

Specific Reserve Review Comments and Recommendations

Reserve Name	Att. 3 Page No.	Reserve Type	Balance 2021 (in '000s)	Review Comments and Reasons for Recommendations (Numerical Values in '000s)	Recommendation(s) for Approval (Numerical Values in '000s)
Calgary Heritage Authority Reserve	1	Operating	\$1,560	<p>The reserve provides financial operating resources for the overall activities and responsibilities of the Calgary Heritage Authority (CHA).</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>The Calgary Heritage Authority Act was revised in 2022; the name of the Calgary Heritage Authority was changed to Heritage Calgary.</p>	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 1-2) to reflect the name change to Heritage Calgary and to include the authorization document.</p>
Calgary Police Service Helicopter Maintenance	3	Operating	\$2,530	<p>The reserve is used to stabilize maintenance costs for the Police Service helicopter (HAWCS), as costs vary dramatically from year to year depending on the life cycle of the various maintenance components.</p> <p>All reserve expenditure transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>There was an \$808 additional contribution to this reserve in 2020 from the 2020 CPS operating budget surplus. This contribution was approved by the Calgary Police Commission and disclosed in the 2020 Annual Reserve Report. This timing difference was corrected in 2022 where no contribution was made to the reserve.</p>	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (page 3) to:</p> <ul style="list-style-type: none"> • Include the reserve funding source on the reserve template as per the reserve authorizing document; and • Revise the reserve commitments section to reflect the contribution timing difference. <p><u>Follow-Up:</u></p> <p>Chief Financial Officer and Director Finance to hold discussions with CPS and ELT, by Q4 2023, on potential changes to CPS reserves that may better suit their operations. Chief Financial Officer and</p>

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				<p>The authorized reserve funding source is not included on the reserve template and should be added for transparency.</p> <p>The Calgary Police Service (CPS) currently has two operating reserves (CPS Helicopter Maintenance and CPS Court Fine Revenue) and one capital reserve (CPS Capital Reserve). Discussions should be held with CPS and the Executive Leadership Team (ELT) on potential reserve changes that may better suit CPS operations (such as merging some or all of the reserves).</p>	<p>Director Finance to bring back any recommendations to the 2024 Triennial Reserve Review.</p>
Parking Revenue Reinvestment Reserve	4	Operating	\$4,161	<p>The reserve holds monies generated from surplus returns from Calgary Parking Authority (CPA) parking revenues to The City. The money is to be used for investment in public realm improvements and services in paid parking areas.</p> <ul style="list-style-type: none"> Note that as of 2021 September 15, Calgary Parking Authority is operating as Calgary Parking, a division of The City. <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>PFC2021-0487, Conclusion of Cash-in-Lieu Parking Program and Fund Allocation, was not disclosed as an authorizing document of this reserve and should be included for transparency.</p> <ul style="list-style-type: none"> This report authorized the one-time transfer of \$1,600 to this reserve from the Cash-in-Lieu Fund (a capital deposit). This was, however, erroneously described on the reserve template as a contribution from the Calgary Parking Authority. 	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 4-5) to:</p> <ul style="list-style-type: none"> Include PFC2021-0487 as an authorizing document; Reclassify funds received in 2021 as a fund transfer; State that this reserve receives investment income; Update the references to correctly identify the Calgary Parking Policies; and Include commitments against the reserve in the commitments section. <p>Return the \$18 unutilized funding from this reserve.</p>

