

THE CITY OF CALGARY
REPORT ON
RESERVES AND LONG TERM LIABILITIES
2015

July 2016

Relevant excerpts from the 2015 Annual Reserve Report

Parks Foundation Reserve

\$ 2,395
(2015)

Operating Reserve (\$000s)

Authorization: CS90-17-01, FB99-48, and FCS2004-22, Memorandum of Agreement – April 15, 2004

Purpose: Create an Endowment fund and use the investment income to fund the administrative costs of ~~the~~ Parks Foundation Calgary – a City of Calgary Civic Partner, and to eliminate the annual contribution from The City to ~~its~~ Parks Foundation Calgary's operating budget.

Conditions: Should ~~the~~ Parks Foundation Calgary, ~~except as outlined in Clause 4.3 of The Memorandum of Agreement~~, remove the funds from the Endowment Fund, except as outlined in the Restrictions below. The City will request the return of the funds in the Parks Foundation Calgary's Operating Endowment Fund.

Restrictions: Only investment earnings as outlined in the Memorandum of Agreement may be withdrawn to be used for administrative services of ~~the~~ Parks Foundation Calgary.

Funding Sources: The City contributed \$200 to the operating endowment for every \$300 Parks Foundation Calgary raised for capital endowment, up to a maximum contribution by The City of \$2,000, which was reached in 1998.

Investment income: ☒ yes ☐ no

Related Budget

Programs:

Operating Program: #449 Civic Partners (Liaison: Community Services~~S&PS~~)

Special Reporting

Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	2,257	2,114	2,099	2,100	2,087
Investment income	213	218	90	74	88
Contributions from operations	-	-	-	-	-
Contributions to operations	(75)	(75)	(75)	(75)	(75)
Closing balance	<u>2,395</u>	<u>2,257</u>	<u>2,114</u>	<u>2,099</u>	<u>2,100</u>

Source Contacts:

Financial – T. LePrieur, Finance Lead, Calgary Parks, Finance & Supply
Operational – A. Charlton, Director, Calgary Parks, ~~Community Services~~
Department

Review Schedule:

Last Review: 2013

Next Review: 2016

Tax Loss Provision Reserve

\$ 37,398
(2015)

Authorization: FCS2007-45 and PFC2013-0812

Purpose: In the event of a substantial unanticipated adverse outcome from Assessment complaints and appeals, this reserve has been established to provide for such losses.

Conditions: The level (balance) of the Tax Loss Provision Rreserve shall be determined by the Chief Financial Officer with input from the Tax Provision Steering Committee. The level of the Tax Loss Provision Reserve shall not exceed the level of the current year tax provision contingency balance. is equal to the current year base loss provision for assessment and tax contingency.

Restrictions: Contributions and withdrawals relating to specific tax loss related circumstances are authorized by the Chief Financial Officer. Any other contributions or withdrawals require Council approval.

Funding Sources: Initial funding source in 2007 is \$27,000 transferred from the Assessment and Tax Contingency Provision Liability fund. Future required contributions are from operations.

Investment income: ____ yes x no

Related Budget Programs:

Operating Program: #856 Taxation

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	37,398	39,823	39,823	36,329	33,146
Contributions from operations	-	-	-	3,494	3,183
Contributions (to) from other sources (1)	-	(2,425)	-	-	-
Closing balance	<u>37,398</u>	<u>37,398</u>	<u>39,823</u>	<u>39,823</u>	<u>36,329</u>

(1) As per PFC2013-0812, \$2,425 was used to minimize the impact to the tax base in 2014 as a result of a decrease in assessed value for properties impacted by the 2013 flood.

Source Contacts: Financial – C. Fung, Corporate Finance Lead, Corporate Accounting, Finance & Supply
Operational – E. Sawyer, Chief Financial Officer, Chief Financial Officer's Department

Review Schedule: Last Review: 2013

Next Review: 2016

Artificial Turf Field Lifecycle Reserve

Capital Reserve (\$000s)

\$ 2,221
(2015)

Authorization: FCS2010-19, CPS2011-15, CPS2012-24, and PFC2013-745

Purpose: Per FCS2010-19, expenditures associated with artificial turf field replacement.

Conditions: ~~Funds are to be used as per the purpose outlined above~~ As per purpose.

Restrictions: ~~Funds are to be used as per the purpose outlined above~~ Per FCS2010-19, Administration will return to Council for approval to withdraw funds from the reserve for artificial turf replacement.

Funding Sources: Beginning in 2010, annual contribution from Recreation's actual ~~incremental~~ net revenue generated by artificial turf field rental fees.

Investment income: x yes no

Related Budget Programs:

Capital Program: #507 Recreation, Facilities

Special Reporting Requirements:

Administration will be closely monitoring field revenues, expenses and the annual reserve balances and report back to Council if the yearend reserve balance deviates by 25% from projection in any year. Any significant modifications in contribution amounts will be identified through the annual budget process as necessary. At each of the 2010 and 2011 playing season, Administration reported back to the SPC on Community and Protective Services regarding financial information for management of artificial turf.

