The City of SPRUCE GROVE

INFORMATION REQUEST

INFORMATION REQUEST #: IR-003-26

REQUESTED BY: **Councillor Bennett**

TOPIC: **Capital**

DATE OF REQUEST: **October 28, 2026**

DATE OF RESPONSE: October 30, 2026

QUESTION: Page 87 - R6 Capital reserved, they go negative in 2028 and in 2029. Can you tell me more about this?

Response
The City's Capital Reserve is primarily funded through:

- Allocations from year-end operating surpluses; and
- Pay-As-You-Go (PAYG) transfers from the operating budget.

Historically, the City has relied largely on year-end operating surpluses to build the Capital Reserve. Beginning in 2028, the Proposed 2027-2029 Budget & Fiscal Plan includes annual PAYG contributions of $500,000 to establish a more predictable and sustainable source of funding for future capital projects.

The negative reserve balances shown in 2028 and 2029 are primarily the result of timing assumptions within the forecast. The reserve projection does not include any allocation from the 2026 yearend operating surplus, as the amount available for transfer will not be known until the 2026 financial results are finalized and brought forward to Council for consideration in 2027. As a result, the forecast presents a conservative outlook.

Following approval of any yearend surplus allocation, the forecasted Capital Reserve balance is

expected to improve. Administration will continue to monitor the reserve balance through future budget updates and yearend financial reporting and will bring forward any recommendations necessary to maintain the long-term sustainability of the reserve.

Background

The Capital Reserve is used to fund capital projects and reduce reliance on debt and tax supported funding. Reserve balances are forecast based on known contributions and approved capital commitments at the time the budget is prepared.

Financial Implications / Taxation Impact

There are no direct taxation impacts associated with the forecasted negative balances. The forecast reflects timing differences related to future reserve contributions that have not yet been approved by Council. In addition, annual PAYG contributions beginning in 2028 are intended to strengthen the reserve's long-term sustainability.

Contact: Francine Pitcher, Director of Finance