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				<ul style="list-style-type: none"> ○ All funds were transferred to the reserve from the capital deposit except for approximately \$200 for Chinatown, as their Area Redevelopment Plan (ARP) at that time was not revised to remove the reference to the cash-in-lieu program. In 2023 April 4, the new ARP Bylaw for Chinatown was given its third reading with the removal of the reference cash-in-lieu program. The Reserve Operational Lead would now like to transfer the \$200 from the capital deposit to the reserve in keeping with the same principles for the transfer of \$1,600 that occurred 2021. ● This report authorized this reserve to receive investment income commencing in 2021; this has not been reflected on the reserve template, nor was investment income assigned to the reserve in 2021. <p>The reserve template incorrectly refers to superseded sections of the Calgary Parking Policies and should be corrected.</p> <p>No commitments against this reserve were disclosed on the reserve template. However, all funds in this reserve are committed upon receipt.</p> <p>A payment of \$18 in 2021 was funded from this reserve; however, the cheque became stale dated and was cancelled without being cashed. This amount was not returned to the reserve.</p> <p>Calgary Parking tracks and allocates funds to Business Improvement Areas (BIAs) and non-BIAs in keeping with the authorizing documents of this reserve. Two expenditures were paid from this</p>	<p><u>Substantive Changes:</u></p> <p>Calculate and allocate investment income to this reserve retroactively from the 2021 effective date authorized in PFC2021-0487.</p> <p>Transfer the remaining funds (approximately \$200) from the Cash-in-Lieu Capital Deposit to this reserve, assigned to the Chinatown District BIA, in keeping with the principles established in the transfer of the prior funds (PFC2021-0487).</p> <p><u>Process Improvement:</u></p> <p>Reserve Operational Lead to ensure that the internal tracking document by Business Improvement Area (BIA) is updated to accurately reflect all expenditures paid from the reserve. Reserve Operational Lead to reconcile between the two at least annually to ensure accuracy.</p>

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				<p>reserve, totaling \$201, that were not charged against the BIAs in the Reserve Operational Lead's internal commitments tracking sheet, creating a risk that a BIA could collect more funds than they contributed.</p>	
Snow and Ice Control (SNIC) Reserve	6	Operating	\$13,046	<p>The reserve is used to stabilize The City's Snow and Ice Control budget by accumulating budget surpluses generated in years with lower-than-average weather severity and using them to fund budget shortfalls where required.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms. However:</p> <ul style="list-style-type: none"> • The majority of Parks SNIC expenditures are funded through this reserve (69% in 2021 and 65% in 2020). The reserve is meant to only supplement SNIC budgets. • Inconsistencies were identified in how Parks received funding from the reserve. In Q4 2021, there was a direct transfer from the reserve to Parks; previously Roads made withdrawals from the reserve and Parks recovered from Roads. • Closing balances attributable to Roads and Transit were calculated incorrectly on the reserve template (Transit amounts were understated). <p>The reserve maximum balance is \$15,000 and the reserve may reach its maximum by 2023. The SNIC budget was increased from</p>	<p><u>Follow-Up:</u></p> <p>Parks to review their SNIC operating budget and historical spend and adjust accordingly during mid-cycle adjustment rather than relying heavily on the reserve funding, as the reserve is only intended to supplement SNIC budgets.</p> <p>Reserve Operational Lead to evaluate the relevance of the current maximum balance for the reserve, once the SNIC policy is reviewed in Q3 2023. The Administrative Review Committee (ARC) to include this as a follow-up item in the 2024 Triennial Reserve Review.</p> <p><u>Clerical Changes:</u></p> <p>For consistency and transparency, Parks withdrawals from the reserve should be made directly and reported accordingly in the reserve template.</p> <p>Revise the reserve template as outlined in Attachment 3 (pages 6-8) to:</p> <ul style="list-style-type: none"> ▪ Clarify special reporting requirements and conditions and restrictions;

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				<p>\$40,684 (2021) to \$49,481 (2022) due to service level changes; the current maximum balance may not be needed to support operations.</p> <ul style="list-style-type: none"> Roads anticipates reviewing the SNIC policy in Q3 2023 and at that time may be in a better position to assess the relevance of the current reserve maximum balance. Note that at the November 25, 2022 budget deliberations (C2022-1051), Council approved the reserve to be used for increase trouble response resources up to \$2,000 over four years. <p>The special reporting requirement is not practical; due to the nature of the reserve and services it finances, it is difficult to predict if the reserve will be depleted to zero in a future year.</p> <p>Clerical revisions are required to the reserve template, as reserve conditions and restrictions are not entirely aligned to the definitions as per Procedures for Financial Reserves.</p>	<ul style="list-style-type: none"> Revise current activity section to report Parks withdrawals for transparency; and Correct closing balances attributable to Roads and Transit.
911 Communications Centre Capital Financing Reserve	9	Capital	\$22,712	<p>The reserve funds future capital improvements and upgrades to the Calgary 911 Communications Centre.</p> <p>The reserve is funded by a portion of revenue generated from the monthly fee charged to citizens on both landlines and wireless phones.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p>	<p><u>Substantive Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (page 9) to remove the 911 wireless grant, as this grant is a capital deposit.</p> <p>Investment income for the 911 wireless grant to be allocated on a prospective basis for the capital deposit.</p> <p><u>Follow-Up:</u></p>