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	1,548	1,047	2,108	428	197
Contributions from operations	628	476	298	271	225
Investment income	45	25	40	10	6
Contribution to capital	-	-	3,601	(3,601)	-
Transfer (to) from Reserve for Future Capital	-	-	(5,000)	5,000	
Closing balance	<u>2,221</u>	<u>1,548</u>	<u>1,047</u>	<u>2,108</u>	<u>428</u>

Source Contacts: Financial ~~Lead~~ – J. Au, Finance Lead, Calgary Recreation, Finance & Supply
Operational ~~Lead~~ – J. McLaughlin ~~G. Kunn~~, Manager, Capital Development ~~Capital Asset Mgt~~, Calgary Recreation,
H. Bruce, Manager, West Region, Calgary Recreation

Review Schedule: Last Review: 2013

Next Review: 2016

Community Investment Reserve

Capital Reserve (\$000s)

\$ 152,379
(2015)

Authorization: C2004-60, NM2004-17, CPS 2005-24, NM2006-05, LAS2008-101, CPS2011-39, FCS2011-18, LAS2011-59, PFC2012-0248, C2014-0863, CPS2015-0647

NM2004-17 and CPS2005-24 established a Community Investment Reserve Fund in the amount of \$102,100 (GST) for five specified community capital infrastructure projects.

NM2006-05 increased the Community Investment Reserve Fund by \$100,000 (GST).

CPS2011-39 directed that \$42,000 annually Vacated Tax Room (VTR) be transferred to the Community Investment Reserve and funding for 2011-2016 be allocated.

PFC2012-0248 approved allocation of VTR and GST funding for the debt servicing of four New Recreation Facilities.

C2014-0863 approved allocation of VTR funding for 2017-2018 and the remaining GST funding.

CPS2015-0647 directed Administration to use the proposed guiding principles to allocate the VTR funding over the course of the next two business plan and budget cycles (to 2026).

Purpose:

- 1) To invest in priority community capital infrastructure and address emerging community needs.
- 2) To target the reduction of the growing infrastructure gap as identified through the Community Services capital infrastructure investment strategy.

Conditions: As per purpose

Restrictions: ~~The funding request will not exceed 50% of the total planning and capital costs of the projects, with the exception of the Calgary Public Library, whose matching requirements will be determined separately.~~

CPS2011-39 approves a new ongoing program for investment in community infrastructure.

Funding Sources:

- 1) Investment income generated from the reserve: to fund the cost of project management and other associated program costs.
- 2) Federal GST rebate effective Feb 01, 2004: \$102,100 ~~million~~ (2004-2013 approx)
- 3) Federal GST rebate effective Feb 01, 2004: \$100,000 (2014-2023 approx)
- 4) VTR: \$42,000 annually (effective 2011)

Investment income: x yes no

Related Budget Programs: Numerous Community Services ~~CS&PS~~ Capital Programs

Special Reporting Requirements: None

Current Activity (\$000s):

Current Activity (000's):	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening Balance	168,302	151,077	112,223	76,959	36,914
Contributions from Federal GST rebate	8,919	8,919	8,919	8,919	8,919
Contribution to capital projects - GST (1)	(30,321)	(14,101)	(717)	(6,670)	(13,177)
Contribution from Reserve for Future Capital - GST	1,500	1,500	1,500	1,500	1,500
Contributions from VTR	42,000	42,000	42,000	42,000	42,000
Contribution to capital projects - VTR (1)	(45,340)	(27,697)	(16,909)	(12,265)	-
Investment income (2)	7,369	6,604	4,181	2,152	989
Contribution to program costs	(50)	-	(120)	(372)	(186)
Closing Balance (3)	152,379	168,302	151,077	112,223	76,959

(1) Includes debt servicing payments for Regional Recreation Centres.

(2) Includes GST funds, VTR funds and Regional Recreation Centres debt.

(3) Committed amounts included in the closing balance total \$152,379 for future projects.

Source Contact: Financial Lead(s): – S. MacFayden, Finance Manager, Community Services ~~CS&PS~~, Finance ~~& Supply~~
Operational Lead(s): – Katie Black, Director, Calgary Neighbourhoods ~~CS&PS~~

Review Schedule: Last Review: 2013

Next Review: 2016

Debt Servicing Reserve

Capital Reserve (\$000s)

\$ 52,570
(2015)

Authorization: FCS2004-22 combined three reserves Sinking Fund (C98-18), Major Project Reserve (C96-15, C98-93) and Transportation Capital Reserve (C98-16), FCS2006-42, UE2007-07, C2007-14, and FCS2008-28

Purpose: For principal and interest payments of tax-supported debt.

FCS2008-28, Contribute to Lifecycle Maintenance and Upgrade Reserve (LMUR), and Pay-As-You-Go (PAYG).

