



## AGENDA

### AUDIT COMMITTEE

April 23, 2026, 9:30 AM

### ENGINEERING TRADITIONS COMMITTEE ROOM

#### Members

Councillor J. Wyness, Chair  
Councillor M. Jamieson, Vice-Chair  
Councillor H. Clark  
Councillor J. Pantazopoulos  
Public Member K. Kim  
Public Member P. McDonald  
Public Member J. Naicker  
Mayor J. Farkas, Ex-Officio

#### **SPECIAL NOTES:**

*Members of the public are encouraged to follow Council and Committee meetings using the live stream:  
[Calgary.ca/WatchLive](https://calgary.ca/WatchLive)  
Committee Members may be participating remotely.*

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
  - 4.1 Minutes of the Regular Meeting of the Audit Committee, 2026 March 19
5. CONSENT AGENDA
  - 5.1 PROCEDURAL REQUESTS  
None
6. POSTPONED REPORTS  
*(including related/supplemental reports)*  
None
7. ITEMS FROM OFFICERS OF COUNCIL, ADMINISTRATION AND COMMITTEES

- 7.1 CONSENT AGENDA ITEMS SELECTED FOR DEBATE
- 7.2 The City of Calgary 2025 Annual Investment Report, AC2026-0094
- 7.3 The City of Calgary 2025 Annual Financial Report, AC2026-0181
- 7.4 External Auditor 2025 Year-End Report, AC2026-0327
- 7.5 Cybersecurity Governance Audit, AC2026-0326  
Attachment 1 held confidential pursuant to Section 23 (Disclosure harmful to law enforcement) of the *Access to Information Act*.

**Review By: 2041 April 23**

**Time Specific: First Item following the Lunch Recess**

- 7.6 2025 Whistle-blower Program Internal Benchmark Report, AC2026-0296
- 7.7 City Auditor's Office 1st Quarter 2026 Report, AC2026-0297
- 7.8 Employee Expenses Continuous Auditing Project, AC2026-0321

8. URGENT BUSINESS

9. CONFIDENTIAL ITEMS

9.1 CONSENT AGENDA ITEMS SELECTED FOR DEBATE

9.2 ITEMS FROM OFFICERS OF COUNCIL, ADMINISTRATION AND COMMITTEES

- 9.2.1 External Auditor – Pre-Approval Request for Provision of Non-Audit Services, AC2026-0359  
Held confidential pursuant to Sections 19 (Harmful to business interests of a third party) and 29 (Advice from officials) of the *Access to Information Act*.

**Review By: 2031 April 23**

- 9.2.2 External Auditor (Verbal), AC2026-0315  
Held confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*.
- 9.2.3 Audit Forum (Verbal), AC2026-0316  
Held confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*.
- 9.2.4 City Auditor (Verbal), AC2026-0317  
Held confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*.

9.3 URGENT BUSINESS

10. BRIEFINGS  
None

11. ADJOURNMENT





**MINUTES  
AUDIT COMMITTEE**

**March 19, 2026, 9:30 AM  
ENGINEERING TRADITIONS COMMITTEE ROOM**

**PRESENT:** Councillor J. Wyness, Chair  
Councillor M. Jamieson, Vice-Chair  
Councillor H. Clark  
Councillor J. Pantazopoulos  
Public Member K. Kim  
Public Member P. McDonald  
Public Member J. Naicker  
Councillor D.J. Kelly

**ALSO PRESENT:** General Manager D. Hamilton  
Chief Financial Officer L. Tochor  
City Auditor L. Ormsby  
External Auditor H. Gill  
Executive Advisor C. Smillie  
A/City Clerk S. Lancashire  
Team Lead, Legislative Services A. de Grood  
Legislative Specialist C. Nelson

1. CALL TO ORDER

Councillor Wyness called the meeting to order at 9:30 a.m.

ROLL CALL

Councillor Clark, Councillor Jamieson, Public Member Kim, Public Member McDonald, Public Member Naicker, Councillor Kelly, and Councillor Wyness

Absent from Roll Call: Councillor Pantazopoulos

2. OPENING REMARKS

Councillor Wyness provided opening remarks and a traditional land acknowledgement.

3. CONFIRMATION OF AGENDA

**Moved by** Public Member Kim

That the Agenda for the 2026 March 19 Regular Meeting of the Audit Committee be confirmed.

For: (6): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Audit Committee, 2026 February 19

**Moved by** Councillor Clark

That the Minutes of the 2026 February 19 Regular Meeting of the Audit Committee be confirmed.

For: (6): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

5. CONSENT AGENDA

5.1 PROCEDURAL REQUESTS

None

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS OF COUNCIL, ADMINISTRATION AND COMMITTEES

7.1 CONSENT AGENDA ITEMS SELECTED FOR DEBATE

None

7.2 Administration Code of Conduct Annual Update, AC2026-0050

**Moved by** Councillor Jamieson

That with respect to Report AC2026-0050, the following be approved:

That the Audit Committee recommend that Council receive this report for the Corporate Record.

For: (7): Councillor Wyness, Councillor Jamieson, Councillor Clark, Councillor Pantazopoulos, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

Councillor Kelly rose on a Point of Order.

7.3 Climate Data Audit, AC2026-0218

**Moved by** Councillor Clark

That with respect to Report AC2026-0218, the following be approved:

That the Audit Committee:

1. Receive this report for the Corporate Record; and

2. Recommend that Council receive this report for the Corporate Record.

For: (7): Councillor Wyness, Councillor Jamieson, Councillor Clark, Councillor Pantazopoulos, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

7.4 Climate and Energy Program Audit, AC2026-0255

**Moved by** Councillor Pantazopoulos

That with respect to Report AC2026-0255, the following be approved:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

For: (7): Councillor Wyness, Councillor Jamieson, Councillor Clark, Councillor Pantazopoulos, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

7.5 Business Licenses Audit, AC2026-0263

**Moved by** Public Member McDonald

That with respect to Report AC2026-0263, the following be approved:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

For: (7): Councillor Wyness, Councillor Jamieson, Councillor Clark, Councillor Pantazopoulos, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

7.6 Data Governance Audit, AC2026-0267

**Moved by** Public Member Naicker

That with respect to Report AC2026-0267, the following be approved:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

For: (7): Councillor Wyness, Councillor Jamieson, Councillor Clark, Councillor Pantazopoulos, Public Member Kim, Public Member McDonald, and Public Member Naicker

**MOTION CARRIED**

By Unanimous Consent, pursuant to Section 7 of Procedure Bylaw 42M2025, Committee suspended Section 82(b)(i) to forego the lunch recess to complete the remainder of the Agenda.

7.7 ENMAX Corporation 2025 Annual Report, AC2026-0163

**Moved by** Public Member Kim

That with respect to Report AC2026-0163, the following be approved:

That Audit Committee:

1. Receive this report and presentation for the Corporate Record; and
2. Keep Attachments 7, 8, 9, 10 and 11, and the Closed Meeting discussions confidential pursuant to Sections 29 (Advice from officials) and 30 (Disclosure harmful to economic and other interests of a public body) of the *Access to Information Act*, to be reviewed by 2041 March 19.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

8. URGENT BUSINESS

None

9. CONFIDENTIAL ITEMS

**Moved by** Public Member Kim

That pursuant to Sections 29 (Advice from officials) and 30 (Disclosure harmful to economic and other interests of a public body) of the *Access to Information Act*, Committee now move into Closed Meeting, at 12:56 p.m. in the Engineering Traditions Committee Room, to discuss confidential matters with respect to the following items:

- 9.2.1 Confidential Progress Update on the 2025 Annual Financial Report (Verbal), AC2026-0276
- 9.2.2 External Auditor – Pre-approval for Provision of Additional Services for 2025 Audit, AC2026-0260
- 9.2.3 External Auditor (Verbal), AC2026-0246
- 9.2.4 Audit Forum (Verbal), AC2026-0247
- 9.2.5 City Auditor (Verbal), AC2026-0248

And further, that the following be authorized to attend the Closed Meeting with respect to Items 9.2.1, 9.2.2, and 9.2.3: Harman Gill, Gabriella Greensill, Nicole Torgrimson, and Sanjeev Rajani, External Auditors (Deloitte LLP).

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

Committee reconvened in public meeting at 1:30 p.m. with Councillor Wyness in the Chair.

**ROLL CALL**

Councillor Clark, Councillor Jamieson, Public Member Kim, Public Member McDonald, and Councillor Wyness

Absent from Roll Call: Councillor Pantazopoulos and Public Member Natcker

**Moved by** Public Member Kim

That Committee rise and report.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

**9.1 CONSENT AGENDA ITEMS SELECTED FOR DEBATE**

None

**9.2 ITEMS FROM OFFICERS OF COUNCIL, ADMINISTRATION AND COMMITTEES**

9.2.1 Confidential Progress Update on 2025 Annual Financial Report (Verbal), AC2026-0276

People in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2026-0276:

Clerks: A. de Grood, C. Nelson, and J. Palaschuk. Advice: L. Tochor, C. An, A. Brown, T. Rathie, J-S. Pieterse, L. Ormsby, and C. Smillie. External: H. Gill and G. Greensill.

**Moved by** Public Member McDonald

That with respect to Confidential Verbal Report AC2026-0276, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions remain confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

9.2.2 External Auditor – Pre-Approval for Provision of Additional Services for 2025 Audit, AC2026-0260

People in attendance during the Closed Meeting discussions with respect to Confidential Report AC2026-0260:

Clerks: A. de Grood, C. Nelson, and J. Palaschuk. Advice: L. Tochor, C. An, A. Brown, L. Ormsby, and C. Smillie. External: H. Gill and G. Greensill.

**Moved by Councillor Clark**

That with respect to Confidential Report AC2026-0260, the following be approved:

1. Forward this report to Council for information and the Corporate Record; and
2. Recommend this Report, Recommendation 1, the Attachment and the Closed Meeting discussions remain confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*, to be reviewed by 2026 April 30.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

9.2.3 External Auditor (Verbal), AC2026-0246

No report given.

9.2.4 Audit Forum (Verbal), AC2026-0247

No report given.

9.2.5 City Auditor (Verbal), AC2026-0248

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2026-0248:

Clerks: A. de Grood, C. Nelson, and J. Palaschuk. Advice: L. Ormsby and C. Smillie.

**Moved by Councillor Jamieson**

That with respect to Confidential Verbal Report AC2026-0248, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions remain confidential pursuant to Section 29 (Advice from officials) of the *Access to Information Act*.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

9.3 URGENT BUSINESS

None

10. BRIEFINGS

None

11. ADJOURNMENT

**Moved by** Public Member McDonald

That this meeting adjourn at 1:32 p.m.

For: (5): Councillor Wyness, Councillor Jamieson, Councillor Clark, Public Member Kim, and Public Member McDonald

**MOTION CARRIED**

The following Items have been forwarded to the 2026 March 31 Regular Meeting of Council:

CONSENT AGENDA

- Administration Code of Conduct Annual Update, AC2026-0050
- Climate Data Audit, AC2026-0218
- Climate and Energy Program Audit, AC2026-0255
- Business Licenses Audit, AC2026-0263
- Data Governance Audit, AC2026-0267
- External Auditor – Pre-Approval for Provision of Additional Services for 2025 Audit, AC2026-0260

The next Regular Meeting of the Audit Committee is scheduled to be held on 2026 April 23 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
CITY CLERK



Corporate Planning & Financial Services Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0094

## **The City of Calgary 2025 Annual Investment Report**

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### **PURPOSE**

The purpose of this report is to provide the Audit Committee with The City of Calgary's 2025 Annual Investment Report, which summarizes 2025 investment activity, asset allocation, investment performance, and compliance with applicable legislation and The City's investment policies. The Annual Investment Report is an integral component of The City's investment governance structure and risk oversight to ensure investments are optimally managed. Administration reports annually, through the Audit Committee, as required by The City of Calgary Investment and Governance Policy CP2020-02.