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				<p>The accounting treatment for the 911 wireless provincial grant portion of the reserve was reviewed by Financial Reporting and was determined to be classified as a capital deposit instead of a reserve.</p> <ul style="list-style-type: none"> The opening balance of the capital deposit was \$0 as all funds received from the province as of December 31, 2021 were spent, therefore no funds were transferred from the reserve to the capital deposit. The 911 capital deposit balance at December 31, 2022 is \$3,500 and has been established on a prospective basis. Investment income was not earned on the 911 wireless portion of the reserve; however, the amount is not significant (approximately \$130) and the Reserve Operational Lead does not require a retroactive investment allocation. <p>The Administrative Review Committee (ARC) inquired whether the reserve should have a minimum and maximum balance.</p> <ul style="list-style-type: none"> It was determined that a maximum balance is not required at this time as based on a financial forecast, the reserve balance is expected to decline by 2026. Additional time is required to determine whether a minimum balance is required. As part of this review, it was noted that \$20,000 in MSI and PAYG funding was approved by Council for the 911 Next Generation Infrastructure Program in the 2023-2026 capital budget. From a corporate funding prioritization perspective, the capital deposit and reserve should be used first to fund these capital expenditures prior to the \$20,000. 	<p>By Q4 2023, the Reserve Financial Lead to:</p> <ul style="list-style-type: none"> Discuss with the Corporate Budget Office the 2023-2026 operating and capital forecasts, maximize funding from the capital deposit and reserve, and relinquish any unrequired MSI and PAYG funding; and Discuss with operations the minimum balance requirement for the reserve. <p><u>Process Improvement:</u> Improve record keeping by providing adequate supporting documentation for the funding and use of the reserve in the reserve binder.</p>

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				Not all the supporting documentation for reserve transactions were included in the reserve binder. However, all information requested by the review team was received.	
Calgary Police Service Capital Reserve	10	Capital	\$41,195	<p>The reserve:</p> <ol style="list-style-type: none"> 1) Provides for the capital financing of Police Vehicles; 2) Provides for the capital financing of Police Automated Fingerprint Identification System (AFIS) upgrades. AFIS is a joint venture with the Edmonton Police Service; 3) Assists with financing Calgary Police Service (CPS) capital assets (Pay-As-You-Go); and 4) Provides for the capital financing of the Red Light Camera program and other CPS infrastructure requirements. <p>All reserve expenditure transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>There was an \$2,192 additional contribution to the Red Light Camera portion of this reserve in 2020 from the 2020 CPS operating budget surplus. This contribution was approved by the Calgary Police Commission. This timing difference was corrected in 2022 where no contribution was made to the Red Light camera portion of the reserve.</p> <p>There were two clerical errors identified on the reserve template that should be corrected:</p> <ul style="list-style-type: none"> • An authorized capital program was not included on the reserve template; and 	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 10-11) to:</p> <ul style="list-style-type: none"> • Include Program #032 Police Communication System in the <i>Related Budget Programs</i> section; and • Correct the budgeted inflow amount in the <i>Commitments</i> section. <p><u>Follow-Up:</u></p> <p>Chief Financial Officer and Director Finance to hold discussions with CPS and ELT, by Q4 2023, on potential changes to CPS reserves that may better suit their operations. Chief Financial Officer and Director Finance to bring back any recommendations to the 2024 Triennial Reserve Review.</p>