~~For repayable loans to various business units and related corporations as approved by Council.~~

On C2007-14 for Calgary Municipal Land Corporation (CMLC) – for operating expenditures up to \$10 million.

Conditions: As per purpose.

Restrictions: Funds are to be used as purpose outlined above.

Funding Sources: Allocation of 84% of annual debt charge savings.

Investment income: x yes no

Related Budget Programs: Operating Program: #840 Capital Financing Costs

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	52,570	52,570	67,769	72,996	82,827
Investment income	1,340	1,207	1,473	2,026	2,699
Contributions (to) from operations					
Debt Charge Savings	94,752	94,752	94,752	94,752	92,480
Principal Payment	(38,505)	(39,374)	(54,506)	(57,981)	(54,156)
Interest Payment	(13,059)	(14,875)	(16,918)	(19,024)	(20,854)
Loan to Calgary Municipal Land Corp. (CMLC) (3)	-	-	-	10,000	-
Contributions (to) from other Reserves					
Contribution to LMUR (1)	(14,528)	(11,710)	(10,000)	(10,000)	(10,000)
Contribution to PAYG (2)	(30,000)	(30,000)	(30,000)	(25,000)	(20,000)
Closing Balance	52,570	52,570	52,570	67,769	72,996

(1) As per report FCS2006-42 and FCS2008-28, the amounts transferred to Lifecycle Maintenance & Upgrade Reserve are:

- fixed amount of \$10,000 annually: 2007 to 2015
- funding not committed to tax supported debt: none in 2010 to 2013, \$1,710 for 2014, \$4,528 for 2015

(2) As per report FCS2008-28 contribution to Pay-As-You-Go from Debt Servicing Reserve of \$10,000 in 2009, escalating by \$5,000 per year to \$30,000 by 2013;

(3) As per report C2007-14 Council approved a loan to Calgary Municipal Land Corporation (Loan bylaw 32M2007). This loan was fully ~~repaid~~ paid at the end of 2012.

Source Contact: ~~Financial & Operational – R. Liu, Budget Officer, Corporate Budget Office, Finance & Supply~~
Financial – K. Potts, Budget Officer, Corporate Budget Office, Finance
Operational – N. Karpa, Acting Director Finance/City Treasurer, Finance

Review Schedule: Last Review: 2013

Next Review: 2016

Legacy Parks Reserve

Capital Reserve (\$000s)

\$ 18,450
(2015)

Authorization:

LPC2003-17, NM2003-36, NM2003-40, C2003-67, C2006-62, NM2007-35, C2008-76, LPC2008-02, CPS2009-36, M2010-08, NM2012-05, LPC2012-0809, LPC2013-0428, LPC2014-0172, LPC2014-0823, and LPC2016-0626

Purpose:

To create new park space and enhance existing parks for the benefit of Calgarians, now and in the future.

Conditions:

Allocation of funds are as follows:

- \$30,000 to fund the purchase and development of lands to comprise three new regional parks.
- \$20,000 to fund upgrading and/or development of parks within The City limits.
- Per C2006-62, Council approved an additional \$10,400 to fund the purchase of Bearspaw District.
- Per LPC2008-02, Council approved an additional \$75,000 of new funding to fund Legacy Parks projects.
- Per CPS 2009-36, reallocated \$7,000 of funds from Legacy to Devonian Gardens Redevelopment.
- Per NM2012-05, Council approved \$75,000 of new funding to fund Legacy Parks projects.
- Per LPC2012-0809 Council approved \$200 one-time operating budget (expenditures) from 2013 to 2017 for Parks Foundation Calgary, offset by a corresponding increase of \$200 operating budget (revenue) in General Revenue (Program 860) to be funded by the Legacy Parks Reserve.
- Per LPC2014-0823 Council approved specific projects to be funded by \$75,000 from NM2012-05.
- Per LPC2016-0626, the Legacy projects underway were re-prioritized and strategically phased and high priority projects were identified.

Restrictions:

~~Funds are to be used as per purpose outlined above~~ As per purpose and conditions.

Related Budget Programs:

Capital Program: #499 Legacy Parks
#500 Parks and Natural Areas

Funding Sources:

As per NM2007-35, ENMAX dividends in excess of \$35,000 (to fiscal year end 2012).
C2008-76 changed the funding to ENMAX dividends in excess of \$43,000.
As per NM2012-05, ENMAX dividend in excess of \$47,000 be directed to ENMAX Legacy Parks fund for the next approximately 5 years, with the exception of 50% of any excess dividend, to a

maximum of \$20,000, be set aside in a new reserve as a contingency fund for any shortfall in the ENMAX dividends below \$47,000.

Investment income: x yes no

**Special Reporting
Requirements:**

~~None~~ Per LPC2013-0428, The Legacy Parks Fund Steering Committee reports directly to Council annually through the SPC on Community and Protective Services.

