

Calgary



PFC2020-0723

The City of Calgary Reserves and Long Term Liabilities Balances 2019

Chief Financial Officer's Report to Priorities and Finance Committee – July 14, 2020





Agenda

- I. Importance of Reserves
- II. Overview of Reserves and Long Term Liabilities Balances 2019
- III. Historical Reserve Balances
- IV. 2019 Report Results
- V. Save Program – Reserves Optimization review
- VI. Administration Recommendation

Importance of Reserves

The Importance of Reserves:

- Allows The City to demonstrate prudent fiscal management
 - Can match funding sources with underlying expenditures
 - Provides greater predictability and flexibility – useful to respond to unexpected budget shortfalls or significant unexpected issues
 - Can consider as part of Long Range Financial Plan strategies
- Forms a key component of The City's credit rating review



Overview of Reserves and Long Term Liabilities Balances 2019

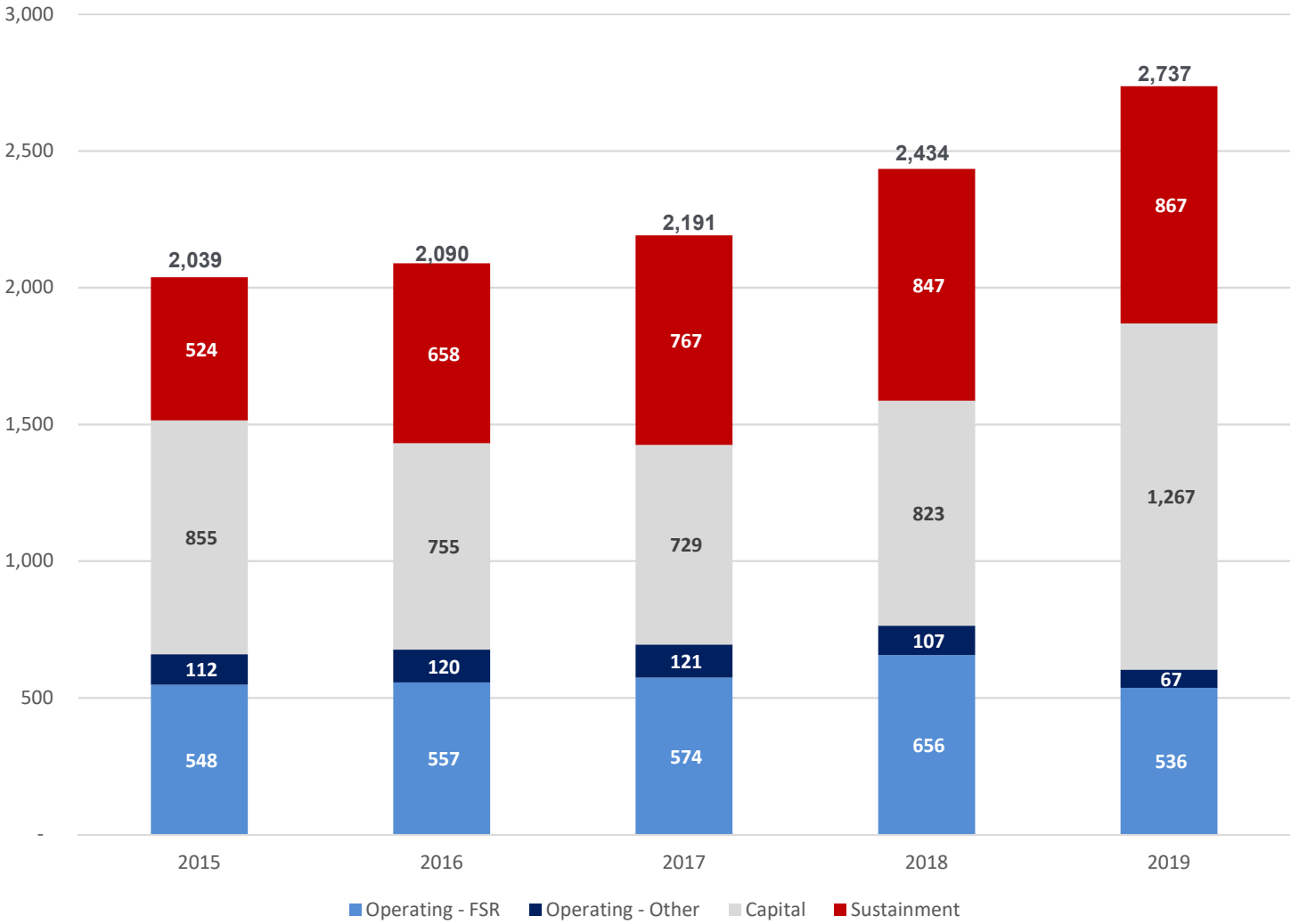
Purpose:

- Council Policy #CFO013 Requires a Report on Reserves and Long Term Liabilities (“report”) to be provided on an annual basis

Overview of 2019’s Reserve Changes:

- Capital Reserves
 - New Major Capital Project Reserve
- Sustainment Reserves
 - New Cash-in-Lieu Lifecycle Sustainment Reserve
 - Movements of reserves from capital to sustainment
 - Change in reserve names

Reserves, December 31 (\$000's)





SAVE Program – Reserves Optimization Review

- **Opportunity for the Optimization of Financial Reserves**
 - Review for Optimal Structure
 - Seek Risk-Informed Opportunities to Reduce Contributions
- **Redirection of Resources Required**
 - Triennial Reserves Review Suspension Under Council Policy CFO013
 - Work Scope Revisions at Conclusion of Reserves Optimization Review

Administration Recommendation

That the Priorities and Finance Committee recommends that Council:

1. Receive The City of Calgary Reserves and Long Term Liabilities Balance 2019 for the Corporate Record and Discussion;
2. Suspend the requirements of Council Policy CFO013 section 1.4 “Periodic review of a reserve (Triennial Reserve process)” for the 2020 work scope as provided in PFC2019-1385 Attachment 3, and redirect Administration resources in an alternate work scope as recommended by the Administrative Leadership Team to the SAVE Program - Reserves Optimization review; and
3. Direct Administration to determine the work scope under Council Policy CFO013 section 1.4 at the conclusion of the SAVE Program - Reserves Optimization review and obtain approval from Council for any work scope revisions.