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				<ul style="list-style-type: none"> Budgeted inflows in the commitments section should be \$5,077 instead of \$2,540. <p>The Calgary Police Service (CPS) currently has two operating reserves (CPS Helicopter Maintenance and CPS Court Fine Revenue) and one capital reserve (CPS Capital Reserve). Discussions should be held with CPS and the Executive Leadership Team (ELT) on potential reserve changes that may better suit CPS operations (such as merging some or all of the reserves).</p>	
Downtown Improvement Fund	12	Capital	\$2,706	<p>The reserve assists in the implementation of public improvement projects in the City Centre. Reserve funds may be used to help fund operating maintenance costs of specialty assets in the City Centre.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>The reserve is deemed to be approved for investment income allocation; however, no documents have been identified authorizing investment income allocation to the reserve.</p> <p>The reserve can also be used to help fund operating maintenance costs of specialty assets and should therefore be classified from a capital reserve to a sustainment reserve.</p> <p>The Reserve Operational Lead requested to increase the annual maximum spend from the reserve from \$300 to \$450 to provide</p>	<p><u>Clerical Change:</u></p> <p>Approve the reserve to continue receiving investment income.</p> <p><u>Substantive Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 12-13) to:</p> <ul style="list-style-type: none"> Reclassify the reserve to an Operating and Capital (Sustainment) Reserve; and Approve the increase of the annual maximum spend in the reserve from \$300 to \$450. <p><u>Follow-Up:</u></p> <p>That the Downtown Improvement Fund Reserve remains as status quo pending exploration of:</p>

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				<p>additional funding for capital projects. The Administrative Review Committee (ARC) supports this request.</p> <p>The Administrative Review Committee (ARC) inquired as to whether the reserve could be integrated with the Downtown Strategy capital budget. It was determined that additional time is required by the Reserve Operational Lead to explore the potential integration.</p>	<ul style="list-style-type: none"> • Integration of planning and budgeting of the capital, specialty maintenance and regular maintenance; • Considering the ongoing Downtown Strategy work includes instituting a comprehensive funding strategy to effectively enable and support downtown revitalization initiatives; and • Direct the Reserve Operational Lead to report back to the Administrative Review Committee (ARC), no later than December 2025.
LED Street Light Re-Lamping Reserve	14	Capital	\$1,256	<p>Reserve helps finance initial capital expenditures for streetlight Light Emitting Diode (LED) units and future lifecycle replacement of streetlights.</p> <p>In 2018, Council approved to cease contributions to the reserve and authorized closure of the reserve once it has been depleted (PFC2018-1125). However, contributions to the reserve continued through 2019 and 2020 (totaling \$1,495).</p> <p>In 2020, Council approved a capital budget adjustment (C2020-1215), which allocated \$4,500 of the reserve's balance to fund a safety initiative to replace streetlights that represented a safety risk. As of December 31, 2021, the entire reserve's balance of \$1,256 is committed to the Safety Initiative.</p> <p>During the review, the Reserve Operational Lead determined that there may be a business need for a reserve to focus on the life-cycle replacement and upgrade of streetlights.</p>	<p><u>Substantive Changes:</u></p> <p>Close the reserve once its remaining funds, earmarked for a safety initiative, are spent. Contributions to the reserve are to be discontinued, with prior unauthorized contributions retained in the reserve until spent.</p> <p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (page 14) to:</p> <ul style="list-style-type: none"> • Capture the end of the LED re-lamping; and • Provide information on the streetlight safety initiative previously approved by Council (C2020-1215). <p>If required, business unit to bring back to the Administrative Review Committee (ARC) a request for the creation of a new reserve for ARC's review and consideration.</p>

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Major Capital Project Reserve	15	Capital	\$479,267	<p>The reserve:</p> <ol style="list-style-type: none"> 1) Provides a funding source for long-term capital projects which includes: <ul style="list-style-type: none"> • BMO Centre expansion • Event Centre • Arts Commons Transformation • Multi-Sport Field House 2) Funds repayable internal loans to related authorities for the BMO Centre expansion project as per Council's direction (C2019-0349) <p>All reserve transactions were properly authorized and in accordance with the reserve terms.</p> <p>On November 1, 2019, The City entered into a contribution agreement with CMLC and Calgary Exhibition and Stampede Limited (CESL) to expand the BMO Convention Centre which is owned and operated by CESL. The City through CMLC committed to fund two-thirds of the Eligible Costs of \$333,334 which will be funded via The City's Major Capital Projects Reserve. CMLC will repay The City through the Rivers District Community Revitalization Levy starting in 2028 through 2047.</p> <ul style="list-style-type: none"> • The current presentation of the CMLC loan on the reserve template is not clear and should be revised to clarify the following: <ul style="list-style-type: none"> ○ The closing balance of the Major Capital Project reserve in alignment with The City's Annual Report; 	<p><u>Clerical Change:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 15-18) to provide additional clarification and increase transparency on the CMLC loan.</p>