### **PREVIOUS COUNCIL DIRECTION**

Pursuant to The City of Calgary Investment and Governance Policy CP2020-02, Administration reports to Council annually, through the Audit Committee, regarding the investments of The City during the year. The most recent report was AC2024-0460, Chief Financial Officer's Report to Audit Committee: 2024 Annual Investment Report (April 17, 2025)

### **RECOMMENDATION(S):**

That the Audit Committee recommends that Council approve The City of Calgary 2025 Annual Investment Report.

### **CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS**

The General Manager concurs with this report and supports Council approval of The City of Calgary 2025 Annual Investment Report. Investments in financial markets provide an important source of revenue for The City of Calgary, and the annual reporting process provides transparency and oversight of investment activity, performance, and compliance with applicable legislation and The City's Investment and Governance Policy. Prudent investment management and the governance and oversight provided by the Investment Advisory Committee help preserve capital, manage risk, maintain liquidity, and support sustainable income generation and capital growth. This investment income and capital growth provide necessary contributions to the overall goal of a Well-Run City.

### **HIGHLIGHTS**

- In 2025, The City of Calgary's Consolidated Investment Portfolio returned 5.18 per cent net of fees (estimated 5.02 per cent including HISAs).
- As at December 31, 2025, the market value of The City's total investment portfolio was \$7,285 million, an increase of \$193 million year-over-year.
- The Consolidated Investment Portfolio generated \$452.9 million of income available for distribution in 2025.
- Investment income before expenditures and allocations was \$490.4 million, and total investment management expenditure was approximately \$37.5 million in 2025.
- During the year, all investments complied with the Municipal Government Act, the Major Cities Investment Regulation, and The City of Calgary's investment policies.

## The City of Calgary 2025 Annual Investment Report

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### DISCUSSION

- The City of Calgary Investment and Governance Policy CP2020-02 provides the governance framework for the investment program and directs the investment of The City's assets.
- The City invests funds across a diversified mix of asset classes to preserve capital, manage risk, maintain liquidity, and maximize returns, aligned to differing time horizons and objectives across sources of funds.
- As at December 31, 2025, the total investment portfolio market value was \$7,285 million, with allocations across Short Term Liquidity, Short Term Fixed Income, Public Fixed Income (Canada and Global), Private Credit, Equities, and Real Assets.
- In 2025, the largest contributor to total portfolio return was the Equities Portfolio, while detractors included the Real Assets Portfolio and the currency overlay strategy, which was discontinued in June 2025.
- The City manages investment risk through strong governance, diversification, clearly defined policies and disciplined implementation, supported by independent custody and third-party performance measurement and verification.
- Compliance statements from investment managers are received and verified, and investments are managed in accordance with legislation and City policy requirements.

Administration will continue to report on investment activity, performance, and compliance through the Annual Investment Report and Quarterly Updates as part of ongoing investment governance and oversight.

### EXTERNAL ENGAGEMENT AND COMMUNICATION

- |  |   |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken        | <input type="checkbox"/> Dialogue with interested parties was undertaken                |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Public engagement is not required for this report. The Investment Advisory Committee (IAC), which includes external members, reviews the Annual Investment Report as part of The City's investment governance and oversight.

### IMPLICATIONS

#### Social

Prudent investment management supports The City's financial sustainability and helps fund municipal programs and services for Calgarians. Responsible investing considerations are incorporated as part of ongoing manager due diligence to support long-term risk/return outcomes.

#### Environmental

Environmental, social and governance considerations are incorporated into investment manager selection and monitoring as part of due diligence and risk management practices, supporting prudent long-term stewardship of public funds.

## The City of Calgary 2025 Annual Investment Report

### **Economic**

Financial market conditions impact both investment income earned and the market value of The City's investment portfolios. The City's diversified portfolio and governance framework are intended to support capital preservation, liquidity, and sustainable investment results over time.

### **Service and Financial Implications**

#### **Other: Income**

Investment income earned contributes to corporate revenues and supports operating, reserve and other funding needs, which can help offset cost escalation pressures and reduce the risk of funding shortfalls.

### **RISK**

The City mitigates investment risk through a sound governance structure, adherence to legislation and investment policy requirements, diversification across asset classes and managers, and ongoing oversight of performance, compliance and risk exposures. Key investment risks include market, credit, liquidity, interest rate and foreign exchange risks, which are monitored using portfolio risk metrics and supported by independent custody and third-party performance measurement and verification.

### **ATTACHMENT(S)**

1. Attach 1 – Background and Previous Council Direction – AC2026-0094
2. Attach 2 – The City of Calgary Annual Investment Report – AC2026-0094
3. Attach 3 – Presentation – 2025 Annual Investment Report – AC2026-0094

#### Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor	Corporate Planning & Financial Services	Approve

Author: Rodney Babineau, Corporate Planning & Financial Services - Treasury



# Background

The City of Calgary has allocated money to provide benefits for a variety of different purposes. While the monies are waiting to be disbursed the assets are invested to provide a rate of return in order to protect the funds from variety of different risks including but not limited to liability growth, cost inflation and preservation of principle. The City of Calgary Investment and Governance Policy CP2020-02 governs the investments of The City.

## Context

City funds are invested in a diversified portfolio of financial assets consisting of money market securities, short- and long-term government and corporate bonds, global and Canadian equity investments, and real asset investments, to meet the investment objectives of City funds. This includes return and liquidity requirements as well, to match funds with longer-term time horizons.

The Annual Investment Report is an integral component of The City's investment governance structure and risk oversight to ensure investments are optimally managed. This report provides a summary of 2024 investment activity, asset mix, asset class and investment manager performance, as well as compliance information for Audit Committee.

## Previous Council Direction

Pursuant to The City of Calgary Investment and Governance Policy CP2020-02, Administration reports to Council annually, through the Audit Committee, regarding the investments of The City during the year.

<b>DATE</b>	<b>REPORT NUMBER</b>	<b>DIRECTION/DESCRIPTION</b>
2025 April 17	AC2025-0384	Chief Financial Officer's Report to Audit Committee 2024 Annual Investment Report

## Bylaws, Regulations, Council Policies

City of Calgary Investment and Governance Policy CP2020-02

**City of Calgary Investment and Governance Policy CP2020-02**

**Calgary**



AC2026-0094  
Attachment 2

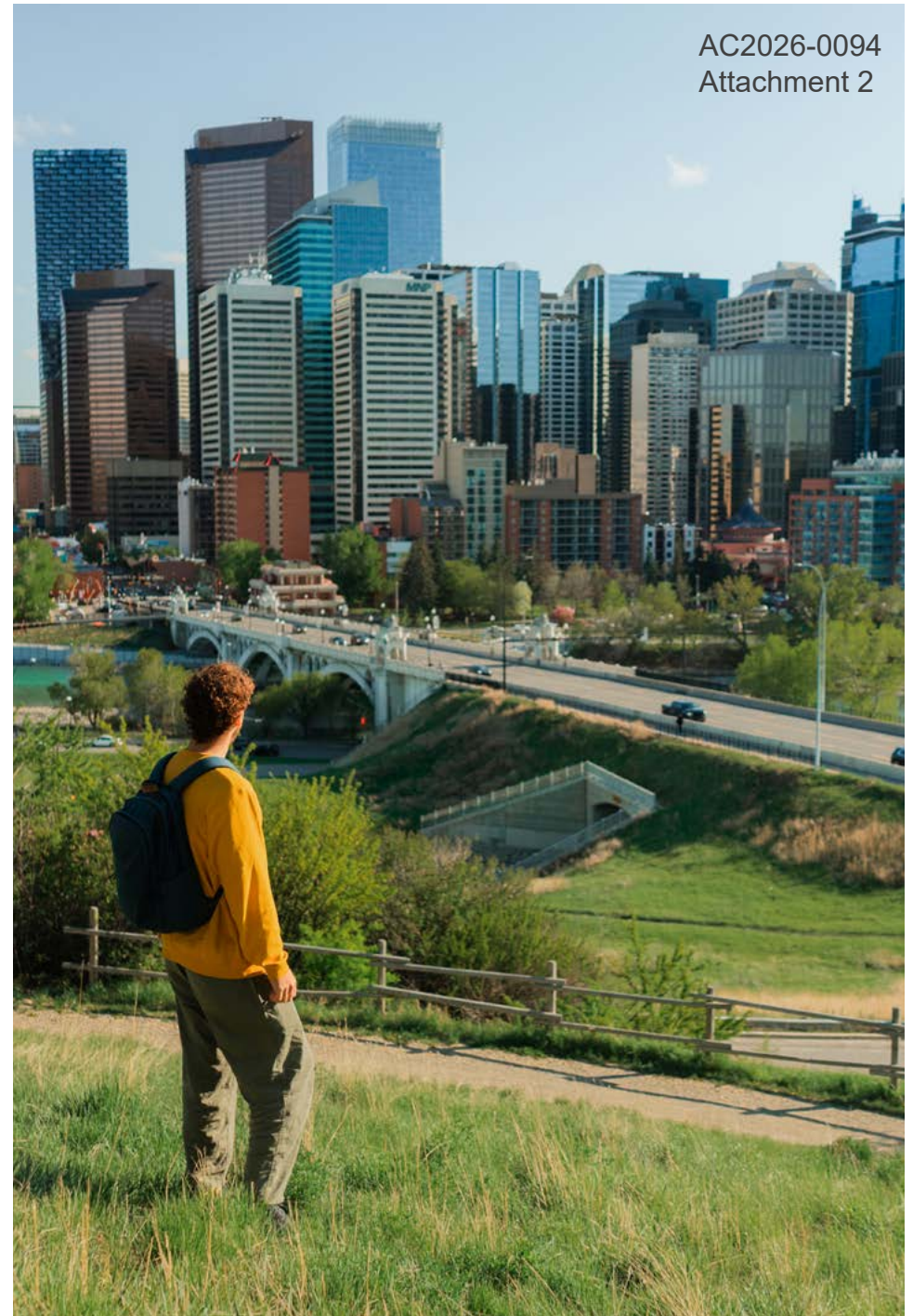
# 2025 City of Calgary Annual Investment Report

**Corporate Planning & Financial Services**



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# Introduction

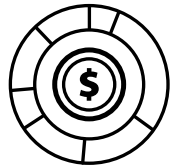
This Annual Investment Report<sup>(1)</sup> provides a comprehensive overview of the performance of The City of Calgary's (The City) Consolidated Investment Portfolio in 2025, including key financial metrics, market analysis, and insights into our sources of funds for investment, governance and investment strategy. The City's investment activities are not undertaken in isolation; rather, the availability and characteristics of funds for investment are shaped by prior decisions made by Council regarding the level and timing of services provided to Calgarians, as well as investments in infrastructure and capital projects.

In this context, the investment portfolio represents a financial outcome of Council-approved policies and service delivery priorities. The role of the investment program is to responsibly steward these funds, preserving capital, maintaining liquidity, managing risk and generating risk-adjusted returns in alignment with The City's financial policies and long-term fiscal objectives.

