

Date: August 8, 2025

To: **Standing Committee on Finance and Audit**

Name and title: Kris Dalio, Director of Finance and IT Services

Subject: Reserve Funds – Balances/Sources/Uses for 2022 through 2024

Attachment(s): None

Recommendation(s):

That the Standing Committee on Finance and Audit RECEIVES FOR INFORMATION, the report dated August 8, 2025 from the Director of Finance and IT Services titled “Reserve Funds – Balances/Sources/Uses for 2022 through 2024.”

Purpose:

This report is provided annually for information as per Sustainable Finance Guideline 10.1.

Strategic Priorities:

Under the Community Charter (sections 188 and 189), City Council may by bylaw establish Reserve Funds for specific purposes.

As per Sustainable Finance Guideline 10, the City establishes and maintains reserves to:

- Provide sources of funds for future capital expenditures
- Provide sources of funds for areas of expenditure that may fluctuate significantly from year to year
- Protect the City from uncontrollable or unexpected increases in expenditures (e.g. snow control) or decreases in revenues or a combination of both.

If the amount in a Reserve Fund is greater than required, City Council may, by bylaw, transfer all or part of the balance to another Reserve Fund. While their purpose can be for operating, reserve funds are typically used to accumulate funding for future capital purposes.

Sustainable Finance Guideline 10.0 states that money in a Reserve Fund and interest earned thereon must be used only for the purpose for which the reserve was established. Proposals to appropriate funds from reserves will include repayment plans. As per Sustainable Finance Guideline 10.1, reserves that are repealed will have their balance (if any) transferred to either the Endowment or the Capital Expenditure Reserve.

Financial Considerations:

Listed below is a table concerning the City of Prince George Reserve Funds. There is a comparison between 2022, 2023 and 2024 uncommitted balances for all Reserves, not including Trusts. For relevant bylaw numbers as well as an explanation of the sources and uses of these funds, please see the Addendum at the end of this report.

Fund	2022	2023	2024
Reserves			
Endowment	8,689,116	10,078,103	16,552,190
Capital Expenditure	2,837,743	3,984,051	4,950,004
Storm Drainage	7,727	8,125	9,560
Northern Capital & Planning Grant	5,401,235	168,407	993,657
COVID-19 Safe Restart Grant	3,069,473	0	0
Transit Operating	1,909,561	1,759,057	1,531,009
BC Growing Communities Fund	0	12,993,767	12,143,673
Downtown District Energy System	0	377,350	605,220
Climate Action	964,977	1,340,613	2,219,820
Land Development	0	0	0
Snow Control	3,040,269	2,236,928	2,102,012
Road Rehabilitation	2,277,429	2,993,184	3,168,157
General Infrastructure Reinvestment	1,645,953	2,170,230	3,079,853
Sewer Utility	7,700,541	9,302,331	12,843,717
Water Utility	9,903,063	11,553,012	10,595,027
Mobile Equipment Replacement	3,436,927	3,910,533	4,347,504
Computer	476,077	0	0
Southwest Sector – College Heights	12,093	0	0
Southwest Sector – Peden Hill	5,843	0	0
Southwest Sector – South Fort George	829	0	0
Southwest Sector – Van Bien	6,140	0	0
Southwest Sector – Vanway	736	0	0
Parkland Acquisition	475,859	452,987	397,576
Downtown Off-Street Parking	6,418,197	8,269,243	10,336,406
Lease-In-Lease-Out Legacy	31,566,491	32,617,979	34,289,745
Canadian Community Building Fund	7,921,284	6,649,990	8,016,539
Solid Waste Services	3,049,483	3,082,367	3,757,085
Performing Arts Centre	90,061	94,703	99,455
Total Reserves	100,907,107	114,042,960	132,037,938
Development Cost Charges (DCCs)			
DCC Roads	1,250,151	1,433,910	1,861,783
DCC Parkland	514,129	671,539	731,238
DCC Drainage	798,435	918,271	1,080,954
DCC Sewer	2,320,767	2,636,230	2,862,111
DCC Water	1,428,308	1,730,848	1,945,737
Total D.C.C.'s	6,311,790	7,390,798	8,481,824