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				<ul style="list-style-type: none"> ○ Funds loaned are not currently available for further allocation; ○ The reserve is fully committed at this point in time; and ○ That in future periods, as the CMLC loan is repaid, the reserve will be replenished with these funds. 	
Calgary Parking Capital Reserve Fund (CPA Reserve Transferred to The City)	19	Sustainment	\$108,070	<p>The reserve ensures sufficient funds exist to meet all capital needs as detailed in the Calgary Parking Capital Asset Management Plan.</p> <ul style="list-style-type: none"> • Note that as of 2021 September 15, Calgary Parking Authority is operating as Calgary Parking, a division of The City. <p>This reserve was transferred to The City 2021 September 15, and a reserve template needs to be created outlining the reserve terms and conditions.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>An overlap exists between the purpose of this reserve and the Cash-in-Lieu Lifecycle Sustainment Reserve and these reserves should be merged.</p> <ul style="list-style-type: none"> • As the original funds for the Cash-in-Lieu Lifecycle Sustainment Reserve (transferred from the former Parking Land Acquisition Reserve) came from the allocation of surpluses returned to The City from CPA operations, it was not funded by the cash-in-lieu program; the use of the funds was linked, but the funding source was different. The reserve was assigned to cash-in-lieu 	<p><u>Substantive Change:</u></p> <p>This reserve should be merged with the Cash-in-Lieu Lifecycle Sustainment Reserve Reserve in 2023 (refer to Attachment 3, pages 19-20) as they overlap and there is no business need to maintain them separately.</p> <p><u>Follow-Up:</u></p> <p>Revisit this reserve in the 2024 Triennial Reserves Review to make any required updates to take into account Calgary Parking's new funding model and the reserve's interactions with other City sources of financing, including other reserves.</p>

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				<p>structures to ensure that the funding was spent on those structures, maintaining this association.</p> <p>Strategic decisions for the reserve (such as reserve purpose and funding sources) cannot be made at this time as further clarity is anticipated following Calgary Parking's new revenue model, expected to be presented to Council in Q3 2023. In addition, once the new revenue model is finalized, the interaction of this reserve with other City sources of financing, including other reserves, should be assessed.</p> <p>Note that at the November 25, 2022 budget deliberations (C2022-1051), Council approved the reserve to use \$20,000 as a capital investment for the 5A network.</p>	
<p>Calgary Parking Long Term Investment Fund (CPA Reserve Transferred to The City)</p>	<p>21</p>	<p>Sustainment</p>	<p>\$51,304</p>	<p>The reserve provides a source of financing for the acquisition or development of new assets which will contribute to the long-term stability of Calgary Parking.</p> <ul style="list-style-type: none"> Note that as of 2021 September 15, Calgary Parking Authority is operating as Calgary Parking, a division of The City. <p>This reserve was transferred to The City 2021 September 15, and a reserve template needs to be created outlining the reserve terms and conditions.</p>	<p><u>Follow-Up:</u></p> <p>Revisit this reserve in the 2024 Triennial Reserves Review to make any required updates to take into account Calgary Parking's new funding model and the reserve's interactions with other City sources of financing, including other reserves.</p>