The City strategically allocates assets across diversified investment opportunities to preserve capital, manage risk and maintain liquidity while maximizing returns. As part of this approach, there is an increasing emphasis on generating stable income to support the ongoing needs of Calgarians. Our investment approach is guided by careful market analysis and strong governance, allowing The City to adjust to changing economic conditions while supporting long-term financial stability.

We invite you to read on to learn more about how The City's investments support its purpose to make life better every day for Calgarians.

## Headline results



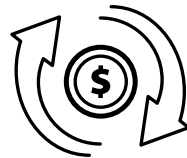
**Assets under management**

**\$7,285 million**



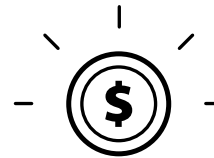
**Net assets<sup>(2)</sup>**

**\$6,887 million**



**Net return**

**5.17%**

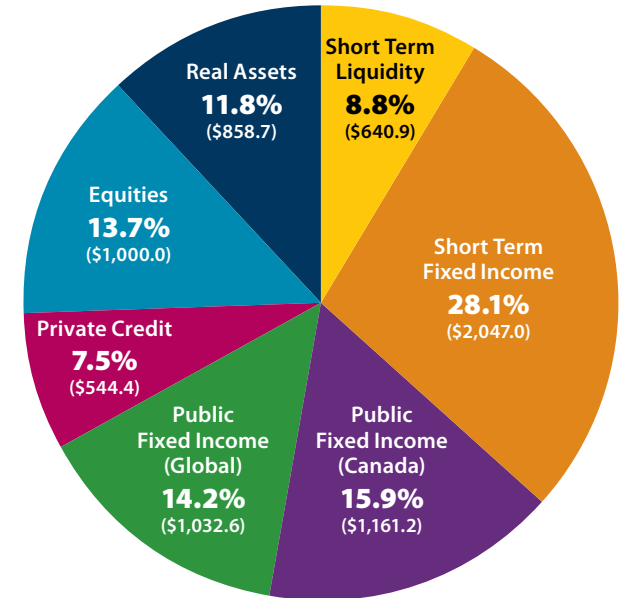


**Income available for allocation**

**\$452.9 million**

## Investment allocation

For the year ended December 31, 2025  
Per cent (\$ millions)



<sup>1</sup> All figures and returns within the Annual Investment Report are stated in Canadian dollars unless otherwise noted. Totals within tables and charts may not add due to rounding.

<sup>2</sup> Excludes investments funded by commercial paper borrowings.

# Capital markets review

2025 was a volatile year as markets were driven by trade headlines, geopolitics, technological advancements and evolving fiscal and monetary policy. Despite the turbulence, 2025 was a positive year for most financial markets. Equities were supported by sustained momentum in the artificial intelligence buildout, alongside robust corporate earnings growth and continued resilience in consumer spending. Fixed income markets were underpinned by continued monetary policy easing, which provided a constructive backdrop for performance across the asset class.

Central banks continued to play a defining role in financial markets in 2025, with their policy actions and guidance shaping the broader investment landscape. The U.S. Federal Reserve (Fed) and the Bank of Canada (BoC) reduced interest rates by 0.75 per cent and 1 per cent, respectively, in 2025 to 3.75 per cent and 2.25 per cent, respectively.

The first half of the year was characterized by heightened uncertainty as the U.S. unveiled tariff actions on key trading partners at levels not seen in decades. Although this caused equities to sell off in early April, markets quickly recovered and went on to reach new all-time highs only a few months later. Both the MSCI All Country World Index and the S&P 500 had another year of double-digit gains. Similar to previous years, the S&P 500 return was bolstered by large U.S. technology stocks as the artificial intelligence buildout continued to accelerate. This sustained sector leadership underscored the prominent role U.S. equities continue to play in global markets.

Fixed income markets in 2025 were shaped by evolving inflation expectations, fiscal and monetary policy and global capital flows. Yield curves steepened, as short-term yields declined with lower policy rates set by central banks, while longer-term yields remained elevated as market participants gave greater attention to larger fiscal deficits and associated borrowings from all levels of government. Cash investments remained attractive, with the FTSE Canada 91 Day T-bill Index returning 2.84 per cent, while the FTSE Canada Universe Bond Index posted a slightly lower return of 2.64 per cent.

Crude oil prices (WTI, USD) declined by approximately 20 per cent in 2025, driven by oversupply, OPEC+ production increases and tariff-related economic concerns. Precious metals, including gold and silver, surged in 2025 as investors fled to safe-haven assets amid geopolitical tensions, while tightening physical supply and rising industrial demand further amplified gains.

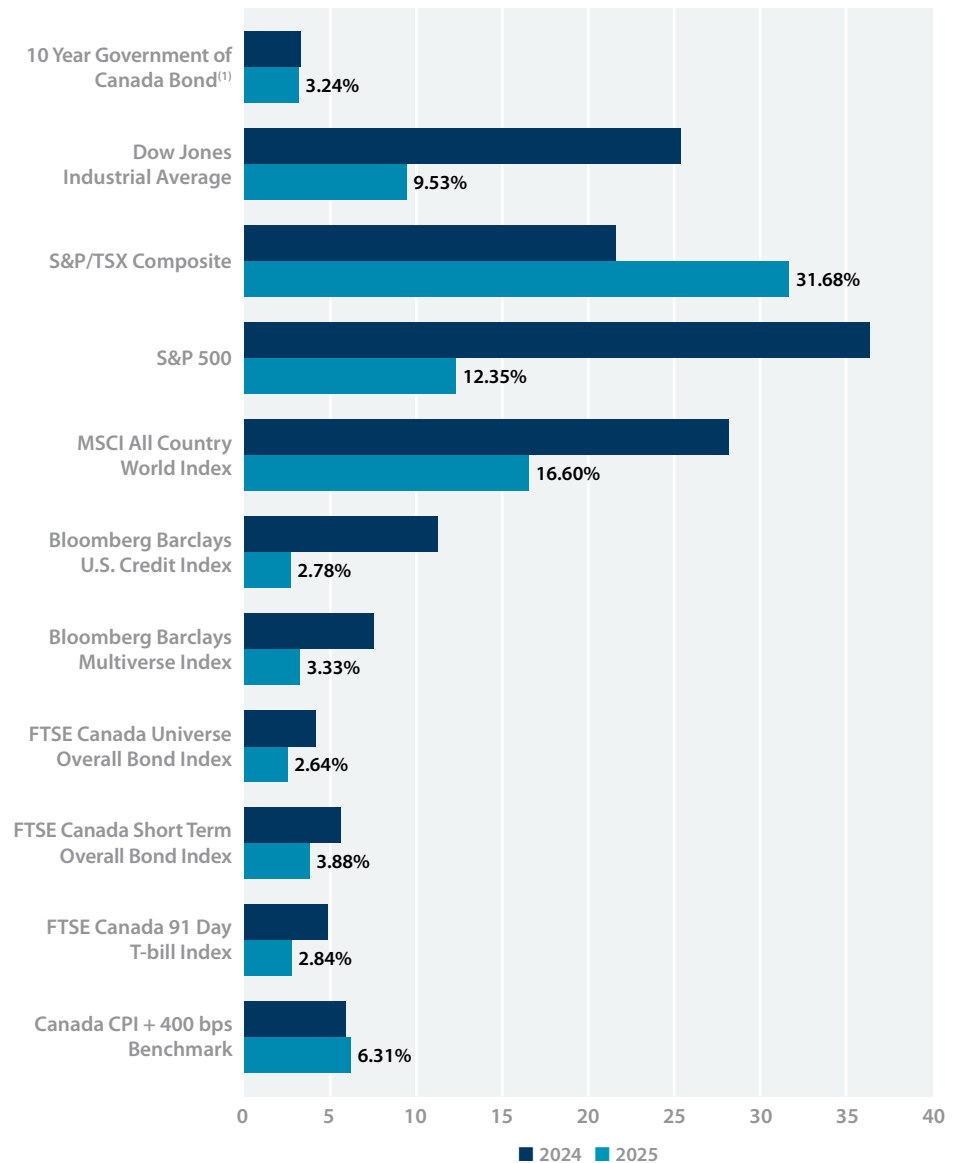
The Canadian dollar appreciated against the U.S. dollar by approximately 4.84 per cent as the U.S. dollar was broadly weaker against most developed market currencies throughout the year.

Sources: Bloomberg, CC&L, EIA, Bank of Canada, U.S. Federal Reserve

1 Average yield during 2025

## 2025 Capital markets return

Per cent



Source: State Street, eVestment, Government of Canada, Refinitiv

# Sources of investment capital

The City of Calgary invests funds from the following sources:



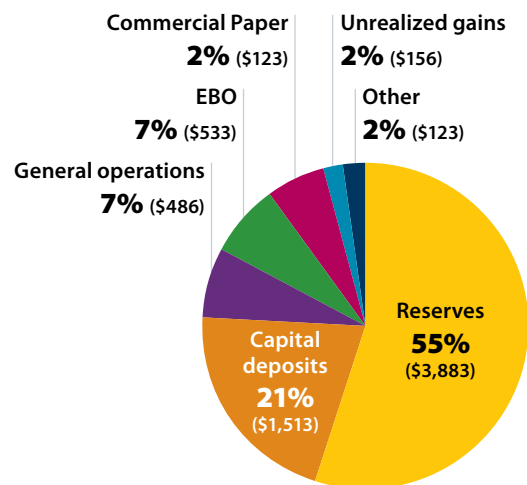
Each source of funds has its own objectives, constraints, target asset mix and income allocation rules. The composition of the full portfolio is determined by the aggregation of these individual policies according to the proportion of funds contributed by each source.

## Growth in investments

The City's Consolidated Investment Portfolio has grown by \$2,029 million since year-end 2020. The increase is driven by additions to sources of investments and investment returns.

## Investment funds by source

As at December 31, 2025  
(\$ millions)



## Sources of investments – objectives

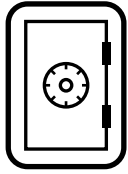
	Capital Growth	Inflation Mitigation	Income Generation	Capital Preservation	Liquidity
Reserves	●	●	●	●	●
Capital deposits	●	●	●	●	●
General operations	●	●	●	●	●
EBO	●	●	●	●	●
Commercial Paper	●	●	●	●	●
Unrealized gains	●	●	●	●	●
Other	●	●	●	●	●

● Low-priority objective ● Intermediate objective ● Primary objective

# Investment objectives

AC2026-0094  
Attachment 2

The City of Calgary has three core investment objectives that drive all strategic investment decisions:



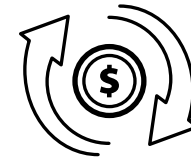
## Preservation of capital

Primary objective for Consolidated Investment Portfolio



## Risk mitigation

Diversification of asset classes and security holdings by sector, geography and style



## Investment returns

Maximization of returns, relative to risk  
Key considerations related to liquidity and investment time horizon requirements



# Summary of investments

## Total assets under management

As at December 31, 2025, the market value of The City's Consolidated Investment Portfolio was \$7,285 million, an increase of \$193 million on a year-over-year basis. Significant resources continued to be deployed into alternative investments, such as private credit, infrastructure and real estate, over the year, funded primarily from the Short Term Liquidity program.

