

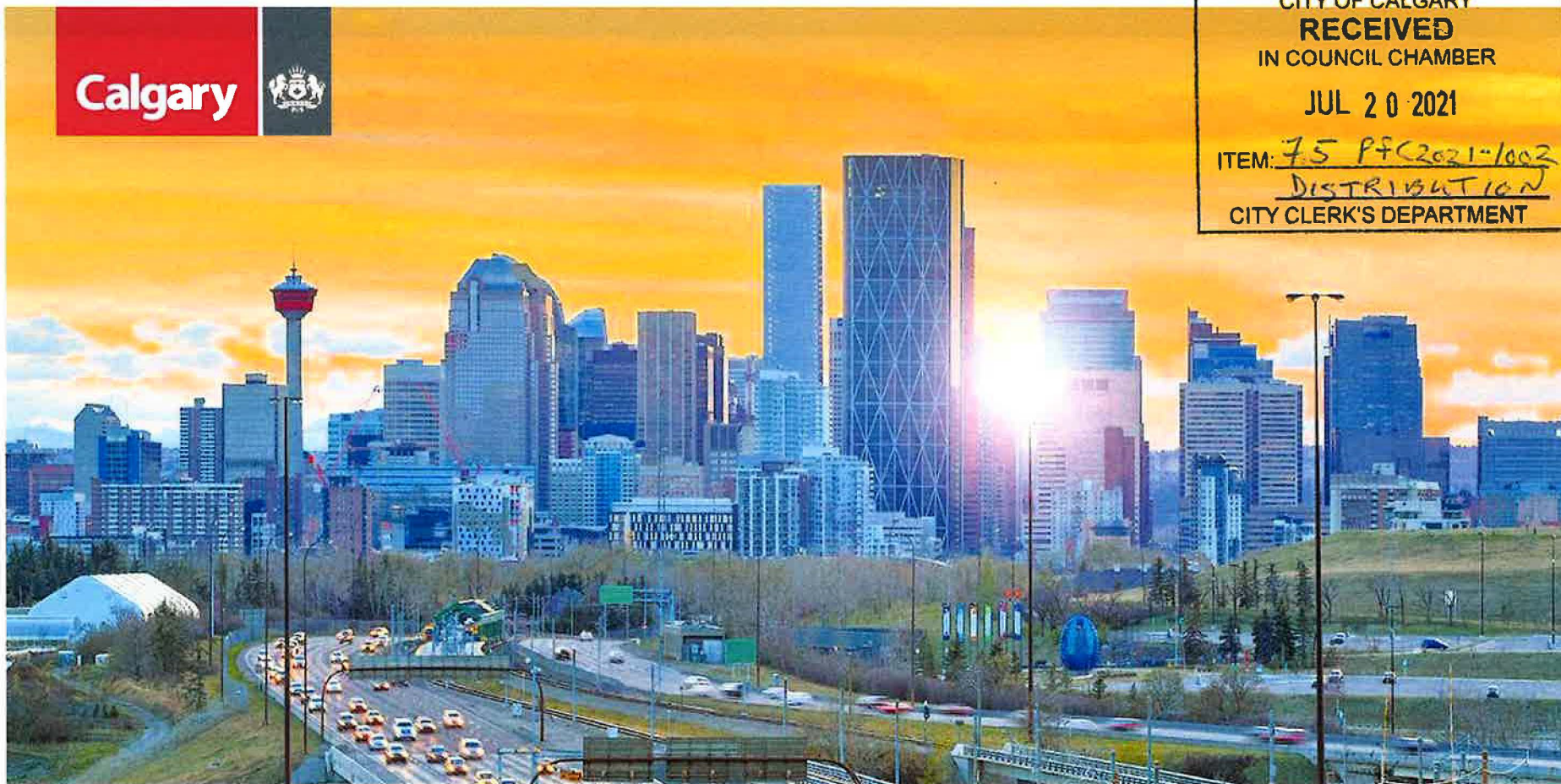
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PFC2021-1002

The City of Calgary Reserves and Long Term Liabilities Balances 2020

Chief Financial Officer's Report to Priorities and Finance Committee – 2021 July 20

ISC: Unrestricted



Agenda

- I. Importance of Reserves
- II. Overview of Reserves and Long-Term Liabilities Balances 2020
- III. Save Program – Reserves Optimization review
- IV. Administration Recommendation