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				<p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>Strategic decisions for the reserve (such as reserve purpose and funding sources) cannot be made at this time as further clarity is anticipated following Calgary Parking's new revenue model, expected to be presented to Council in Q3 2023. In addition, once the new revenue model is finalized, the interaction of this reserve with other City sources of financing, including other reserves, should be assessed.</p>	
Cash-in-Lieu Lifecycle Sustainment Reserve	22	Sustainment	\$37,435	<p>The reserve funds the lifecycle operating and capital needs for existing cash-in-lieu parking facilities managed by the Calgary Parking Authority (CPA).</p> <ul style="list-style-type: none"> Note that as of 2021 September 15, Calgary Parking Authority is operating as Calgary Parking, a division of The City. <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>An overlap exists between the purpose of this reserve and the Cash-in-Lieu Lifecycle Sustainment Reserve and these reserves should be merged.</p> <ul style="list-style-type: none"> As the original funds for this reserve (transferred from the former Parking Land Acquisition Reserve) came from the allocation of surpluses returned to The City from CPA operations, it was not funded by the cash-in-lieu program; the use of the funds was 	<p><u>Substantive Change:</u></p> <p>This reserve should be merged (refer to Attachment 3, page 22) with the Calgary Parking Capital Reserve in 2023 as they overlap and there is no business need to maintain them separately.</p>

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				linked, but the funding source was different. The reserve was assigned to cash-in-lieu structures to ensure that the funding was spent on those structures, maintaining this association.	
Fleet Services Reserve	23	Sustainment	\$8,723	<p>This reserve is used to stabilize the budget during fluctuations in the external market value of retired assets. The reserve is also used to fund capital expenditures.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>The Reserve Operational Lead proposed amendments to the reserve due to continuing supply chain disruptions and inflationary pressures.</p> <ul style="list-style-type: none"> The Administrative Review Committee (ARC) reviewed the request and supported the reserve to be utilized for unbudgeted increases in depreciation and interest expenses as well as to sustain operations during unexpected inflationary and cost escalations. 	<p><u>Substantive Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 23-24) to include the use of the reserve for:</p> <ul style="list-style-type: none"> Unbudgeted increases in depreciation and interest expenses; and To sustain operations during unexpected inflationary pressures and cost escalations not budgeted for.
Golf Course Levy Reserve	25	Sustainment	\$7,432	<p>The reserve funds golf course capital projects and finances any golf course operating budget deficits.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>The reserve balance has grown over the past few years as revenues have increased arising from the increased popularity of golf and reductions made to operating costs.</p>	<p><u>Follow-Up:</u></p> <p>Once the golf course long-term strategic plan is developed (estimated 2024), Reserve Operational Lead to:</p> <ul style="list-style-type: none"> Establish a target balance for the reserve; Assess the reserve funding sources; and Bring back this information to the Administrative Review Committee (ARC) for review and approval in the 2025 Triennial Reserve Review.

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				<ul style="list-style-type: none"> The reserve does not have a target balance. A long-term strategic plan is being developed (expected to be completed in 2024) that will assist in determining a target balance. <p>As Golf Operations move towards a self-supporting model, the reserve funding sources should be reviewed to determine whether they can be limited to golf surcharges and operating budget surpluses from Golf Operations; currently the reserve can also be funded by operating budget surpluses from recreation operations.</p>	
Opportunity Calgary Investment Fund (OCIF)	26	Sustainment	\$91,102	<p>The reserve represents a commitment by municipal government to invest in catalyst projects to strengthen the local economy.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>There was a minor reclassification error of \$50 between contributions to other sources in the <i>Current Activity</i> section of the reserve template.</p> <p>Commitments reported in the <i>Commitments</i> section of the 2021 reserve template do not correspond with commitments reported on the OCIF 2021 Annual Report.</p> <ul style="list-style-type: none"> Commitments were overstated by \$800 in error on the reserve template; this does not impact the reserve balance, only impacts the reporting of commitments information. 	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 26-28) to:</p> <ul style="list-style-type: none"> Correct a minor reclassification error of \$50 between contributions to other sources in the <i>Current Activity</i> section; Decrease commitments by \$800 in the <i>Commitments</i> section; Include investment income in the <i>Commitments</i> section; and Split out the contributions from each source in the <i>Commitments</i> section to increase transparency. <p><u>Process Improvement:</u></p>

