

## Corporate Planning and Financial Services Briefing to

Executive Committee

2023 September 06

ISC: UNRESTRICTED

EC2023-0830

## The City of Calgary Reserves and Long Term Liabilities Balances 2022

### PURPOSE OF BRIEFING

This report is presented in accordance with the requirements contained within the Council Policy on Reserves CFO013. This report provides financial information on The City of Calgary's (The City) reserves and long term liabilities balances as at 2022 December 31 and highlights the accountability systems with respect to The City's reserves. This report supplements the information on reserves balances and disclosures contained in The City's annual financial statements.

### SUPPORTING INFORMATION

Financial Reserves Policy FA-050 and the accompanying Procedures for Financial Reserves define the roles and responsibilities of all parties associated with administering financial reserves. Corporate Financial Reporting within the Finance business unit is responsible for ensuring that the reserve balances are accurately reported in The City's annual financial statements and in Attachment 1.

The City's reserves total \$4,006 million at 2022 December 31 (2021: \$3,528 million) and consist of operating, capital and sustainment reserves. A summary of definition of these reserves categories and information on reserves within these categories at 2022 December 31 is as follows:

- **Operating reserve** – A reserve to fund operating expenditures for one-time projects, pilot programs, to stabilize operating budgets for unanticipated fluctuations in revenues or expenditures, to comply with a contractual agreement, or for contingency funds for operational emergencies. There are 16 operating reserves totalling \$1,208 million, of which \$1,112 million is held in the Fiscal Stability and Operating Budget Savings Account Merged Reserve as an operating contingency and cashflow fund and to provide for one-time funding as approved by Council.
- **Capital reserve** – A reserve to fund approved capital programs, projects and expenditures. There are 15 capital reserves totalling \$1,635 million and most of them are either fully committed or have substantial commitments against them to finance existing approved projects and these commitments will reduce the existing balances over time.
- **Sustainment reserve** – A reserve to fund both operating and capital expenditures for activities that are treated as self-sustaining. A total of \$1,163 million is held in 19 separate sustainment reserves, of which most of them are either fully committed or have substantial commitments to finance existing approved projects and these commitments will reduce the existing balances over time.

As of 2022 December 31, The City had an uncommitted reserve balance of \$1,658 million. This remaining balance is available within the defined purpose, conditions and restrictions of each reserve for Councils' use and direction.

<b>Operating Reserves</b> \$1,208 million	<b>Net Commitments</b> \$722 million	<b>Remaining Balance</b> \$486 million	<b>Projects include (but are not limited to):</b> <ul style="list-style-type: none"><li>• Anti-Racism commitments (C2021-1436)</li><li>• Greater Downtown Plan (C2021-0524)</li><li>• Community Action on Mental Health and Addiction (C2018-0956)</li></ul>
<b>Capital Reserves</b> \$1,635 million	<b>Net Commitments</b> \$938 million	<b>Remaining Balance</b> \$697 million	<b>Projects include (but are not limited to):</b> <ul style="list-style-type: none"><li>• Green Line LRT</li><li>• BMO Centre expansion project (C2019-0349)</li><li>• Arts Common Transformation (C2021-1372)</li></ul>
<b>Sustainment Reserves</b> \$1,163 million	<b>Net Commitments</b> \$688 million	<b>Remaining Balance</b> \$475 million	<b>Projects include (but are not limited to):</b> <ul style="list-style-type: none"><li>• Housing Incentive Program (PFC2019-1385)</li><li>• Capital assets and vehicles acquisition (2023-2026 Service Plans and Budgets)</li><li>• Composting facility expansion (IP2022-0018)</li></ul>

Attachment 1, The City of Calgary Reserves and Long Term Liabilities Balances 2022, provides detailed financial information on the reserves at The City and includes the reserves terms and financial details for each individual reserve as an appendix.

**ATTACHMENT**

- 1. The City of Calgary Reserves and Long Term Liabilities Balances 2022