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	23,033	19,738	13,332	9,695	15,733
Contributions from/(to) operations	4,950	6,150	9,900	8,700	3,300
Investment income	449	435	287	234	375
Contributions to capital	(9,982)	(3,290)	(3,781)	(5,297)	(9,713)
Closing balance	18,450	23,033	19,738	13,332	9,695

Source Contacts:

Financial – T. Le Prieur, Finance Lead, Calgary Parks, Finance & Supply
Operational – D. Marter, Manager, Calgary Parks, ~~Planning & Development~~

Review Schedule: Last Review: 2013

Next Review: 2016

Revolving Fund Reserve for General Land Purchases

\$ 86,881
(2015)

Capital Reserve (000's)

Authorized: Commissioners' Report FB98-43 and LAS2008-173

Purpose: ~~To purchase land required for future municipal purposes, including rights-of-way.~~
Land required for City use must often be purchased well in advance of construction, but the capital budget has funds only for projects commencing within the current ~~three~~ four year budget cycle. The purpose of this reserve is to acquire land required for City use in a timely manner for projects beyond the ~~three~~ four year budget cycle, improvements to city-owned land and program administration.

Conditions: ~~To be used for purchase of land for future capital projects outside the 4 year capital budget cycle unless otherwise approved by Council.~~
As per purpose.

Restrictions: None

Funding Sources: Initial funding in 1998 was as follows:

- \$5,306 from Real Estate Retained Earnings.
- \$2,500 from non-transportation project funding from the \$40,200 set aside for non-transportation capital projects in excess of the Envelope.

Ongoing funding:

- Income from existing net new land leases and sales of general lands. Revenue from existing leases may be routed to business units based on approval of business case to the Corporate Land Committee (CLC).
- Sales of general lands
- Repayment of land purchases by business unit no later than year one of the next four year budget cycle or other alternate pay back arrangements as may be approved by CLC.

Investment income: ☒ yes ☐ no

Related Budget Programs:

Operating Programs: #694 – Net General Lease Revenue
Operating Programs: #488 – General Land Sales Revenue
Capital Programs: #695 Land Acquisitions – Other Civic Departments

Special Reporting Requirements:

Status update to Council on the Revolving Fund every two years with the Corporate Land Framework Report
Reporting to Land & Asset Strategy Committee (LASC) every four years on the status of current land holdings

Current Activity:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening Balance	84,505	52,347	58,654	49,799	28,161
Investment Income	2,031	1,317	1,089	839	838
Contributions from land sales	29,394	35,869	12,711	6,177	5,106
Contributions (to) from operations	1,048	1,739	2,181	2,401	2,532
Contributions (to) from capital	(10,760)	(3,005)	(17,447)	3,510	(2,829)
Contributions (to) from other reserves	(18,931)	-	(1,429)	(2,068)	531
Net transfers to (from) restricted reserve (1)	(406)	(3,762)	(3,412)	(2,004)	15,460
Closing Balance	86,881	84,505	52,347	58,654	49,799

(1) Transfers (to)/from restricted reserves:

Funds are restricted sales of land sold to Calgary Municipal Land Corporation (CMLC) and Attainable Homes Calgary Corporation (AHCC). Sales set up as receivables. Receipt of funds will be the earlier of a) ten years from the advancement date, or b) in the event that CMLC/AHCC had disposed of the property, or any portion thereof, the date CMLC/AHCC receives proceeds of the sale to the third party. These funds are restricted until receipt of the funds from CMLC/AHCC is deposited. Total funds to be received equal \$5,876.

Source Contacts:

Financial – ~~A. Felker~~ S. Thompson, Finance Lead, CPB Real Estate & Development Services, Finance & Supply
 Operational – ~~R. Colluney, Manager, Land Division, Corporate Properties & Buildings~~
J. Halfyard, Manager, Asset and Capital Management, Real Estate & Development Services

Review Schedule:

Last Review: 2013

Next Review: 2016

TELUS Convention Centre Reserve
Externally Restricted Capital Reserve (\$000s)

\$ 213
(2015)

Authorization: C97-83 and C2000-70

Purpose: In 1985 the reserve was created to finance carpeting and other major replacement items with a useful life of five years or less.
Commissioners' Report C97-83 amended the use of this reserve for capital purchases regardless of their useful life.

Conditions: In order to cover emergencies, a minimum balance of \$200 must be maintained in the combination of this reserve and TELUS Convention Centre's operating reserve. C2000-70 approved the reduction in the minimum balance from \$500 to \$200.

Restrictions Expenditures are approved by the Calgary Convention Centre Authority.

Funding Sources: Annual contribution of \$180 from City operations.