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				<ul style="list-style-type: none"> A \$1,200 payment was made on December 31, 2021 to OCIF and not accounted for in the reserve until 2022. This error was disclosed to Financial Reporting after the year-end audit was already completed, therefore adjusting entries could not be made. The reserve balance has been corrected in 2022. <p>Investment income was not included in the <i>Commitments</i> section of the reserve template.</p> <p>Commitments for contribution agreements and OCIF operating budget are combined in one line in the <i>Commitments</i> section of the reserve template, decreasing transparency.</p>	<p>Financial Reserve Lead to confirm commitments with OCIF at each year-end to ensure they are aligned.</p>
Perpetual Care of the Municipal Cemetery System Reserve	29	Sustainment	\$24,901	<p>The reserve funds operational activities associated with the perpetual maintenance and care of municipal cemeteries. Perpetual care includes mowing, trimming, irrigation and repair of graves, as well as general maintenance of the structures and buildings within the cemeteries.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>There is a provincial obligation to maintain cemetery sites in perpetuity. To strengthen the Perpetual Care of the Municipal Cemeteries Reserve's mandate, Council passed <i>Bylaw 9M2010</i> in 2010. <i>Bylaw 9M2010</i> is not currently listed as an authorizing document on the reserve template.</p>	<p><u>Clerical Changes:</u></p> <p>Revise the reserve template as outlined in Attachment 3 (pages 29-30) to:</p> <ul style="list-style-type: none"> Include <i>Bylaw 9M2010</i> under the reserve <i>Authorization</i> section; and Correct the budgeted outflows amount in the <i>Commitments</i> section.

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				<p>There was an error in the <i>Commitments</i> section of the reserve template relating to budgeted contributions for 2022; budgeted contributions (to capital and operating) should be \$6,608 instead of \$3,251.</p> <p>The reserve has grown over the past few years. Per the City Cemeteries Business Plan 2020 to 2030, the reserve is forecasted to decrease by 2030 before entering a period of anticipated growth in 2030-2040 once two new cemeteries are fully operational.</p>	
Planning & Development Sustainment Reserve	31	Sustainment	\$97,120	<p>The reserve is used to respond to market fluctuations and volatility in the level of development and building activity. The reserve funds fee supported budgets for the continuity of development approvals and building safety services.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>In 2020 and 2021, the balance of the reserve exceeded the target balance. Per the reserve conditions, should the fund exceed the target, the excess would be used as a contribution from the reserve to fee supported operations in the following year to soften any required user fees increase.</p> <ul style="list-style-type: none"> • User fee increases were not required in 2021 and 2022 and therefore accordingly the excess was not used in these years. • However, base fees were reduced by 5% in 2022 as approved by Council (C2021-1436) resulting in a forecasted total revenue impact of \$18,000 over 2023-2026. 	<p><u>Follow-Ups:</u></p> <p>Planning and Development (PD) to provide an update on the impacts of the realignment on the reserve including any impacts to the user fee and tax funded ratio by Q2 2023.</p> <p>PD to assess whether to implement a maximum reserve balance and the implication to the fee structure, after the PD continuum comprehensive review is completed, by Q4 2023.</p> <p>The Administrative Review Committee (ARC) to follow-up on the results of the above recommendations in the 2023 Triennial Reserve Review.</p> <p><u>Process Improvement:</u></p> <p>PD to include the following supporting documentation as part of future reserve binder submissions:</p>

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				<p>The reserve does not have a maximum balance. Based on current forecasts, the reserve is projected to decline to \$72,000 in 2026.</p> <ul style="list-style-type: none"> • Planning & Development (PD) is currently evaluating the reserve to determine if any amounts can be released from this reserve to fund tax-supported expenditures. PD will bring forward the results of their evaluation to Council in a separate report (date TBD). <p>Since the prior Triennial Reserve Review in 2019, internal process changes were made to improve the identification and monitoring of fee-based versus tax-supported services and to align the reserve budget with the Planning & Development (PD) financial forecast.</p> <ul style="list-style-type: none"> • As a result of the realignment, PD will assess the PD continuum for any potential impacts to fee-based versus tax-supported services (estimated to be completed by Q2 2023). <p>Not all the supporting documentation for reserve transactions were included in the reserve binder. However, all information requested by the review team was received.</p> <p>Note that at the November 25, 2022 budget deliberations (C2022-1051), Council approved a one-time withdrawal of \$1,000 in 2023 and \$1,005 in 2024 from the reserve to execute the Calgary Plan.</p>	<ol style="list-style-type: none"> Service line translation table as part of the monitoring of fee vs tax-based support Reconciliation of the budgeted activity to Internal Management Report (IMR) budgets Target balance calculations
Real Estate Services	33	Sustainment	\$131,027	The reserve is used to finance land acquisitions and development of land holdings to advance economic development and diversification	<u>Clerical Change:</u>