### Market value and cost

(\$ millions)

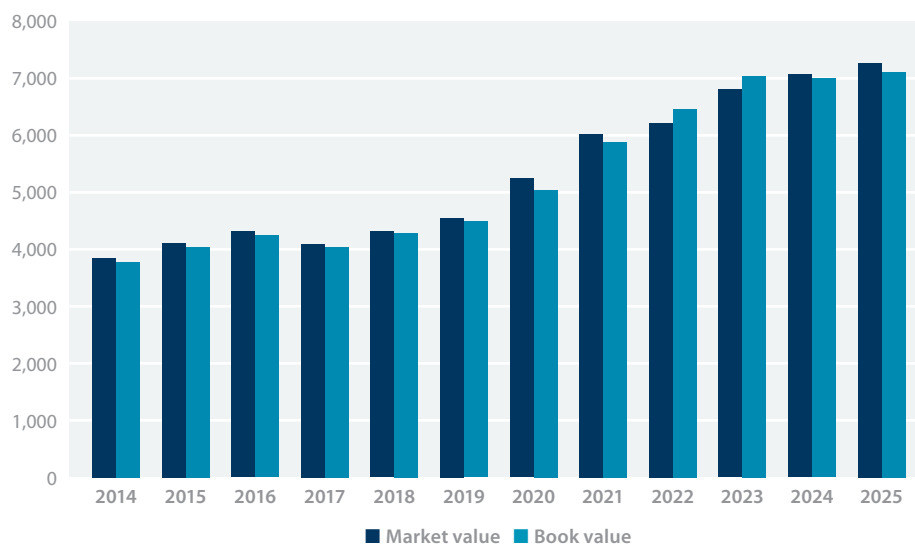
Market value	December 31, 2025
<b>Internal Management</b>	
Short Term Liquidity	570
Short Term Fixed Income	508
Public Fixed Income (Canada)	50
<b>External Management</b>	
Short Term Liquidity	71
Short Term Fixed Income	1,539
Public Fixed Income (Canada)	1,111
Public Fixed Income (Global)	1,033
Private Credit	544
Equities	1,000
Real Assets	859
<b>Total</b>	<b>7,285</b>

Book value	December 31, 2025
<b>Internal Management</b>	
Short Term Liquidity	570
Short Term Fixed Income	502
Public Fixed Income (Canada)	51
<b>External Management</b>	
Short Term Liquidity	72
Short Term Fixed Income	1,538
Public Fixed Income (Canada)	1,130
Public Fixed Income (Global)	1,049
Private Credit	544
Equities	927
Real Assets	746
<b>Total</b>	<b>7,129</b>

Totals may not add due to rounding.

### Period-end Asset Under Management (AUM)

(\$ millions)



# Summary of investments (continued)

AC2026-0094  
Attachment 2

## Consolidated assets under management

As at December 31, 2025

Portfolio	2024 Market Value	2025 Net Cash Flows	2025 Gains or (Losses)	2025 Market Value	Per cent of Total	Unrealized Gains or (Losses)	2025 Book Value
<b>Internal Management</b>							
Short Term Liquidity	757	(214)	27	570	7.8%	0	570
Short Term Fixed Income	508	(19)	19	508	7.0%	6	502
Public Fixed Income (Canada)	0	50	0	50	0.7%	0	51
<b>External Management</b>							
Short Term Liquidity	0	68	3	71	1.0%	(1)	72
Short Term Fixed Income	1,487	(12)	64	1,539	21.1%	1	1,538
Public Fixed Income (Canada)	1,122	(49)	37	1,111	15.2%	(20)	1,130
Public Fixed Income (Global)	1,012	(29)	50	1,033	14.2%	(17)	1,049
Private Credit	412	103	29	544	7.5%	0	544
Equities	947	(104)	157	1,000	13.7%	73	927
Real Assets	826	38	(5)	859	11.8%	113	746
Currency Overlay <sup>(1)</sup>	22	(9)	(14)	–	0.0%	–	–
<b>Total</b>	<b>7,092</b>	<b>(175)</b>	<b>367</b>	<b>7,285</b>	<b>100%</b>	<b>156</b>	<b>7,129</b>
Commercial Paper <sup>(2)</sup>	(396)	(2)	0	(398)		0	(398)
<b>Total – Net of CP</b>	<b>6,696</b>	<b>(177)</b>	<b>367</b>	<b>6,887</b>		<b>156</b>	<b>6,731</b>

Source: The City of Calgary, State Street

<sup>1</sup> The Currency Overlay mandate was terminated in the second quarter of 2025

<sup>2</sup> Expenses associated with the commercial paper program have been included within Internal Management - Short Term Liquidity gains and losses.

# Investment allocation

The strategic direction of the Consolidated Investment Portfolio changed in 2020 following the approval of the CP2020-02 Investment and Governance Policy. The direction was to reallocate short-term assets to longer-term, higher-yielding and higher-returning assets.

The market value of the Consolidated Investment Portfolio has increased from \$5,256 million at year-end 2020 to \$7,285 million as of year-end 2025. During this period the allocation to longer-term asset classes grew from 56 per cent to 71 per cent. The largest absolute allocation change was in the Public Fixed Income Portfolio, which has increased from a market value of \$1,397 million to \$2,143 million. The Equities Portfolio grew from \$533 million to \$1,000 million, the Private Credit Portfolio grew from \$238 million to \$544 million and the Real Assets Portfolio grew from \$195 million to \$859 million.

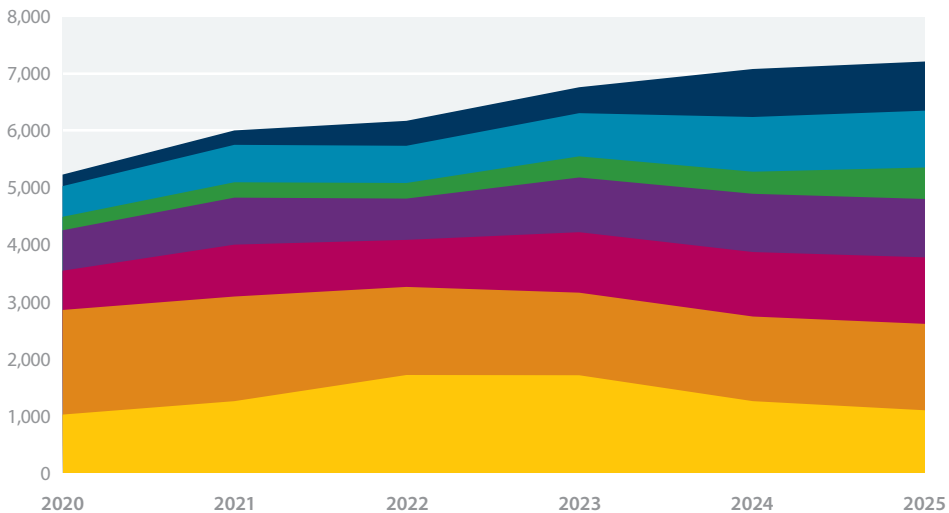
Looking forward, The City will continue to grow its exposure to longer-term asset classes through new and existing commitments, while closely monitoring portfolio liquidity to fund operations and ongoing and near-term projects for The City.

In the second quarter of 2025, The City decided to terminate its externally managed Currency Overlay mandate. Currency exposures will be managed internally.

As of year-end 2025, the Consolidated Investment Portfolio had access to \$4,717 million of investments that could be liquidated within one month or less, not including cash and cash equivalents.

## Market value

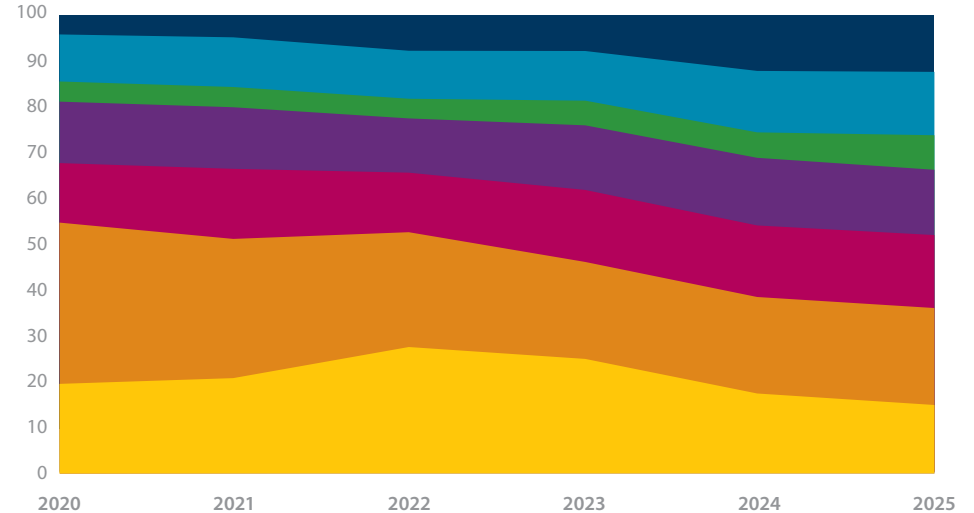
(\$ millions)



■ Short Term Liquidity 
 ■ Short Term Fixed Income 
 ■ Public Fixed Income (Canada) 
 ■ Public Fixed Income (Global) 
 ■ Private Credit 
 ■ Equities 
 ■ Real Assets

## Portion of portfolio

(per cent)



# Investment performance

AC2026-0094  
Attachment 2

## Historical performance

(per cent net of fees)