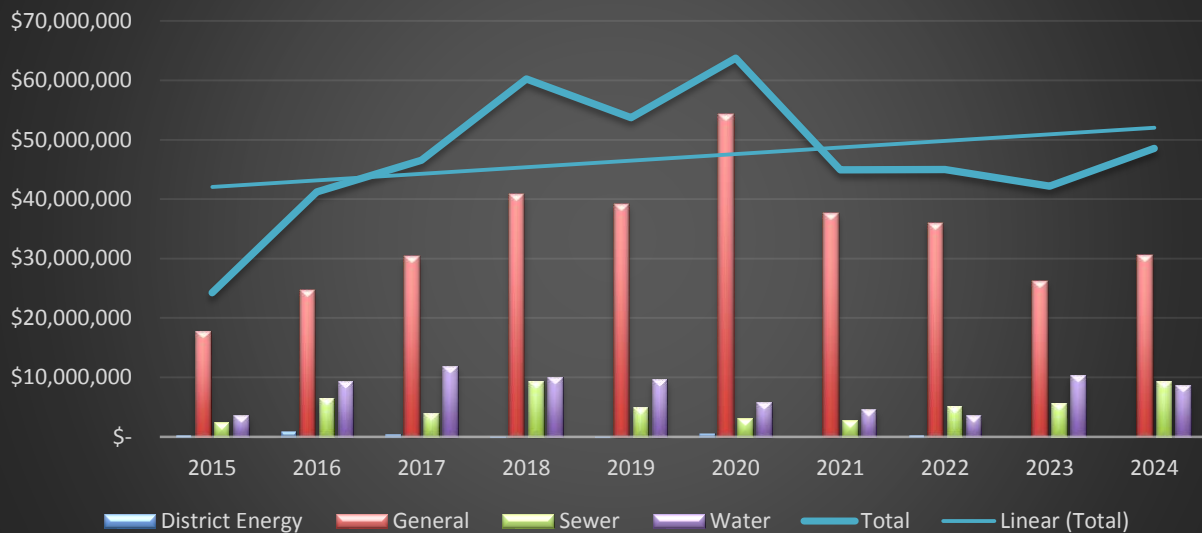
Regulated Reserve For Expenditures			
Miscellaneous	469,594	469,594	452,243
Debt Reduction	3,073,656	3,321,747	1,256,380
Major Events	205,027	488,037	938,260
EVP Crown Land Forest	179,711	58,054	67,371
Gaming	0	0	0
Tyner Blvd Water Main Extension	0	0	0
Extension Ospika/Marleau/St. Lawrence	237,748	250,003	262,547
Community Fibre Optic Network	131,814	217,449	304,759
Total RRFE's	4,297,550	4,804,884	3,281,559
Deferred Revenue			
Valentina Goodwin Donation	14,226	14,959	15,712
Total Deferred Revenue	14,226	14,959	15,712
Total in Reserve	111,530,673	126,253,601	143,817,033

Many categories of the City's operations and infrastructure have dedicated funding sources (Road Rehabilitation, Snow Control, Sewer, Water, Solid Waste, Off-Street Parking). Excluding those examples, the sources of funds the City consistently receives annually that can be allocated to general capital projects of almost any kind include:

- Canada Community-Building Funds of \$3,556,224;
- General Infrastructure Reinvestment Fund Levy of \$5,630,873;

The 2025 gaming revenue budget is estimated at \$3.0 million. \$2.7 million of the gaming revenues funds general capital expenditures and the other \$0.3 million funds the Major Events Reserve.