Investment income: ___ yes x no

Related Budget

Programs: Operating Program: #449 Civic Partners, Convention Centre
Capital Program: #626 Calgary Convention Centre

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	253	200	200	315	220
Contributions from operations	180	180	180	180	180
Contributions to capital	(220)	(127)	(180)	(295)	(85)
Closing balance	<u>213</u>	<u>253</u>	<u>200</u>	<u>200</u>	<u>315</u>

Source Contacts: Financial – J. Salazar R. Turley, ~~Acting~~ Finance Lead, Civic Partners,
Finance & Supply
Operational – L. Kerr, Manager, Civic Partners

Review Schedule: Last Review: 2013 Next Review: 2016

Community Sustainability & Public Art Reserve

Combined Operating & Capital Reserve (\$000s)

\$ 6,363
(2015)

Authorization: CPS2008-39, C2008-76, CPS2009-06, FCS2009-26, FCS2010-28, PFC2013-0745, PFC2014-254, ALT2014-0153 and ALT2014-0909

Purpose: This reserve has two separate purposes with two separate funding sources.

1. The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:
 - a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.
 - b. Professional consulting services support to organizations in any area that may impact sustainability to deliver improved programs and services to citizens, whether in crisis or not.
- ~~1. The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations encountering unexpected financial circumstances, experiencing crisis, or requiring a significant intervention including the possibility of dissolving or modifying the organization. The support can be provided in two ways:~~

~~Operational: To preserve existing community programs which are considered to be valuable to the community; and to evolve or restructure a community organization to better support the community.~~

~~Capital: To provide needed funding for critical capital infrastructure improvements at community association buildings to address building code, energy efficiency and accessibility needs.~~
2. Per ALT2014-0909 the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.
~~Per FCS2010-28, the purpose of this reserve was expanded to include:~~
 - a. ~~Maintenance and management of the public art program; and~~
 - b. ~~Acquisition of public art funded by unrestricted funds.~~

Conditions:

Community Sustainment Reserve:

In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy CSPS011 – Lease/License of Occupation to Community Organizations.

Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.

The maximum funding amount for operational use is \$200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.

Operational Conditions:

- ~~• Stabilization Assistance is provided to organizations that encounter unexpected financial circumstances. The maximum grant is \$50 and can be accessed no more than twice in ten years.~~
- ~~• Redevelopment Assistance is provided to organizations that have been in crisis for more than a year and require significant intervention including the possibility of dissolving or modifying the organization. The maximum grant is \$100 and can only be accessed once.~~

Capital Conditions:

- ~~• Requests for capital assistance must go through the Capital Conservation Grant emergency review process.~~

Public Art Reserve: As per purpose.

Restrictions:

As per purpose and conditions.

~~The public art reserve is funded by the contribution from the 1 percent from all unrestricted upgrade and growth capital project budget over \$1,000. Ineligible budgets include land purchase, rolling stock, portable equipment, etc, as well as maintenance and service budgets. Unrestricted projects are those funded by City funds such as Pay-As-You-Go and Lifecycle Maintenance.~~

Funding Sources:

The Community Sustainability Reserve received a one-time transfer of \$580 from the Lifecycle Assistance and Energy Reserve (CPS2008-39) for operating purposes and \$3,000 from corporate in 2008 (C2008-76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of \$2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.

The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.

Investment income: ☐ yes ☒ no

Related Budget Programs:

Operating Program: #426 Recreation

Special Reporting Requirements: None

Current Activity (\$000s):

Community Sustainability Reserve	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening Balance	2,443	2,678	3,151	3,580	3,580
Contributions from operations	-	-	-	-	-
Contributions to operations	-	-	(473)	(429)	-
Transfer between reserves	(173)	(235)	-	-	-
Closing Balance	2,270	2,443	2,678	3,151	3,580
Public Art Reserve	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening Balance	3,272	2,607	1,885	156	157
Contributions from operations	-	-	15	39	52
Contributions to operations	(454)	(124)	-	(597)	(53)
Transfer between reserves	1,275	789	707	2,287	-
Closing Balance	4,093	3,272	2,607	1,885	156
Total Closing Balance	6,363	5,715	5,285	5,036	3,736
Opening Balance	5,715	5,285	5,036	3,736	3,737
Contributions from operations	-	-	15	39	52
Contributions to operations	(454)	(124)	(473)	(1,026)	(53)
Transfer between reserves	1,102	554	707	2,287	-
Closing Balance	6,363	5,715	5,285	5,036	3,736

Source Contacts:

Financial – J. Au, Finance Lead, Calgary Recreation, Finance & Supply,
J. Salazar, Finance Lead, CNS Calgary Neighbourhoods, Finance & Supply
Operational – A. Gawley, Strategic Planning and Policy Coordinator, Calgary Neighbourhoods
L. Smith, Community Partnership Lead, Community Neighbourhood Services
S. Iley, Manager, Arts & Culture, Calgary Recreation

Review Schedule:

Last Review: 2013

Next Review: 2016

Calgary Building Services¹ (CBS) and Calgary Community Standards (CCS) - Business Licence Development & Building Approvals (DBA) Sustainment Reserve Fund

\$ 98,408
(2015)

Combined Operating & Capital Reserve (\$000s)

Authorization: FB2003-49, C2005-60, C2005-68, FCS2005-33, FCS2006-37, FCS2007-45, LPT2008-67, LPT2011-30 and PFC2013-0745

Purpose: This reserve has two separate purposes:

1. The CBS Reserve will be used to manage fluctuations in the level of activity in the development and building industry, supporting CBSDBA's plan to be a sustainable self-supporting business unit without requiring mill-rate support.
2. The Calgary Community Standards (Business Licence) Reserve will be used to stabilize the budget during fluctuations in the business sector to ensure consistent, sustainable, self-supporting customer and regulatory services.