Portfolio Manager/mandate	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2025	2024	2023	2022	2021
<b>The City of Calgary Consolidated<sup>(1)</sup></b>	<b>5.17</b>	<b>7.40</b>	<b>3.49</b>	<b>3.46</b>	<b>5.17</b>	<b>9.19</b>	<b>7.61</b>	<b>(6.14)</b>	<b>2.06</b>
Benchmark <sup>(2)</sup>	5.58	7.27	3.17	3.14	5.58	8.50	7.35	(6.46)	1.28
<b>Value Added</b>	<b>(0.41)</b>	<b>0.13</b>	<b>0.32</b>	<b>0.32</b>	<b>(0.41)</b>	<b>0.69</b>	<b>0.26</b>	<b>0.32</b>	<b>0.79</b>
<b>Short Term Liquidity<sup>(1)</sup></b>	<b>4.33</b>	<b>5.15</b>	<b>3.75</b>	<b>2.46</b>	<b>4.33</b>	<b>5.82</b>	<b>5.19</b>	<b>2.54</b>	<b>0.85</b>
Benchmark	2.84	4.15	2.88	1.73	2.84	4.92	4.71	1.82	0.17
<b>Value Added</b>	<b>1.49</b>	<b>1.00</b>	<b>0.87</b>	<b>0.73</b>	<b>1.49</b>	<b>0.90</b>	<b>0.48</b>	<b>0.73</b>	<b>0.68</b>
<b>Short Term Fixed Income</b>	<b>4.23</b>	<b>5.25</b>	<b>2.32</b>	<b>2.62</b>	<b>4.23</b>	<b>5.89</b>	<b>5.63</b>	<b>(3.78)</b>	<b>0.00</b>
Benchmark	3.88	4.86	1.85	2.22	3.88	5.70	5.02	(4.05)	(0.93)
<b>Value Added</b>	<b>0.35</b>	<b>0.39</b>	<b>0.47</b>	<b>0.40</b>	<b>0.35</b>	<b>0.19</b>	<b>0.61</b>	<b>0.26</b>	<b>0.94</b>
<b>Public Fixed Income (Canada)</b>	<b>2.89</b>	<b>4.75</b>	<b>(0.08)</b>	<b>2.59</b>	<b>2.89</b>	<b>4.53</b>	<b>6.88</b>	<b>(11.34)</b>	<b>(2.27)</b>
Benchmark	2.64	4.51	(0.35)	2.27	2.64	4.23	6.69	(11.69)	(2.54)
<b>Value Added</b>	<b>0.25</b>	<b>0.24</b>	<b>0.27</b>	<b>0.32</b>	<b>0.25</b>	<b>0.30</b>	<b>0.19</b>	<b>0.34</b>	<b>0.27</b>
<b>Public Fixed Income (Global)</b>	<b>5.00</b>	<b>6.39</b>	<b>1.99</b>	<b>3.98</b>	<b>5.00</b>	<b>7.49</b>	<b>6.69</b>	<b>(8.06)</b>	<b>(0.34)</b>
Benchmark	3.09	4.70	0.00	2.36	3.09	7.23	3.82	(9.61)	(3.62)
<b>Value Added</b>	<b>1.91</b>	<b>1.69</b>	<b>1.99</b>	<b>1.62</b>	<b>1.91</b>	<b>0.26</b>	<b>2.87</b>	<b>1.54</b>	<b>3.27</b>
<b>Private Credit</b>	<b>5.92</b>	<b>8.28</b>	<b>5.40</b>	<b>5.84</b>	<b>5.92</b>	<b>11.16</b>	<b>7.83</b>	<b>(0.77)</b>	<b>3.26</b>
Benchmark	6.45	9.95	4.97	5.63	6.45	12.60	10.92	(4.14)	0.08
<b>Value Added</b>	<b>(0.53)</b>	<b>(1.67)</b>	<b>0.43</b>	<b>0.21</b>	<b>(0.53)</b>	<b>(1.44)</b>	<b>(3.09)</b>	<b>3.36</b>	<b>3.18</b>
<b>Equities</b>	<b>17.94</b>	<b>20.66</b>	<b>10.56</b>	<b>9.88</b>	<b>17.94</b>	<b>27.04</b>	<b>17.23</b>	<b>(16.09)</b>	<b>12.07</b>
Benchmark	16.60	21.12	12.83	11.29	16.60	28.15	18.92	(12.43)	17.53
<b>Value Added</b>	<b>1.34</b>	<b>(0.46)</b>	<b>(2.27)</b>	<b>(1.41)</b>	<b>1.34</b>	<b>(1.11)</b>	<b>(1.69)</b>	<b>(3.66)</b>	<b>(5.46)</b>
<b>Real Assets</b>	<b>(0.58)</b>	<b>6.75</b>	<b>8.49</b>	<b>8.06</b>	<b>(0.58)</b>	<b>13.41</b>	<b>7.90</b>	<b>12.41</b>	<b>9.92</b>
Benchmark	6.54	5.85	7.18	6.89	6.54	5.96	5.05	8.37	10.43
<b>Value Added</b>	<b>(7.12)</b>	<b>0.90</b>	<b>1.31</b>	<b>1.17</b>	<b>(7.12)</b>	<b>7.45</b>	<b>2.85</b>	<b>4.04</b>	<b>(0.51)</b>

Source: State Street, The City of Calgary

<sup>1</sup> The City of Calgary's Consolidated and Short Term Liquidity portfolio performance excludes High Interest Savings Accounts (HISA). The estimated 2025 return, including HISA, for the Consolidated Portfolio is 5.02 per cent against an estimated blended benchmark of 5.35 per cent. The estimated 2025 return, including HISA, for Short Term Liquidity portfolio is 3.80 per cent.

<sup>2</sup> Benchmark information is available in Appendix 1

# Contributors to return

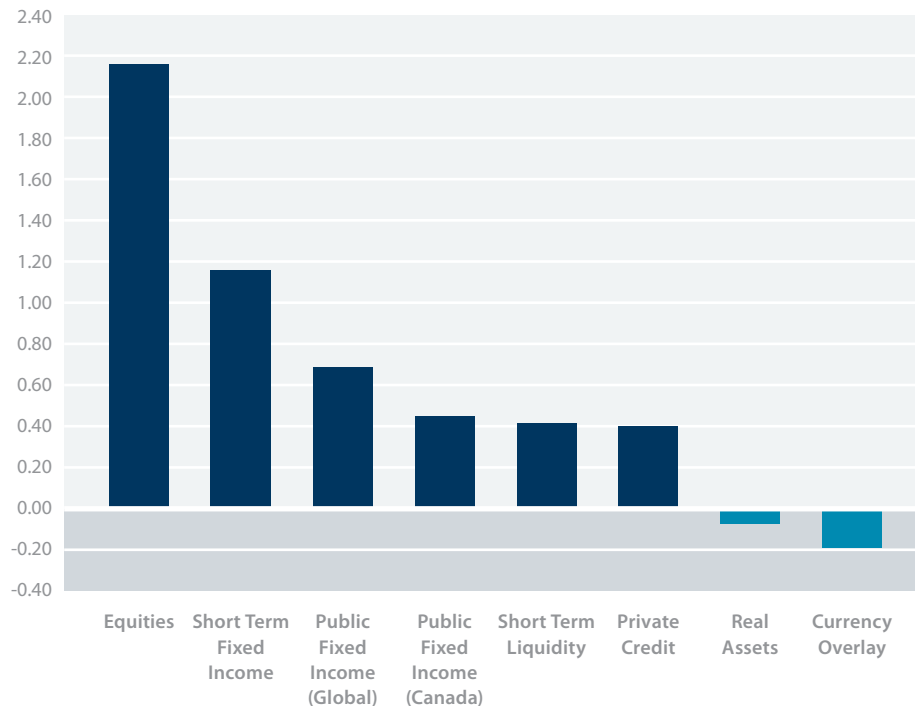
The City of Calgary's Consolidated Investment Portfolio return in 2025 was 5.17 per cent (5.02 per cent with HISAs).

The largest contributor to The City's returns in 2025 was the Equities Portfolio. Equities returns were the highest of any portfolio within The City's asset mix, both in percentage and absolute terms. Detractors included the Real Assets Portfolio, which experienced currency-related losses, and the currency overlay strategy, which was discontinued in June of 2025.

In keeping with their size, the Public and Short Term Fixed Income Portfolios also made significant contributions to The City's return. Private Credit delivered a contribution to return nearly in line with Canadian Public Fixed Income (0.40 per cent vs. 0.45 per cent) despite having less than half the assets under management at year-end (\$544 million vs. \$1,161 million).

## Portfolio contribution to return

(per cent)



AC2026-0094  
Attachment 2

# Investment income

Through December 31, 2025, The City of Calgary’s Consolidated Investment Portfolio generated \$490.4 million of investment income before expenditures and allocations. Investment income is different from investment return. Investment income includes interest, dividends and gains or losses from investments that were sold. It does not include gains or losses that have not yet been realized.

In 2025, investment income was higher than investment returns because gains from previous years were realized during the year. About half of total investment income in 2025 was generated by the Equities Portfolio, mainly driven by realized prior-year capital gains arising from portfolio rebalancing during the year and by annual distributions. The Public and Short Term Fixed Income Portfolios also contributed meaningfully to total income through recurring interest income, reflecting their role as core income-generating assets.

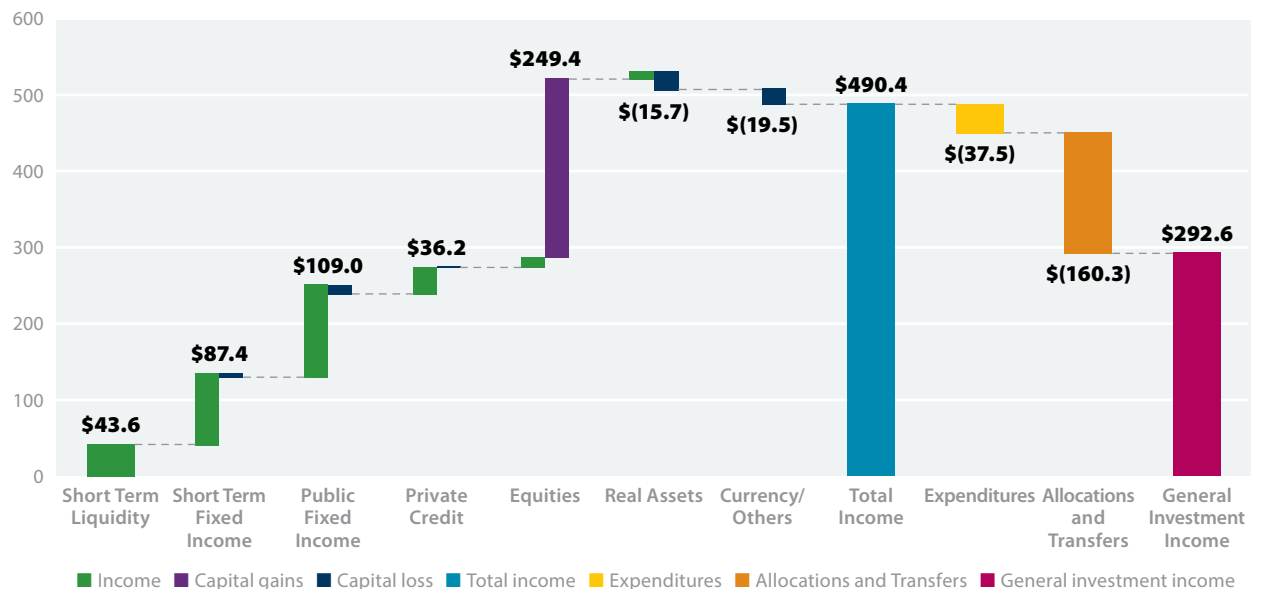
## Investment income – budget vs. actual

As at December 31, 2025  
(\$ thousands)

	2025 Budget	2025 Actual	2024 Actual
<b>Corporate Total Investment Income</b>	<b>258,059</b>	<b>490,416</b>	<b>335,567</b>
Expenditures (net of receivables)	44,640	37,540	38,673
<b>Income Available for Allocation</b>	<b>213,419</b>	<b>452,876</b>	<b>296,894</b>
Allocations to Self-Supporting Business Units and Capital Deposits	57,000	87,425	70,867
Transfer to Reserves from Operations	56,736	72,898	51,854
<b>General Investment Income</b>	<b>99,683</b>	<b>292,553</b>	<b>174,173</b>

## Investment income breakdown

(\$ millions)



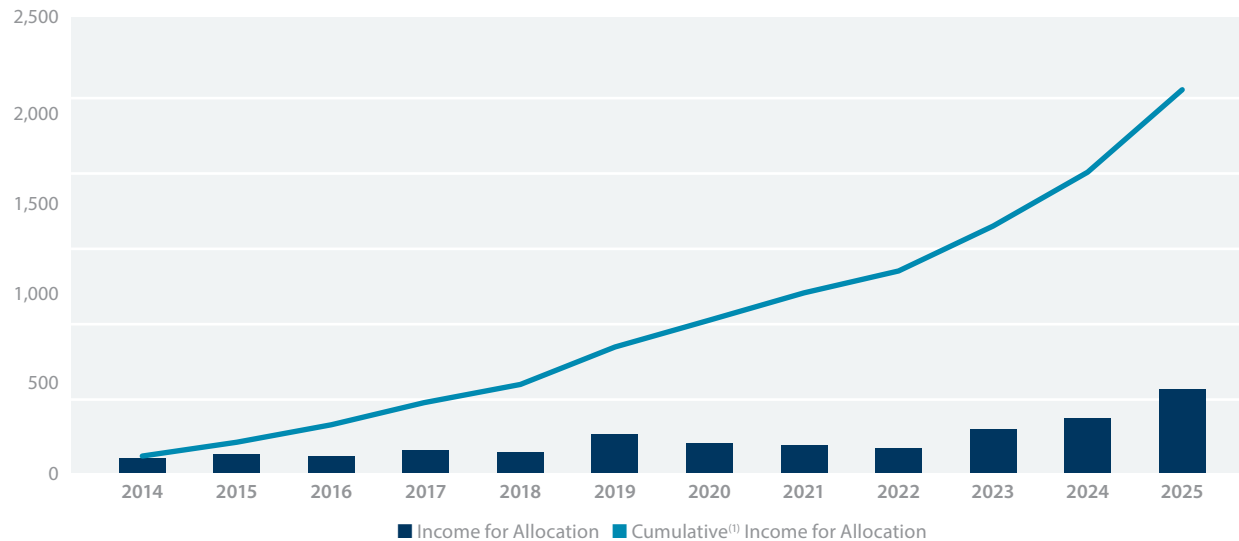
# Investment income (continued)