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 2020

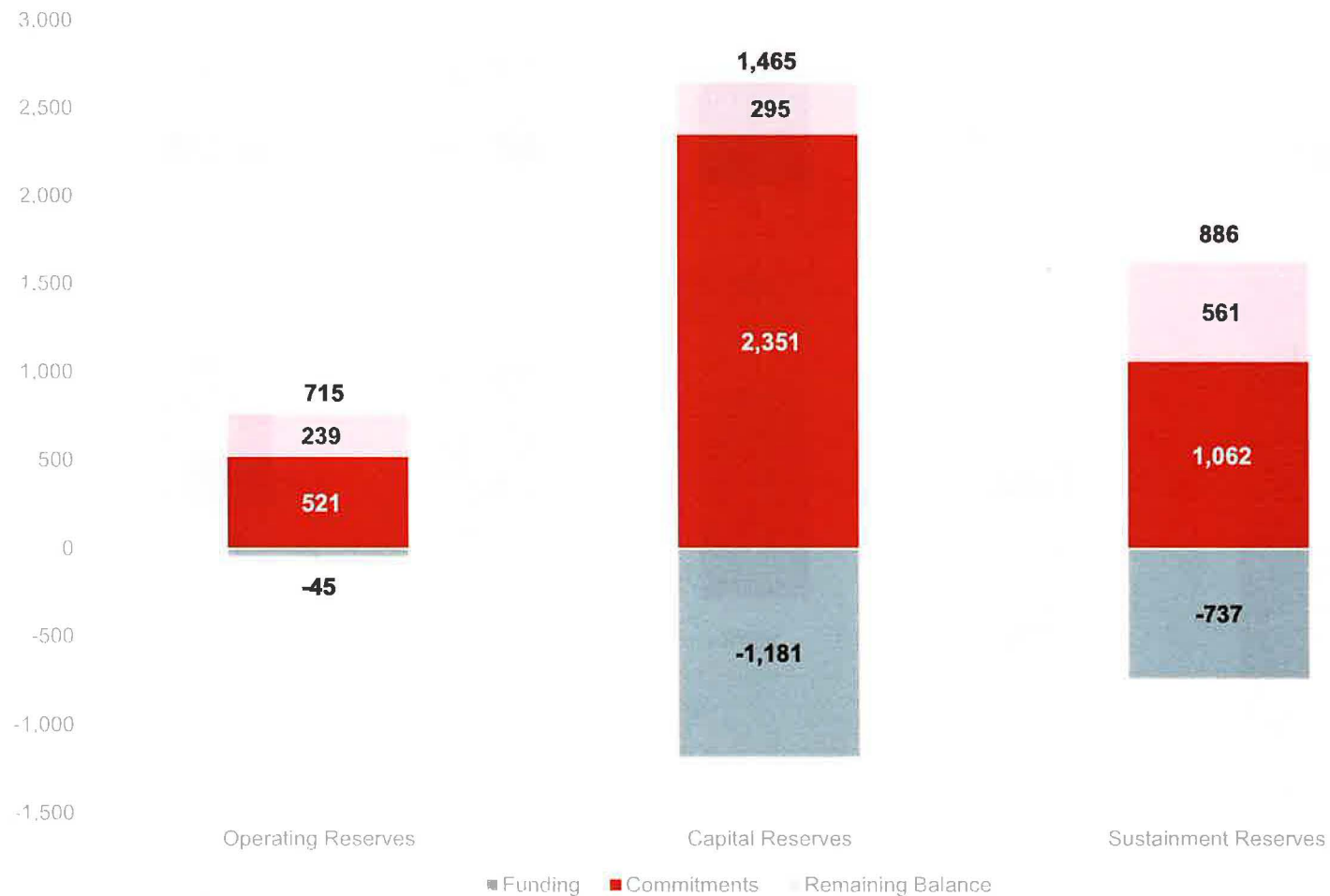
Purpose:

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

Overview of 2020’s Reserve Changes:

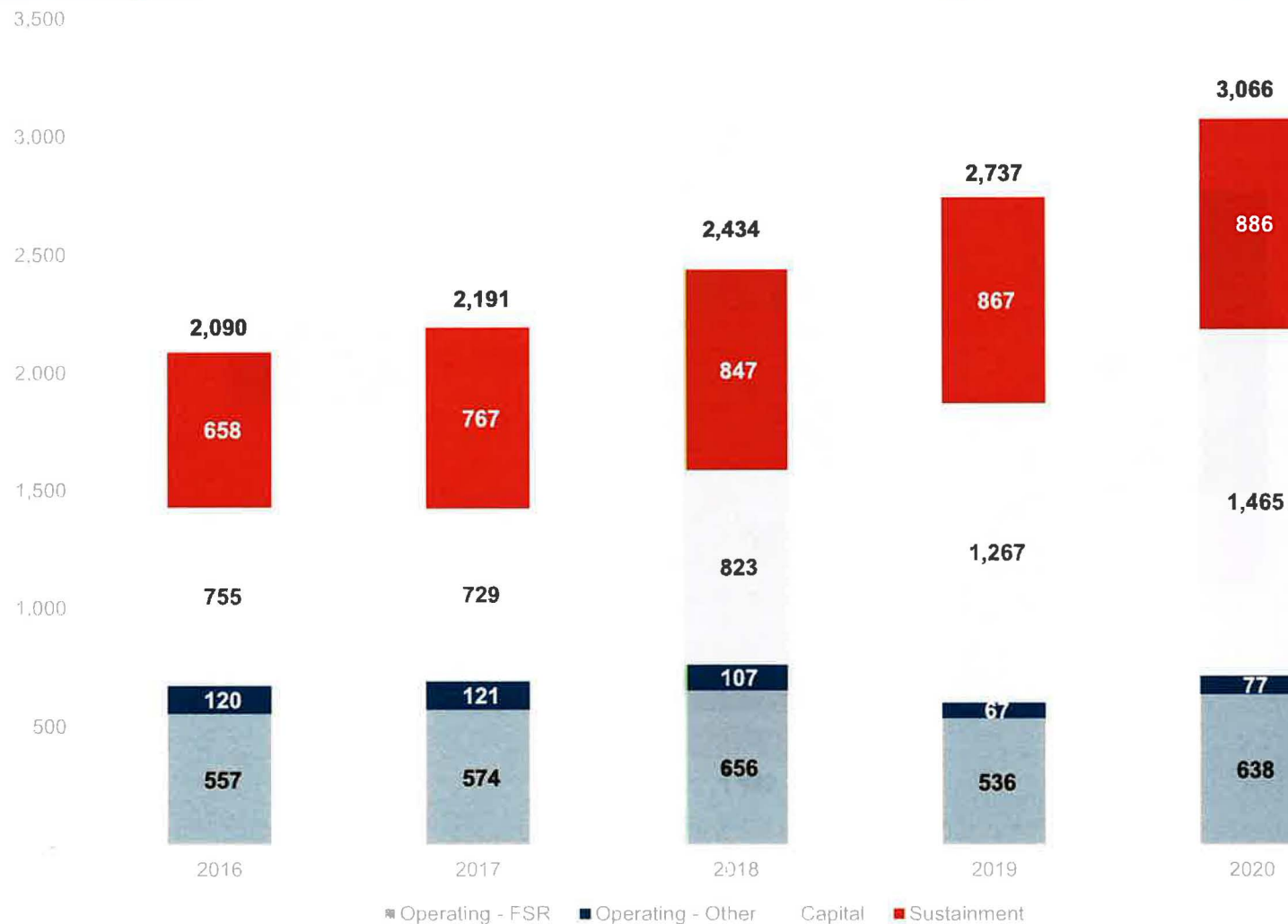
- Capital Reserves
 - New Established Area Investment Fund
- Addition of new commitments summary
- Investment income of \$75 million or 3.6% per cent achieved in 2020

Commitments, December 31 (\$ millions)





Reserves, December 31 (\$ millions)



Opportunities for the Optimization of Financial Reserves identified in:

- Debt Servicing Reserve (DSR)
- Fiscal Stability Reserve (FSR) and Budget Savings Account (BSA)
- Lifecycle Maintenance Upgrade Reserve (LMUR) and Reserve for Future Capital (RFC)



Administration Recommendation

That the Priorities and Finance Committee recommends that Council:

1. Receive The City of Calgary Reserves and Long-Term Liabilities Balance 2020 for the Corporate Record and Discussion; and
2. Approve the operational reserve recommendations in Attachment 3 from the SAVE Reserves Optimization Business Case approved by the Executive Leadership Team.