The reserves will be used for the following: have two specific uses:

- a. Stabilize the DBA operating budgets
- b. Fund one-time operating expenditures
- c. Fund DBA capital expenditures

Conditions: 1. Per report LPT2011-30 Council approved the recommendation to adjust the CBS DBA Sustainment Reserve Fund to a guideline maximum of \$60,000. Should the fund exceed the guideline maximum, the excess would be used as a contribution from reserve to CBSDBA operations in the following year to soften any required user fees increase.

2. The CCS (Business Licence) Reserve – as per purpose.

Restrictions: As per purpose and conditions. Funds are to be used as per the purpose and conditions outlined above.

Funding Sources: 1. The CBS Reserve is funded by annual Annual CBSDBA operating surplus as of 2003 and future years.

2. The CCS (Business Licence) Reserve is funded by Business Licence annual operating surplus as of 2014 and future years

Investment income: x yes no

¹ The name for the Development & Building Approvals business unit was changed to Inspections & Permit Services in 2014 due to reorganization and subsequently changed to Calgary Building Services in 2016.

Related Budget Programs:

Operating Program: #004, Calgary Community Standards Animal & Bylaw Services
#611, Calgary Building Services Inspection & Permit Services (Previously #611, Inspections & Permit Services and #614, Development & Building Approvals)
Capital Programs: #048, Calgary Community Standards, Bylaw Capital Bylaw Capital
#061, Capital Assets Acquisition
#063, Cash System Integration
#064, Working Space Initiative
#065, Land Use Bylaw
Implementation/Sustainment
#067, Business Technology Sustainment
#069, eService Portfolio

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	—76,247	—48,701	—30,794	—27,488	—36,071
Investment income	—2,148	—1,377	—826	—682	—860
Contributions from (to) operations	—25,917	—30,085	—20,080	—6,826	—(1,770)
Contributions to capital	—(5,904)	—(3,916)	—(2,999)	—(4,202)	—(7,673)
Closing balance	—98,408	—76,247	—48,701	—30,794	—27,488

CBS Sustainment Reserve

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	74,063	48,701	30,794	27,488	36,071
Investment income	2,056	1,351	826	682	860
Contributions from (to) operations	23,492	27,927	20,080	6,826	(1,770)
Contributions to capital	(5,904)	(3,916)	(2,999)	(4,202)	(7,673)
Closing Balance	93,707	74,063	48,701	30,794	27,488

CCS Sustainment Reserve

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	2,184	-	-	-	-
Investment income	92	26	-	-	-
Contributions from (to) operations	2,425	2,158	-	-	-
Contributions to capital	-	-	-	-	-
Closing Balance	4,701	2,184	-	-	-

Total Closing Balance

98,408	76,247	48,701	30,794	27,488
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Source Contacts: Financial – M. Fung, Finance Lead, Planning & Development~~PDA~~,
Finance ~~& Supply~~, G. Drall, Finance Lead, CCSPSC & ABS, Finance
~~& Supply~~
Operational – K. Griffiths, Director, Inspection~~s~~ & Permit Services,
R. Jestin, Director, Calgary Community Standards~~ABS~~

Review Schedule: Last Review: 2013 Next Review: 2016

Livery Transport Services Sustainment Reserve
(formerly Taxi Commission Operating Surplus Reserve)
Combined Operating and Capital Reserve (\$000s)

\$ 4,076
(2015)

Authorization: FCS2004-22, FCS2010-10 and PFC2013-0745. ~~This reserve has been reported on annually since at least 1983.~~

Purpose: ~~To stabilize future taxi and limousine fee increases which would benefit the taxi industry and also stabilize financing and achieve a balanced budget without tax rate support.~~

To stabilize livery fees and financing which would benefit the industry while achieving a balanced budget without tax rate support.

The reserve is used by Livery Transport Services to:

1. Stabilize the operating budget;
2. Fund one-time operating expenditures; and
3. Fund capital expenditures that directly support livery transport services

Conditions: As per purpose.

Restrictions: As per purpose.

Funding Sources: The Livery Transport Services' operating surpluses.