## Historical analysis

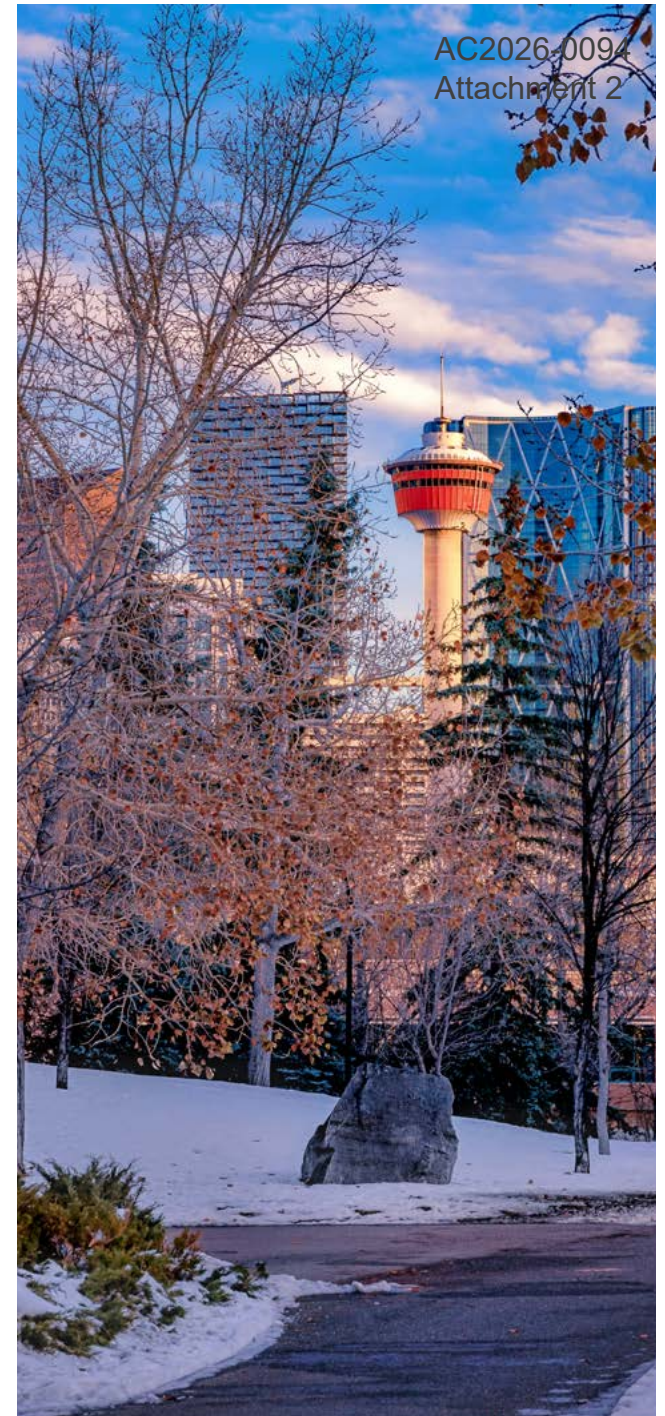
Since 2014, The City has generated \$2,093 million in income available for allocation. Income available for allocation is total corporate investment income earned, less expenditures (net of receivables).

## Investment income – historical

(\$ millions)



<sup>1</sup> The City earned Investment Income prior to January 1, 2014, but it is not included in this chart.



# Asset class review



# Short Term Liquidity

## Investment objective

To generate investment income while preserving capital and providing liquidity for the cash flow requirements of The City.

### Performance

For the year ended December 31, 2025  
(per cent net of fees)

	Annualized Returns <sup>(1)</sup>			ITD
	1 Year	3 Years	5 Years	
<b>Short Term Liquidity</b>	<b>4.33</b>	<b>5.15</b>	<b>3.75</b>	<b>2.46</b>
Benchmark	2.84	4.15	2.88	1.73
<b>Value Added</b>	<b>1.49</b>	<b>1.00</b>	<b>0.87</b>	<b>0.73</b>

Benchmark: FTSE Canada 91 Day Treasury Bill Index

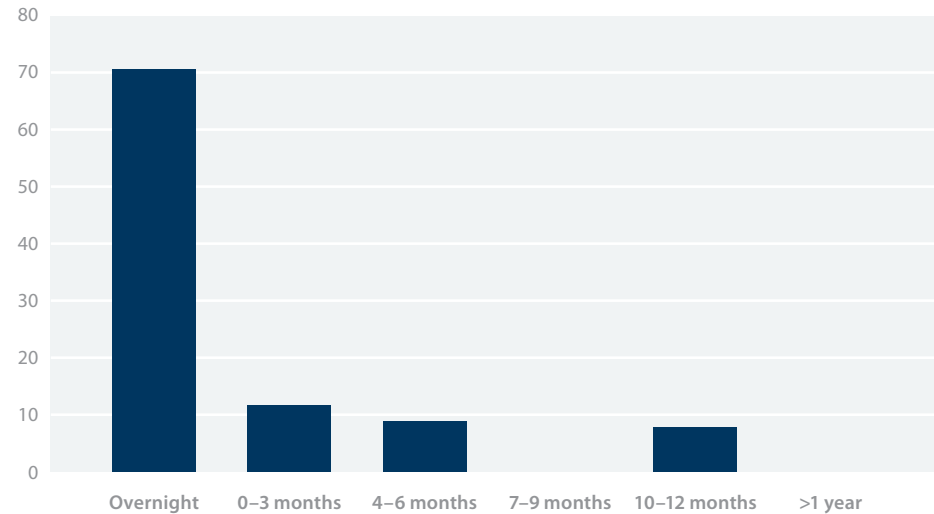
### Assets under management

As at December 31, 2025  
(\$ millions)

<b>Money Market</b>	<b>126.3</b>
High Interest Savings Accounts	514.6
<b>Closing Net Asset Value<sup>(2)</sup></b>	<b>640.9</b>

### Portfolio maturities

As at December 31, 2025  
(per cent of portfolio)



<sup>1</sup> Returns are Term Deposits, Money Market Instruments and Near-Maturity Bonds only. The estimated return, including returns from HISAs, for 2025 is 3.80 per cent.

<sup>2</sup> Total includes amounts funded by short-term commercial paper borrowings.

# Short Term Liquidity (continued)

## Positioning

In 2025, the Short Term Liquidity Portfolio primarily invested in High Interest Savings Accounts (HISAs), which comprised approximately 80 per cent of the portfolio. The remainder was invested in Guaranteed Investment Certificates (GICs) of terms up to 1 year and in a portfolio of money market securities. While the Portfolio can invest in short-term securities such as T-bills, bank deposit notes, commercial paper and short-term corporate and government bonds, market conditions made it more attractive to hold cash. This was due to competitive savings rates available to The City and expected interest rate cuts by the BoC.

In 2025, the BoC continued lowering interest rates. The curve steepened as short-term rates fell, while longer-term rates remained higher.

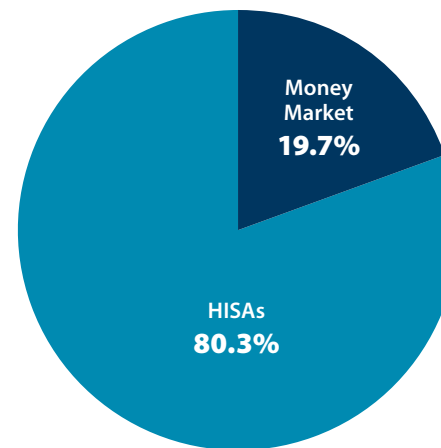
## Investment highlights

The Short Term Liquidity Portfolio returned 4.33 per cent in 2025, 149 bps above the benchmark. The cost of borrowing through commercial paper is less than the investment return The City earns on its HISAs. This is mainly a result of The City's strong credit profile combined with the closure of the Canadian Banker's Acceptance market in Q2 2024, which led to increased demand for commercial paper.

In 2025, the Short Term Liquidity Program also introduced an externally managed U.S.-dollar sleeve to efficiently manage temporary USD balances that arise from City investments before they are reinvested. This allows The City to earn a market-based return on short-term USD cash holdings while avoiding unnecessary foreign-exchange conversions and transaction costs.

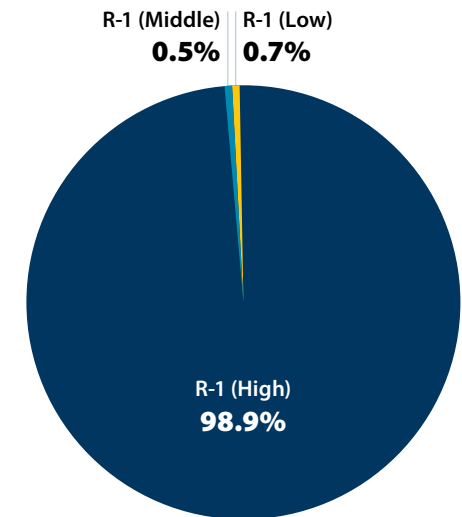
## Asset type

As at December 31, 2025  
(per cent)



## Credit quality<sup>(1)</sup>

As at December 31, 2025  
(per cent)



## Forward looking strategy

The Short Term Liquidity Portfolio will continue to maintain a bias to be heavily weighted in cash and near cash equivalents given the competitive savings rates. Further interest rate cuts by the BoC could change this. Market conditions will be watched closely so The City can lock in fixed rates through GICs when they are more attractive than HISA rates.

<sup>1</sup> Credit ratings for short-term investments are provided by DBRS Morningstar.

## Investment objective and philosophy

To provide exposure to short-term Canadian fixed income securities and commercial mortgages, with an emphasis on capital preservation, income generation and attaining net returns that meet or exceed the Portfolio benchmark. Five out of the six mandates within the Short Term Fixed Income Portfolio are externally managed.

The City believes active management can add value by adjusting interest rate exposure, carefully allocating across sectors and credit quality, and selecting high-quality securities. The portfolio also seeks to earn additional return from commercial mortgages, while maintaining liquidity through short-term fixed income investments. Overall, the portfolio is invested almost entirely in investment-grade assets.

