

**Interim Financing Reserve – Forecast  
(\$000)**

**Reserve Overview:**

The Interim Financing Reserve was originally approved on November 19, 2014 and later amended on November 29, 2016. The purpose of the reserve is to accommodate timing differences between operating impacts of capital projects and related external funding sources and differences that arise between the timing of cash outflows (budget) and recognition of expenses (accounting) to ensure that the City can levy taxes in a manner that matches the cash outflow of the expenses. Reserve deficit balances will be repaid through external funding sources. No interest earnings are applied to this reserve.

**Cash Flow:**

|  | Total            | Actual             | Forecast           |                    |                    |                    |                    |                  |
|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  |                  | 2014-2020          | 2021               | 2022               | 2023               | 2024               | 2025               | 2026-2057        |
| <b>Downtown Arena:</b>   |                  |                    |                    |                    |                    |                    |                    |                  |
| Revenues   |                  |                    |                    |                    |                    |                    |                    |                  |
| Lease  | \$ 270,786       | 35,751             | 8,250              | 8,250              | 8,250              | 8,250              | 8,250              | 193,785          |
| (1) Ticket Surcharge (net of transfer to Rogers Arena Capital) | 210,914          | 28,627             | 6,214              | 6,214              | 6,214              | 6,214              | 6,214              | 151,217          |
| (2) Other  | 60,054           | 13,644             | 2,961              | 2,961              | 2,961              | 2,961              | 2,961              | 31,605           |
| <b>Total Revenues</b>  | <b>541,754</b>   | <b>78,022</b>      | <b>17,425</b>      | <b>17,425</b>      | <b>17,425</b>      | <b>17,425</b>      | <b>17,425</b>      | <b>376,607</b>   |
| Expenses   |                  |                    |                    |                    |                    |                    |                    |                  |
| Debt Servicing   | 568,573          | 107,883            | 18,254             | 18,315             | 18,466             | 18,464             | 18,462             | 368,729          |
| (3) Transfer from Downtown CRL                                 | (45,606)         | (5,067)            | (2,534)            | (2,534)            | (2,534)            | (2,534)            | (2,534)            | (27,869)         |
| <b>Total Expenses</b>  | <b>522,967</b>   | <b>102,816</b>     | <b>15,720</b>      | <b>15,781</b>      | <b>15,932</b>      | <b>15,930</b>      | <b>15,928</b>      | <b>340,860</b>   |
| <b>Net Income (Deficit)</b>                                    | <b>\$ 18,787</b> | <b>\$ (24,794)</b> | <b>\$ 1,705</b>    | <b>\$ 1,644</b>    | <b>\$ 1,493</b>    | <b>\$ 1,495</b>    | <b>\$ 1,497</b>    | <b>\$ 35,747</b> |
| Civic Accommodation Tower Accounting Difference                | -                | (8,803)            | (2,201)            | (837)              | (837)              | (837)              | (837)              | 14,352           |
| Leduc County Land Annexations Accounting Difference            | -                | (4,240)            | 530                | 530                | 530                | 530                | 530                | 1,590            |
| <b>Reserve Balance</b>   | <b>\$ 18,787</b> | <b>\$ (37,837)</b> | <b>\$ (37,803)</b> | <b>\$ (36,466)</b> | <b>\$ (35,280)</b> | <b>\$ (34,092)</b> | <b>\$ (32,902)</b> | <b>\$ 18,787</b> |

**Interim Financing Reserve Highlights:**

Reserve deficit peaked in 2019 - (\$40,556).

In 2036 the reserve is forecasted to reach a positive position, offsetting prior year accumulated shortfalls.

In 2048 the reserve is forecasted to accumulate sufficient funds to cover the remaining debt servicing costs to the end of 2057.

**Notes:**

- (1) As per the Downtown Arena Ticket Surcharge Agreement, annually \$1.5 million in ticket surcharge revenues are transferred to the Rogers Arena Capital Reserve to be used for ongoing major arena capital expenditures.
- (2) Other revenues include redirected tax-levy contributions and parkade property tax revenues.
- (3) On November 27, 2018 report CR\_6492 Downtown CRL Update was presented to City Council. In this report it was noted that the parking revenues originally forecasted to cover part of the debt servicing costs for the Downtown Arena were not realized. City Council approved the recommendation in the report to use Capital City Downtown Community Revitalization Levy to fund the portion of Downtown Arena debt that was originally intended to be funded through incremental parking revenues.