Investment income: x yes no

Related Budget Programs:
Operating Program: #004 ~~Animal & Bylaw Services~~ Calgary Community Standards (LTS)
Capital Program: #048 ~~Bylaw Capital~~ Calgary Community Standards (Bylaw Capital)

Special Reporting Requirements: None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	4,539	3,722	3,127	2,633	2,017
Annual operating surplus (deficit)	(181)	901	668	910	537
Investment income	110	99	70	84	79
Contributions to capital	(392)	(183)	(143)	(500)	-
Closing balance	<u>4,076</u>	<u>4,539</u>	<u>3,722</u>	<u>3,127</u>	<u>2,633</u>

Source Contacts: Financial – G. Drall, Finance Lead, ~~PSC & ABS, Finance & Supply~~ Calgary Community Standards, Finance
Operational – M. Halat, Manager, Compliance Services & Livery Transportation

Review Schedule: Last Review: 2013 Next Review: 2016

Parks Endowment and Sustainment Reserve

Externally Restricted	<u>Combined Operating and Capital Sustainment</u>	Reserve (\$000s)	\$ <u>2,328</u> (2015)
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Authorization: FB95-75, PFC2013-0745, and MRER2014-06

Purpose: This reserve is a temporary repository for contributions to the development and operations of City Parks from businesses, foundations, grants, individuals and internal revenues. The fund will be used to develop, enhance or maintain Parks operations specific to the funding agreements.

Conditions: As per purpose.

Restrictions: Endowment funds:
The City entered into various donation agreements with third parties that restricts the withdrawal of the principal of the donation and provides for the expenditure of investment income only. These donations were provided to The City for the ongoing maintenance and sustainment costs of specific named Parks sites. Investment income earned on these endowment funds is transferred to reduce budget requests based on an as needed basis to support the ongoing commitment of the sponsor for the sustainment of the site.

The three endowment funds are:

- Petro-Canada endowment - the investment income is available for maintenance/lifecycle of Wildland Parks; fund balance is \$215 (2014 - \$210),
- Variety Park Endowment Fund - the fund is available for the maintenance and lifecycle for the spray park features and infrastructure. Fund balance is \$135 (2014 - \$132),
- Olympic Plaza endowment - the fund is available for lifecycle maintenance and upgrades to Olympic Plaza. Fund balance is \$135 (2014 - \$131).

Other donation funds:

The City receives various donations, sponsorships and funds from third parties that restrict the use of these funds (both interest and principal) for the ongoing sustainment and education costs related to specific sites. Reserve funds are transferred to the budget of the specific named parks on an as needed basis to support the sustainment and/or the specific arrangement of the donation.

Donations funds consist of:

- Inglewood Bird Sanctuary Outdoor Learning Centre \$400 (2014 - \$132).
- Earl Grey Golf Club \$282 (2014 - \$138).
- First Capital Holdings Land Exchange 936-16 Ave SW \$251 (2014 - \$0).
- Borden Donation \$110 (2014 - \$107).
- Remaining balance of \$800 (2014 - \$440) is made up of miscellaneous individual contributions under \$100.

Funding Sources: Contributions/payments received from various parties.

Investment income: x yes no

Related Budget Programs:

Operating Program: #445 Parks

Capital Program: #500 Parks and Natural Areas

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	1,291	1,184	1,408	1,334	1,836
Investment income	44	29	28	31	49
Contributions from operations	931	686	455	403	340
Contributions to capital	(78)	(20)	-	-	-
Contributions to operations	(324)	(588)	(707)	(360)	(891)
Contributions between reserves	464	-	-	-	-
Closing balance	<u>2,328</u>	<u>1,291</u>	<u>1,184</u>	<u>1,408</u>	<u>1,334</u>

Source Contacts:

Financial – T. Le Prieur, Finance Lead, Calgary Parks, Finance & Supply
Operational – N. Bernard, Manager, Calgary Parks Operations West,
D. Marter, Manager, Calgary Parks Planning & Development

Review Schedule:

Last Review: 2013

Next Review: 2016

Perpetual Care of the Municipal Cemetery System Reserve

\$ 13,949
(2015)

Combined Operating & Capital Reserve (\$000s)

Authorization: CS96-59-02, CPS96-77, FCS2004-31, CPS2004-71

Purpose: To fund operational activities associated with the perpetual maintenance of municipal cemeteries. This reserve will allow for future perpetual care of the municipal cemetery system. Perpetual care includes mowing, trimming, irrigation and repair of graves, as well as general maintenance of the structures and buildings within the cemeteries.

Conditions: Beginning in 2005, the fund may be accessed to cover annual operating deficits, capital lifecycle maintenance and upgrades, and the costs of land acquisition and development associated with Municipal Cemeteries.

Restrictions: As per purpose and conditions. Funds are to be used as per the purpose outlined above.

Funding Sources: Forty percent (40%) of the funds received by The City from the sale of cemetery plots, mausoleum crypts, columbarium niches, grave monuments and cemetery products shall be deposited into the Fund.