10 Year Capital Spending History - by Fund



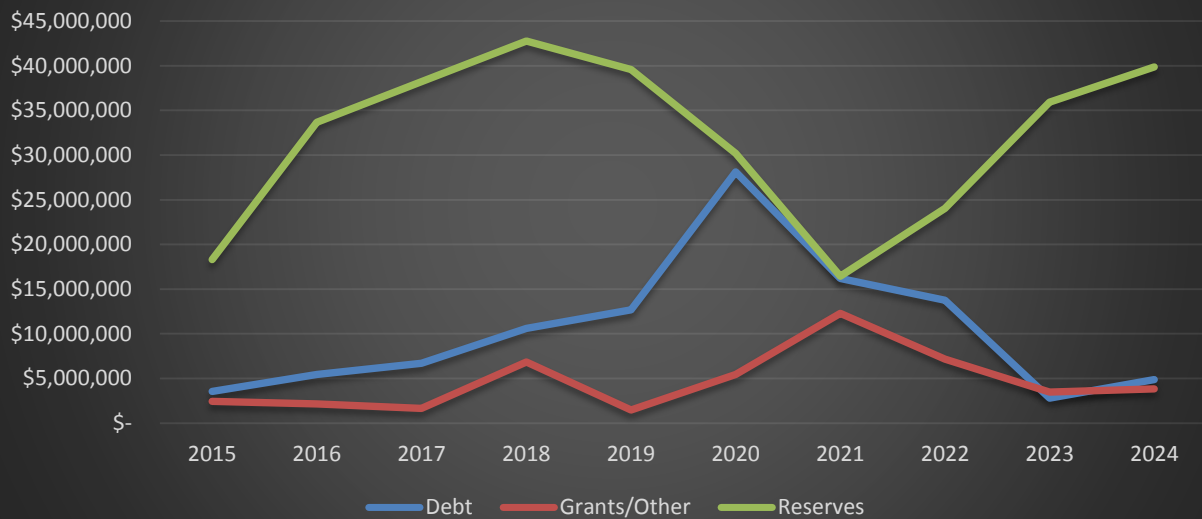
Capital investment in City infrastructure continues to increase over time with inflation and if the City takes on more new infrastructure than it disposes of. Reserves are heavily committed to current and future capital spending.

In areas such as sewer, water and solid waste, the City strives to maintain their existing infrastructure with a “pay as you go” approach, as opposed to debt funding. The City uses asset management data to estimate reinvestment needs and structure user fees to be able to fund the operational and capital needs of those self-funded services. For very large dollar sewer and water projects, the City may still need to look to debt financing.

For general infrastructure, debt funding is still an important component of capital financing and realistic long term financial plans. Examples of large debt funded projects in the last ten years include the Canfor Leisure Pool and the new Fire Hall #1.

Long-term debt for all BC municipalities except the City of Vancouver must be undertaken through their regional district, which borrows on their behalf from the Municipal Finance Authority (MFA). The MFA, created in 1970, is an independent organization that is directed by its members (elected officials representing every regional district in BC) and provides: long-term, short-term and equipment financing; investment management; and a range of low-cost and flexible financial services. The MFA achieves this by pooling the borrowing and investment needs of its member local governments in BC. This collective structure, along with the requirement that regional districts guarantee the debt obligations of their members, grants the MFA an excellent credit rating (AAA) that enables attractive and sustainable borrowing solutions to contribute to the financial well-being of BC communities. With the assistance of the MFA, the City is often able to secure debt financing at an interest rate that is comparable to the interest rate we would get on our investments.

10 Year Capital Spending History - by Funding Source



Summary and conclusion:

The uncommitted Reserve Fund balances increased by \$17.6 million in 2024.

Respectfully submitted:

Kris Dalio, Director of Finance and IT Services

Approved:

Walter Babicz, City Manager

Meeting date: [2025/08/20]