### Performance

For the year ended December 31, 2025  
(per cent net of fees)

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
<b>Short Term Fixed Income</b>	<b>4.23</b>	<b>5.25</b>	<b>2.32</b>	<b>2.62</b>
Benchmark	3.88	4.86	1.85	2.22
<b>Value Added</b>	<b>0.35</b>	<b>0.39</b>	<b>0.47</b>	<b>0.40</b>

Benchmark: FTSE Canada Short Term Bond Index

### Composition

As at December 31, 2025

Mandate	AUM (\$ millions)	Yield (per cent)	Duration (years)
Public Fixed Income	1,355.3	3.07%	2.7
Mortgages	691.7	4.15%	2.8
<b>Short Term Fixed Income</b>	<b>2,047.0</b>	<b>3.43%</b>	<b>2.8</b>

### Assets under management

(\$ millions)

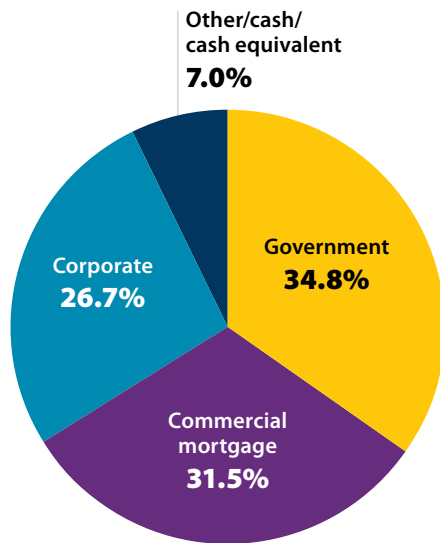
<b>Opening Net Asset Value</b> January 1, 2025	<b>1,994.3</b>
Cash Flows	(30.5)
Portfolio Gains & Losses <sup>(1)</sup>	83.2
<b>Closing Net Asset Value</b> December 31, 2025	<b>2,047.0</b>

<sup>1</sup> Includes realized/unrealized capital gains and losses, dividends and interest income

# Short Term Fixed Income (continued)

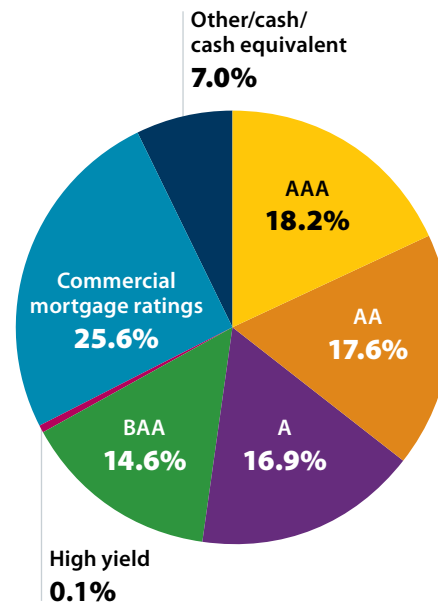
## Asset type

As at December 31, 2025  
(per cent)



## Credit quality

As at December 31, 2025  
(per cent)



## Public fixed income

In 2025, short-term Canadian fixed income markets were shaped by shifting monetary policy, elevated government borrowing and ongoing uncertainty surrounding North American trade discussions. The BoC reduced its policy rate to 2.25 per cent by October, a total reduction of 100 basis points for the year, to support a softening economy. The central bank then maintained a cautious hold through year-end as resilient domestic growth and a slight uptick in year-end inflation to 2.4 per cent moderated expectations for further easing. Short-term Government of Canada yields rose over the fourth quarter—most notably in the two- to five-year segment—as markets priced in the potential for rates to remain steady well into 2026.

Provincial and corporate credit performed well throughout 2025. Steady investor demand and stabilizing economic fundamentals allowed short-term corporate spreads to tighten, even as issuance reached significant levels. Sectors with stable cash flows, including energy infrastructure and high-quality financial issuers, continued to offer the most attractive opportunities. Mortgage-backed securities also contributed positively as yield carry remained compelling relative to government bonds.

Across The City's short-term fixed income strategies, credit exposure and security selection were key drivers of performance. External managers maintained an overweight to high-quality corporate bonds while positioning duration slightly shorter than benchmark levels to help buffer portfolios against upward pressure on yields.

Overall, The City's externally-managed short-term bond mandates narrowly outperformed their benchmark in 2025, but were supported by strong income generation and disciplined credit selection. As The City enters 2026, investment managers remain focused on maintaining high credit quality and liquidity to navigate a period characterized by heightened policy uncertainty and ongoing trade-related risks.

## Mortgages

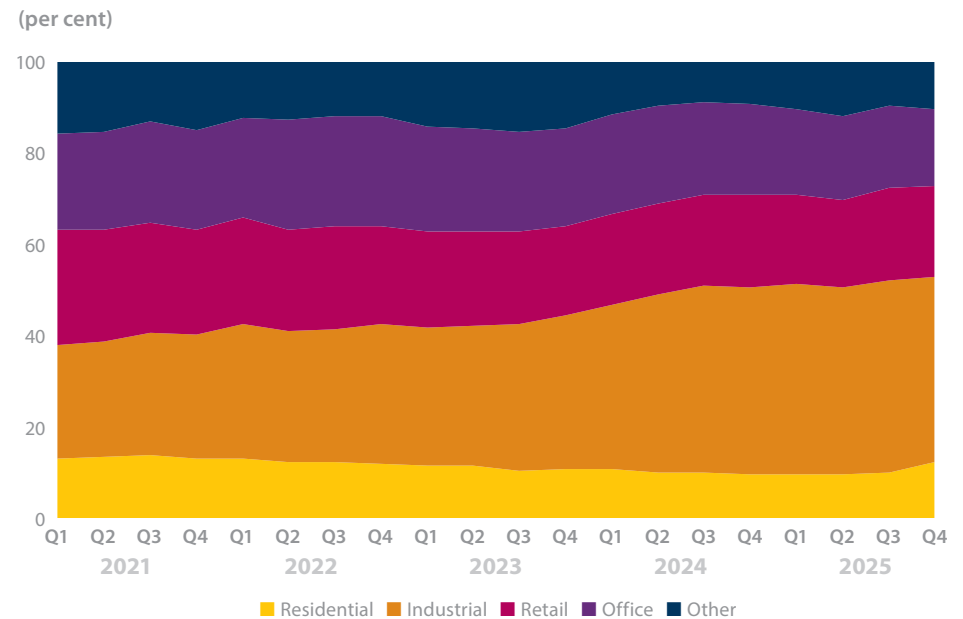
In 2025, the Canadian commercial mortgage market showed signs of stability. Interest rate expectations became more steady, borrowing costs declined and activity improved in select real estate sectors. Government of Canada yields increased through the year—5-year and 10-year yields ending 2025 at 2.97 per cent and 3.43 per cent. Commercial mortgage spreads tightened to their lowest levels in nearly two decades, driven by strong lender competition and renewed acquisition financing activity. Spreads remained broadly flat into year-end, but the modest compression reflected a more positive market environment, supported by clearer monetary policy signals from the Bank of Canada and an improving economic backdrop.

Across property types, fundamentals were mixed. Industrial markets remained active but showed pockets of softening, especially where new supply outpaced vacancy. Multifamily experienced rising vacancy—up to 3.1 per cent nationally—due to new construction and slower population growth, though long-term demand fundamentals remain intact. Institutional lenders also re-engaged in the office sector, particularly high-quality Class A assets benefiting from strengthening return-to-office trends and stabilizing leasing activity. Meanwhile, community-oriented retail continued to demonstrate resilience, with investors increasingly rotating into convenience-anchored shopping centres supported by stable tenant demand.

In this environment, The City’s Canadian Commercial Mortgage investment managers delivered an absolute net return of 4.94 per cent in 2025, outperforming the benchmark by 106 bps and surpassing traditional short-term fixed income returns over the one-, three- and five-year periods.

Portfolio positioning across managers emphasized strong borrower covenants, selective underwriting and opportunities in floating-rate or shorter-term structures to capture elevated coupons. Looking ahead to 2026, investment managers are focusing on high-quality apartment buildings, retail properties, select office opportunities and longer-term sustainable investments as interest rates stabilize and deal activity returns to more normal levels.

## Commercial mortgage sector allocation



## Forward looking strategy

The City’s Short Term Fixed Income Portfolio will remain a stable source of yield and liquidity. The City is evaluating its overall asset allocation to identify potential opportunities for enhancing the yield of the Consolidated Investment Portfolio. This may lead to some rebalancing from the Short Term Fixed Income Portfolio to other asset classes.

## Investment objective and philosophy

To provide exposure to longer-term Canadian and Global public fixed income securities. To support the preservation of capital, the Portfolio will be largely composed of investment-grade holdings.

The City believes active management can enhance portfolio value by adjusting duration, strategically over- and underweighting sectors and credit ratings and selecting securities with strong potential. Given the expected term structure of interest rates, it is anticipated to generate a higher yield than the Short Term Fixed Income Portfolio. Additionally, select global fixed income investments may offer higher yields than Canadian counterparts and this Portfolio aims to capture that advantage.

### Performance

For the year ended December 31, 2025

(per cent net of fees)

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
<b>Public Fixed Income (Canada)</b>	<b>2.89</b>	<b>4.75</b>	<b>(0.08)</b>	<b>2.59</b>
Benchmark	2.64	4.51	(0.35)	2.27
<b>Value Added</b>	<b>0.25</b>	<b>0.24</b>	<b>0.27</b>	<b>0.32</b>

Benchmark: FTSE Canada Universe Bond Index

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
<b>Public Fixed Income (Global)</b>	<b>5.00</b>	<b>6.39</b>	<b>1.99</b>	<b>3.98</b>
Benchmark	3.09	4.70	0.00	2.36
<b>Value Added</b>	<b>1.91</b>	<b>1.69</b>	<b>1.99</b>	<b>1.62</b>

Benchmark: Bloomberg Global Aggregate Index

### Composition

As at December 31, 2025

Mandate	AUM (\$ millions)	Yield (per cent)	Duration (years)
Public Fixed Income (Canada)	1,161.2	3.80%	6.8
Public Fixed Income (Global)	1,032.6	4.61%	4.4
<b>Public Fixed Income</b>	<b>2,193.8</b>	<b>4.18%</b>	<b>5.7</b>

### Assets under management

(\$ millions)

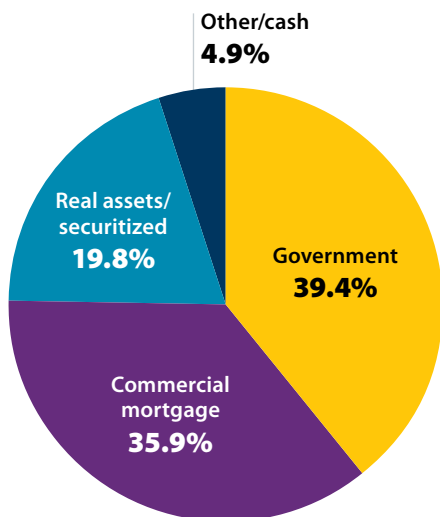
<b>Opening Net Asset Value</b> January 1, 2025	<b>2,134.0</b>
Cash Flows	(27.2)
Portfolio Gains & Losses <sup>(1)</sup>	87.0
<b>Closing Net Asset Value</b> December 31, 2025	<b>2,193.8</b>

<sup>1</sup> Includes realized/unrealized capital gains and losses, dividends and interest income

# Public Fixed Income (continued)

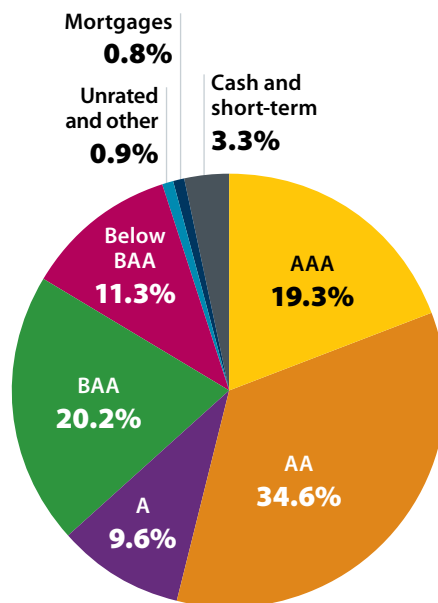
## Sector allocation

As at December 31, 2025  
(per cent)



## Credit rating

As at December 31, 2025  
(per cent)



## Public Fixed Income (Canada)

Canadian fixed-income investments had modest gains in 2025 as interest rates came down and inflation pressures evolved, which changed bond yields across short- and long-term maturities. The Bank of Canada lowered its overnight rate by a cumulative 100 basis points, ending the year at 2.25 per cent, as inflation moved closer to target and economic momentum stabilized. Short-term interest rates fell following rate cuts, while longer-term rates stayed higher. This reflected ongoing government spending pressures, increased borrowing and investors wanting higher returns for long-term investments. Together, these trends led to a steeper yield curve and were a key feature of fixed income performance in 2025.