Investment income: x yes no

Related Budget Programs:

Operating Program: #445 Parks
Capital Program: #504 Cemeteries

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	12,549	10,359	8,635	7,873	8,383
Investment income	335	258	193	186	218
Contributions from operations	2,663	3,180	2,416	1,746	1,549
Contributions to operations	(1,246)	(1,024)	(795)	(962)	(1,693)
Transfers to capital	(352)	(224)	(90)	(208)	(584)
Closing balance	<u>13,949</u>	<u>12,549</u>	<u>10,359</u>	<u>8,635</u>	<u>7,873</u>

Source Contacts: Financial – T. Le Prieur, Finance Lead, Calgary Parks, Finance & Supply
Operational – B. Jamal, Manager, Calgary Parks Operations Northwest

Review Schedule: Last Review: 2013 Next Review: 2016

Utility Sustainment Reserve

Combined Operating & Capital Reserve (\$000s)

Authorization: FCS2011-32 and PFC2013-0745

Purpose: This reserve has been set up to provide both an operating contingency to offset revenue fluctuations and to manage cash flow, ensuring funds are available to meet both operating and capital requirements, capital financing needs associated with capital expenditures.

Conditions: As per purpose.

Restrictions: A target balance for sustainment funds set at 10% of utility revenues. Funds set aside for capital projects dependant on planned capital projects.

Funding Sources: Utility rate revenues at planned contributions levels and annual operating budget variances.
Portion of Acreage assessments to be spent in future years.

Investment income: ☒ yes ☐ no

Related Budget Programs:

Operating Program: #270 Utilities (Water Resources and Water Services)
Capital Program: Various Capital Programs

Special Reporting Requirements:

None

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	49,153	44,076	52,226	18,982	-
Investment income	1,436	1,034	971	469	-
Transfer from Reserves	-	-	-	-	17,608
Transfer to Real Estate Reserve	-	-	-	(2,269)	-
Contributions from (to) operations	115,680	100,738	70,589	40,139	1,374
Contributions from (to) capital financing	(121,979)	(96,695)	(79,710)	(5,095)	-
Closing balance	<u>44,290</u>	<u>49,153</u>	<u>44,076</u>	<u>52,226</u>	<u>18,982</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Sustainment Funds	6,889	5,008	4,467	3,676	6,812
Acreage Assessment funds	32,170	29,061	23,209	16,556	1,374
Future Year Capital funds	5,231	15,084	16,400	31,994	10,796
Total Reserve	<u>44,290</u>	<u>49,153</u>	<u>44,076</u>	<u>52,226</u>	<u>18,982</u>

Source Contacts: Financial – B. Dykstra, Finance Lead, Utilities, Finance & Supply
Operational – R. Spackman, Director, Water Resources, UEP, D. Limacher, Director, Water Services

Review Schedule: Last Review: 2013

Next Review: 2016

Waste and Recycling Sustainment Reserve

Combined Operating & Capital Reserve (\$000s)

PFC2016-0796
ATTACHMENT 2
\$ 48,809
(2015)

Authorization: FCS2011-33 and PFC2013-0745

Purpose: This reserve provides both an operating contingency to offset revenue fluctuations and to manage cash flow, by ensuring funds are available to meet both operating and capital requirements, capital financing needs associated with capital expenditures, as well as setting funds aside for the long-term landfill care and closure care landfill liability.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.
A target balance for sustainment purposes of 10% of current year's annual revenues has to be maintained.

Funding Sources: User fees and annual operating budget variances generated from self-supported programs.

Investment income: ☒ yes ☐ no

Related Budget

Programs:
Operating Program: #252 Waste & Recycling Services
Capital Program: #256 Landfill/Treatment Infrastructure
#257 Diversion Infrastructure
#258 Facilities & Equipment

Special Reporting Requirements:

None.

Current Activity (\$000s):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Opening balance	41,968	33,808	41,911	58,162	-
Contributions from operations	15,656	25,551	23,445	21,585	-
Contributions from operations	12,951	23,330	21,463	18,666	-
Investment income	2,705	2,221	1,982	2,919	-
Contributions from other sources (PAYG)	-	1,295	445	1,760	-
Contributions to capital financing	(6,330)	(15,310)	(26,951)	(18,892)	-
Contributions to operations (Landfill Closure Liability)	(2,485)	(2,773)	(4,600)	(20,500)	-
Transfer to Public Art Reserve	-	(603)	(442)	(204)	-
Transfer from reserves	-	-	-	-	58,162
Closing balance	48,809	41,968	33,808	41,911	58,162
Funds set aside for Sustainment purposes	9,660	10,278	9,657	8,804	9,237
Diversion	16,103	15,054	16,426	20,355	21,080
Landfill	7,271	6,002	1,185	6,294	21,976
Cash Requirement for Future Year Capital	15,775	10,634	6,540	6,458	5,869
Closing balance	48,809	41,968	33,808	41,911	58,162

Source Contacts: Financial – L. Peng, Finance Lead, Waste & Recycling Services, Finance &
Supply
Operational – R. Valdarchi, Director, Waste & Recycling Services

Review Schedule: Last Review: 2013 Next Review: 2016