ADDENDUM

Explanation of sources and appropriate uses of Reserve Funds

Fund	Bylaw (linked copy)	Source of Funds	Use of Funds
Reserves			
Endowment	6930	<ul style="list-style-type: none"> • Internal loan repayments of principal and interest from the general operating levy • Land sales surpluses 	<ul style="list-style-type: none"> • Interim funding for general projects awaiting debt proceeds • Long-term funding for unanticipated projects that have no other viable funding source • Interest earned on the fund is often transferred to the Capital Expenditure Reserve for use on projects
Capital Expenditure	6931	<ul style="list-style-type: none"> • Contribution from Gaming Revenue • Interest earnings transfer from the Endowment Fund 	<ul style="list-style-type: none"> • General capital projects
Storm Drainage	6932	<ul style="list-style-type: none"> • MFA Sinking Fund surpluses 	<ul style="list-style-type: none"> • Storm drainage capital projects
Sewer Utility	6933	<ul style="list-style-type: none"> • Sewer user rates • MFA Sinking Fund surpluses 	<ul style="list-style-type: none"> • Sewer capital projects
Water Utility	6935	<ul style="list-style-type: none"> • Water user rates • MFA Sinking Fund surpluses 	<ul style="list-style-type: none"> • Water capital projects
Downtown District Energy System Utility	9385	<ul style="list-style-type: none"> • District Energy user rates • MFA Sinking Fund surpluses 	<ul style="list-style-type: none"> • District Energy capital projects
Lease-In Lease-Out Legacy Fund	9380	<ul style="list-style-type: none"> • Lease proceeds from Fortis BC for the operation of the natural gas distribution system within Prince George as part of a 35 year Lease-in Lease-out agreement. Fortis BC executed their purchase option resulting in a legacy amount 	<ul style="list-style-type: none"> • General capital projects and general debt financing charges
Canada Community-Building Fund	9379	<ul style="list-style-type: none"> • Federal Gas Tax grants 	<ul style="list-style-type: none"> • Funds eligible infrastructure projects
Road Rehabilitation	7991	<ul style="list-style-type: none"> • Road Rehabilitation Levy 	<ul style="list-style-type: none"> • Road rehabilitation projects
Land Development	8457	<ul style="list-style-type: none"> • Proceeds from land sales 	<ul style="list-style-type: none"> • Repayment of prior land purchases covered by the Endowment Fund • Transfer to Capital Expenditure Reserve for use on projects

Mobile Equipment Replacement	8458	<ul style="list-style-type: none"> • Internal Lease principal and interest repayments • Equipment disposal proceeds 	<ul style="list-style-type: none"> • Interim equipment loans
Computer	8459	<ul style="list-style-type: none"> • Annual contribution from Capital Expenditure Reserve 	<ul style="list-style-type: none"> • Costs related to acquisition, replacement, betterment and maintenance of computer equipment and software
Southwest Sector – College Heights	8460	<ul style="list-style-type: none"> • Funded by Council Directive post amalgamation 	<ul style="list-style-type: none"> • Recreation related projects
Southwest Sector – Peden Hill	8460		
Southwest Sector – South Fort George	8460		
Southwest Sector – Van Bien	8460		
Southwest Sector – Vanway	8460		
Parkland Acquisition (Required by Community Charter)	8461	<ul style="list-style-type: none"> • Cash contributions received from developers in lieu of parkland dedications • Proceeds from sale of parkland 	<ul style="list-style-type: none"> • Acquisition of parkland
Downtown Off-Street Parking (Required by Community Charter)	8462	<ul style="list-style-type: none"> • Off-Street parking operating and maintenance surpluses 	<ul style="list-style-type: none"> • Off-Street parking facility projects
General Infrastructure Reinvestment	8505	<ul style="list-style-type: none"> • General Infrastructure Reinvestment Levy 	<ul style="list-style-type: none"> • General infrastructure reinvestment projects
Snow Control	8872	<ul style="list-style-type: none"> • Snow Control Levy 	<ul style="list-style-type: none"> • Snow and ice control • Winter sand cleanup • Other uses of a capital nature related to snow and ice control; land, facilities and site reclamation
Solid Waste Services	8954	<ul style="list-style-type: none"> • User Fees 	<ul style="list-style-type: none"> • Purchase and replacement of solid waste equipment
BC Growing Communities Fund	9392	<ul style="list-style-type: none"> • One-time grant from the province 	<ul style="list-style-type: none"> • Funds eligible expenditures that increase the local housing supply with investments in community infrastructure and amenities
Northern Capital & Planning Grant	9036	<ul style="list-style-type: none"> • One-time grant from the province 	<ul style="list-style-type: none"> • Planning and infrastructure development
COVID-19 Safe Restart Grant	N/A	<ul style="list-style-type: none"> • One-time grant from the province 	<ul style="list-style-type: none"> • Addressing revenue shortfalls • Facility reopening and operating costs • Emergency planning and response costs • Bylaw enforcement and protective services • Computer and technology costs to improve connectivity and virtual communications • Services for vulnerable persons
Performing Arts Centre	9054	<ul style="list-style-type: none"> • One-time contribution from Initiatives Prince George from sale of ACS building • Contribution from Regional Performing Arts Centre Society 	<ul style="list-style-type: none"> • To be used to fund the development of a Performing Arts Centre