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				<p>objectives by ensuring an available supply of industrial land through the development of industrial / business parks; and to advance achievement of other municipal objectives through land improvement of City owned Transit Oriented Development areas and other Council directed special projects.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms.</p> <p>Clerical revisions are required to the reserve template to more clearly reflect the purpose of the reserve.</p> <p>Based on current forecasts, the reserve is projected to decline to \$0 in 2026. The business unit will monitor the reserve position over the business cycle for any further actions required for the financial sustainability of the reserve and service line and will address this through the corporate business planning and budgeting processes.</p> <p>Note that at the November 25, 2022 budget deliberations (C2022-1051), Council approved \$40,000 from this reserve to be allocated to the Downtown Strategy Business Unit to the program that converts office spaces to residential and post-secondary spaces.</p>	<p>Revise the reserve template as outlined in Attachment 3 (pages 33-34) to reflect the reserve purpose more clearly.</p>
Waste and Recycling Sustainment Reserve	35	Sustainment	\$83,565	<p>This reserve provides an operating contingency to offset revenue fluctuations and to manage cash flow, thereby ensuring funds are available to meet both operating and capital requirements, and to provide for capital financing needs associated with capital</p>	<p><u>Substantive Change:</u></p> <p>Revise the sustainment reserve target balance to 120 days of Operating and Maintenance (O&M) costs (based on the forecasted operating budget) in accordance with the consultant's report and recategorize the diversion and landfill balances on the reserve</p>

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				<p>expenditures, as well as setting funds aside for the long-term landfill care and closure care landfill liability.</p> <p>All reserve transactions sampled were properly authorized and in accordance with the reserve terms and the 10% target balance condition for contingency purposes was met.</p> <p>Budgeted inflows and outflows from the reserve did not reflect actuals. However, reserve budgets were reviewed by the business unit for the current budget cycle (2023-2026) and have been revised based on historical actuals and forecasts. Waste & Recycling increased fees in the 2023-2026 budget cycle (C2022-0798) effective 2023; reserve budgets should be revisited to determine any impacts of the new rates.</p> <p>Waste and Recycling requested to adopt a Sustainment Reserve target balance of 120 days of Operating and Maintenance (O&M) costs.</p> <ul style="list-style-type: none"> In late 2021, Waste & Recycling hired a consultant to review the reserve target level, including a review of leading practices, examination of the service's financial performance, and analysis of the service's evolving needs and risks. The resulting recommendation was to adopt a Sustainment Reserve target balance of 120 days of Operating and Maintenance (O&M) costs. The new target balance methodology is consistent with the Utility Sustainment Reserve. 	<p>template (refer to Attachment 3, pages 35-36) to Sustainment Funds to be included in the sustainment reserve target balance.</p> <p><u>Follow-Up:</u></p> <p>Reserve Operational Lead to review the reserve budgeted inflows and outflows by Q1 2024 to determine any impacts of the new residential charges that were effective in 2023.</p>

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				<ul style="list-style-type: none"> With the new target balance methodology, the current diversion and landfill categories should be included in calculating the Sustainment Fund target balance. The Administrative Review Committee (ARC) supports the request to revise the target balance methodology. <p>The reserve balance increased over the review period. However, due to the reduction in tax support to this service in 2022 (\$6,500 reduction) and higher inflation costs, lower contributions were made to the reserve in 2022 and the reserve balance has declined to \$69,147 in 2022.</p> <ul style="list-style-type: none"> Based on the business unit's forecasts, the reserve balance is projected to decline to \$43,500 by 2026 due to reduced contributions from operations to the reserve and increased capital spending. 	