves (Note 2)	2024 Estimated Closing Balance
15453 Planning Act Land Purchase	16,075,908	634,391	7,476,901	9,233,397
15462 Subd Fixed Chgs-Future Services	5,978,485	314,516	2,796,123	3,496,878
15611 Growth Related Studies DC	(261,349)	55,082	15,941	(222,208)
15612 Fire Protection DC	(2,970,723)	454,220	161,357	(2,677,860)
15613 Transportation Roads DC	66,717,310	16,591,151	25,664,885	57,643,577
15614 Transportation Operations DC	272,550	6,132	165,000	113,683
15615 Watercourse Improvements DC	6,272,459	1,014,757	2,397,773	4,889,443
15616 Parks, Recreation and Trails DC	30,162,891	6,549,755	37,012,979	(300,333)
15617 Parking DC	53,829	1,211	-	55,041
15619 Waste Diversion DC	29,969	14,716	75,000	(30,315)
15700 Community Benefit Charge	45,228	1,696	-	46,924
<b>Total Reserves Funded by Development</b>	<b>122,376,557</b>	<b>25,637,628</b>	<b>75,765,959</b>	<b>72,248,226</b>
15445 Parkland/Open Space Reserve	1,589,838	59,619	-	1,649,457
15451 Airport Development	254,256	309,535	243,356	320,435
15457 Civic Property Development	4,543,622	848,454	3,906,863	1,485,213
15465 Park and Recreation Infrastructure	6,347,166	2,238,019	7,569,289	1,015,896
15531 Growth Related - Non DC Portion	13,555,387	5,610,161	13,019,012	6,146,536
17106 Debt Management & Capital	2,634,504	98,794	636,800	2,096,498
17113 City Equipment Reserve	14,044,416	5,706,066	19,071,881	678,601
17114 Canada Community-Building Fund	8,156,652	5,594,726	13,238,908	512,471
17117 Infrastructure	18,184,775	4,142,851	9,278,642	13,048,984
17118 Conditions Audit Reserve	1,871,290	2,586,630	4,190,808	267,112
17120 Recreation Facility Surcharge	425,408	288,953	100,000	614,361
17125 Transportation	4,742,676	477,850	4,369,050	851,477
17128 Tribute Communities Centre	893,440	1,658,402	486,507	2,065,335
17135 Downtown Revitalization	2,467,672	623,385	1,190,367	1,900,690
17145 Harbour Rehab & Improvements	1,575,066	328,754	147,140	1,756,680
17146 Library Facilities	1,404,166	285,209	1,579,239	110,136
17165 Information Technology	4,105,210	1,653,945	3,625,220	2,133,935
<b>Total Reserves Funded from Other Sources</b>	<b>86,795,545</b>	<b>32,511,352</b>	<b>82,653,081</b>	<b>36,653,816</b>
Note 1: Includes projected interest, anticipated development charges and Canada Community-Building Fund grant				
Note 2: Includes committed expenditures				

There are six previously approved Street Lighting and Pedestrian Signal capital projects that have not yet begun. As the start dates for these projects are unknown, they will be cancelled and requested in future budgets. The majority of the projects are coordinated projects with the Region of Durham, so the construction time is beyond our control. The total of \$890,000 will be returned to source and are reflected in the total amounts in the Transportation DC Reserve Fund and the Growth Related Non-DC Reserve.

**Table 3**

<b>Operating Reserve</b>	<b>2024 Opening Balance</b>	<b>2024 Transfers into Reserves (Note 1)</b>	<b>2024 Transfers out of Reserves (Note 2)</b>	<b>2024 Estimated Closing Balance</b>
17105 Building Permit	13,477,431	1,550,307	949,362	14,078,376
17108 Municipal Election Reserve	362,503	473,594	21,870	814,226
17122 Trees in New Subdivisions	839,317	33,874	120,000	753,191
17124 Urban Growth Centre CIP	551,373	150,676	528,793	173,257
17127 Arts & Culture	435,545	150,333	121,076	464,803
17130 Remuneration Reserve	12,297,682	776,698	4,399,583	8,674,796
17131 Energy Management Fund	1,430,969	564,548	200,000	1,795,517
17167 Insurance Claims	293,600	406,606	525,000	175,206
17197 Tax Rate Stabilization	8,255,547	309,583	143,720	8,421,410
17198 Tax Appeal Reserve	14,959,253	336,583	7,590,000	7,705,837
17199 Operations Reserve	6,588,188	398,234	3,235,789	3,750,634
<b>Total Operating Reserves</b>	<b>59,491,408</b>	<b>5,151,037</b>	<b>17,835,194</b>	<b>46,807,252</b>
Note 1: Includes projected interest and proposed contributions from other revenue sources				
Note 2: Includes committed expenditures				

## **6.0 Financial Implications**

As outlined in Report CF-24-36, the unfavourable variance forecasted to year-end is \$19,000, which is primarily a result of increased temporary staff usage and inflationary increases for automotive parts in Fleet Services partially offset by higher than anticipated revenues related to the Municipal Accommodation Tax, aquatic programming and 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.

A handwritten signature in black ink, appearing to read 'S. Sinnott', written in a cursive style.

Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department