Climate Action Reserve Fund	9381	<ul style="list-style-type: none"> • Unspent and future funds from the Climate Action Revenue Incentive Program (CARIP) 	<ul style="list-style-type: none"> • Actions on climate change and reducing greenhouse gas emissions in the City
Transit Operating	9212	<ul style="list-style-type: none"> • Annual surpluses from the net Transit Operating Expenditures 	<ul style="list-style-type: none"> • To be used to fund Transit Operating Expenditures
Development Cost Charges (D.C.C.s)	Roads 8204 Parkland 8205 Drainage 8207 Sewer 8208 Water 8206	<ul style="list-style-type: none"> • Developers pay D.C.C.s on new developments because they place demands on municipal infrastructure • The Community Charter provides for five separate D.C.C. reserves: Roads, Parkland, Drainage, Sewer and Water 	<ul style="list-style-type: none"> • Capital projects that have been identified in the Capital Expenditure Plan as growth related
Regulated Reserve For Future Expenditures (RRFEs)			
Major Events	N/A	<ul style="list-style-type: none"> • Gaming revenue 	<ul style="list-style-type: none"> • Funds western, national, and international events of a sporting or cultural nature
Debt Reduction	N/A	<ul style="list-style-type: none"> • One-time consolidation of old RRFEs that were no longer required • MFA debt surpluses 	<ul style="list-style-type: none"> • Capital projects that would otherwise require the procurement of new debt
Miscellaneous	N/A	<ul style="list-style-type: none"> • Unused operating budgets for special programs and grants 	<ul style="list-style-type: none"> • Continuation of special operating programs
Community Fibre Optic Network	N/A	<ul style="list-style-type: none"> • Fibre optic revenues 	<ul style="list-style-type: none"> • Investment in fibre optic infrastructure
Extension Ospika/Marleau/St. Lawrence	N/A	<ul style="list-style-type: none"> • Developer contribution 	<ul style="list-style-type: none"> • Future widening of Ospika Boulevard from 2 lanes to 4
EVP Crown Land Forest	N/A	<ul style="list-style-type: none"> • Seeded by various government grants 	<ul style="list-style-type: none"> • Urban forestry management
Tyner Boulevard Water Main Extension	N/A	<ul style="list-style-type: none"> • Money to pay for this came from the Endowment Fund via the Land Development Reserve 	<ul style="list-style-type: none"> • Proceeds from lot sales in this area to repay the Endowment Fund loan over time
Gaming	N/A	<ul style="list-style-type: none"> • Gaming revenue from the provincial government which equals 10% of the Treasure Cove Casino's net profits 	<ul style="list-style-type: none"> • Utilized to fund general capital expenditure projects and major events
Deferred Revenue			
Valentina Goodwin Donation	N/A	<ul style="list-style-type: none"> • Donation from the Estate of Valentina Goodwin 	<ul style="list-style-type: none"> • To fund projects in and around the Hudson's Bay Wetlands area

Trusts (The balances of which are not included in the above report)			
Winter Games Legacy	N/A	<ul style="list-style-type: none"> • Grant from BC Winter Games Society (1982) 	<ul style="list-style-type: none"> • Interest earnings fund travel for individual and group sporting events
Cemetery Care (Established in accordance with the Cemeteries' Act)	N/A	<ul style="list-style-type: none"> • Cemetery plot fees 	<ul style="list-style-type: none"> • To pay for the upkeep and maintenance of facility upon its closure • Interest earnings on the Reserve are used to offset ongoing operating costs
Festival of the Arts/Discovery Place	N/A	<ul style="list-style-type: none"> • Legacy from hosting the Festival of the Arts 	<ul style="list-style-type: none"> • Public art installations
Elections BC Campaign Surplus (mandated by the provincial government)	N/A	<ul style="list-style-type: none"> • Local election surplus funds exceeding \$500, must be held in trust and accrue interest on behalf of the local candidate 	<ul style="list-style-type: none"> • If the candidate runs again in the next general election, the excess campaign funds plus any interest accrued thereon must be returned to the candidate's financial agent. If the candidate does not run again, the funds will be forfeited to the jurisdiction in which they're held to be used at the jurisdiction's discretion.