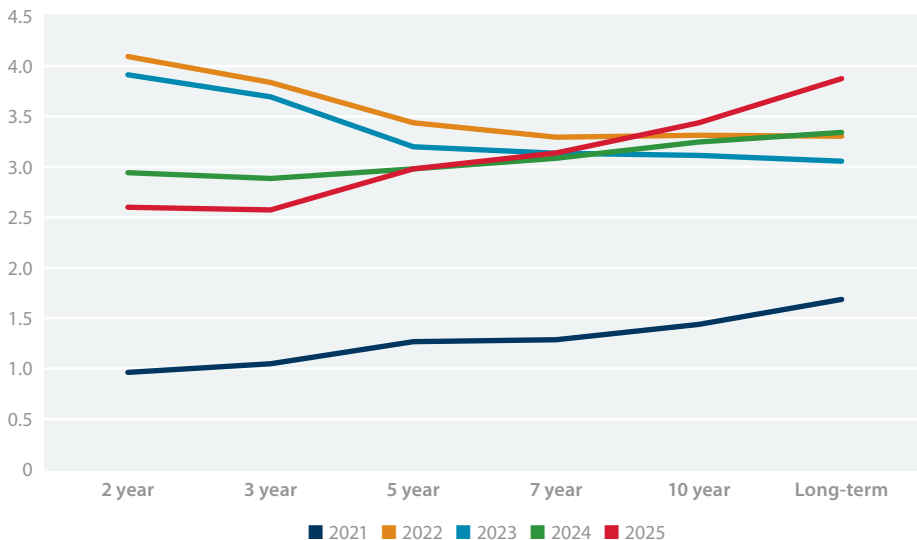
Credit markets remained strong throughout the year. Companies were generally in good financial shape, supported by solid earnings and manageable debt. Even with high levels of new bond issuance, demand remained strong, keeping borrowing costs low across most credit quality levels. Provincial bonds also performed well, anchored by steady domestic demand and manageable funding schedules.

Within the FTSE Canada Universe Bond Index, short- and mid-term credit performed better than federal bonds, as rising long-term government interest rates weighed on returns. Active managers generally reduced exposure to federal bonds and increased investments in corporate and provincial issuers, focusing on high quality and liquidity. While approaches to interest-rate exposure varied, some managers benefited by limiting exposure to longer-term government bonds.

As 2026 begins, yields across the curve remain attractive relative to much of the past decade, but limited compensation for taking credit risk, combined with shifting economic conditions, supports a measured and risk-aware approach within Canadian public fixed income.

## Bank of Canada bond yields

(per cent)



Source: Bank of Canada

## Public Fixed Income (Global)

In 2025, global bond markets navigated a complex environment as central banks around the world began to take different paths. While the U.S. Fed moved toward lower interest rates to support a softening economy, other major central banks, such as the Bank of Japan, raised rates for the first time in years. These differing policies, combined with high levels of government borrowing, led to increased market fluctuations and shifting yield curves throughout the year.

Corporate bonds remained a bright spot, showing resilience despite a record value of new debt being issued globally. Strong investor demand for incremental income, combined with steady corporate earnings, kept the extra yield paid by corporations over governments near historic lows. This environment allowed investment-grade and high-yield bonds to perform well, providing steady returns primarily through interest payments. Other specialized sectors, such as mortgage-backed and consumer-loan securities, also contributed positively as market volatility began to settle later in the year.

Government bonds had more mixed results in 2025. Developed-market bonds faced pressure from rising public debt and concerns over long-term fiscal health. In contrast, certain emerging markets performed better as their inflation rates fell, allowing their central banks to lower rates and boost bond prices.

Across The City's global fixed income strategies, the decision to favour corporate credit over government debt continued to be a primary driver of performance. Investment managers focused on high-quality companies and securitized assets that offered more attractive yields than traditional government bonds. Security selection was particularly effective in stable sectors with reliable cash flows, such as financials and essential infrastructure.

Active management of interest-rate sensitivity and currency exposure also helped protect returns amid shifting market conditions.

## Forward looking strategy

The City will continue to pursue fixed income opportunities that enhance diversification and strengthen risk-adjusted returns across the broader consolidated investment portfolio. Looking toward 2026, the strategy remains focused on preserving capital and maintaining high liquidity, ensuring the portfolio can withstand market volatility while supporting The City's long-term financial stability.

## Investment objective and philosophy

To provide exposure to private credit investments, with an emphasis on capital preservation, income generation and providing net returns that meet or exceed the Private Credit benchmark.

The City believes that private credit investments offer a premium for their unique structure, complexity and illiquidity. Private credit may offer lower correlation of returns to other asset classes, has shown lower volatility versus traditional fixed income and offers stable current income.

### Performance

For the year ended December 31, 2025  
(per cent net of fees)

	Annualized Returns			ITD
	1 Year	3 Years	5 Years	
Private Credit	5.92	8.28	5.40	5.84
Benchmark	6.45	9.95	4.97	5.63
Value Added	(0.53)	(1.67)	0.43	0.21

Benchmark: A blended benchmark using mandate-weighted sub-benchmarks (see Appendix 1 – Private Credit)

### Composition

As at December 31, 2025

Mandate	AUM (\$ millions)	Yield (per cent)	Duration (years)
Private Credit	544.4	8.07%	1.1

### Assets under management

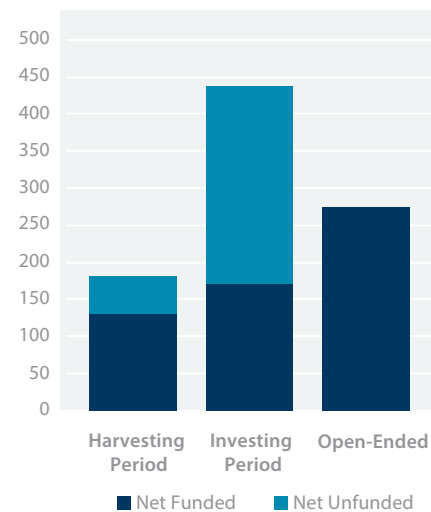
(\$ millions)

Opening Net Asset Value January 1, 2025	412.4
Cash Flows	103.0
Portfolio Gains & Losses <sup>(1)</sup>	29.0
Closing Net Asset Value December 31, 2025	544.4

<sup>1</sup> Includes realized/unrealized capital gains and losses, dividends and interest income

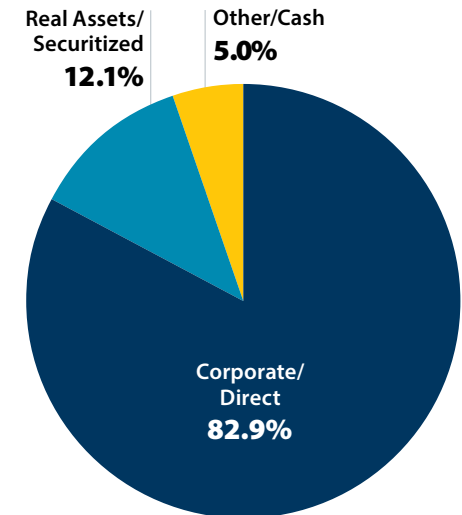
### Committed capital – Private Credit

As at December 31, 2025  
(\$ millions)



### Sector allocation

As at December 31, 2025  
(per cent)



## Market

Private credit is an asset class that has experienced significant growth since the global financial crisis of 2008–2009 (GFC). The GFC resulted in regulatory changes that have made traditional bank lending more restrictive and created opportunities for non-bank lenders to provide long term financing that aligns well with the investment horizon of institutional investors.

As the asset class has expanded, it has also attracted increased attention from retail investors, the public and the media. Recent market stress in certain retail-oriented vehicles, such as Business Development Companies (BDCs), has raised concerns about credit quality, valuation transparency, and liquidity under adverse market conditions. It is important to note that the City does not invest in BDCs or similar retail oriented private credit vehicles. The City’s private credit exposure is limited to institutionally focused strategies that use longer-term capital, face lower liquidity risk from investor redemptions and lend to borrowers with more conservative leverage profiles. As a result, these strategies have not experienced the same challenges.

Separately, a small number of high profile borrower bankruptcies have been widely reported. These cases were specific to individual companies and managers and do not, in isolation, indicate broad based weakness across private credit markets. The City was not exposed to these bankruptcies.

As private credit continues to grow, differences in manager skill and underwriting discipline are becoming more pronounced. This dispersion in outcomes reinforces the importance of thorough due diligence, conservative portfolio construction, and ongoing monitoring. For investors that remain disciplined and focused on long-term objectives, private credit continues to offer attractive risk-adjusted return potential and income diversification benefits.

## Portfolio updates

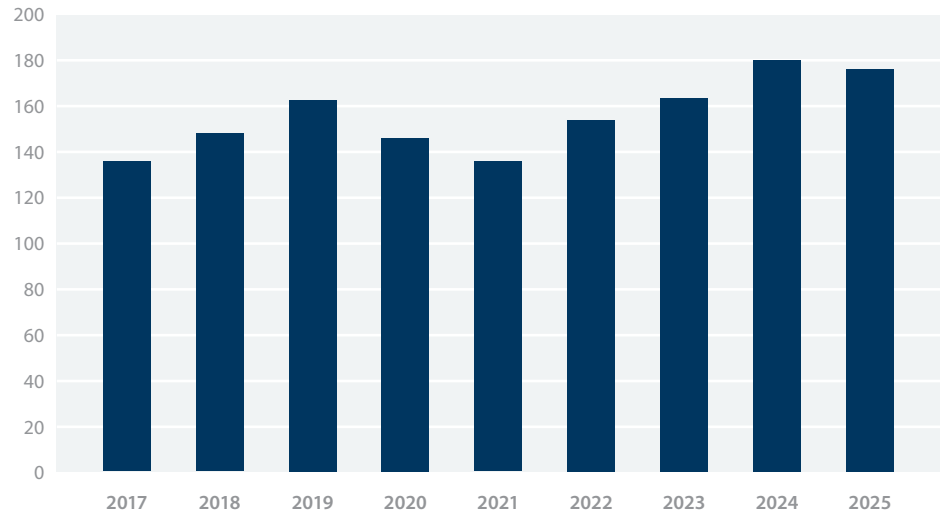
In the first quarter of 2025, The City elected to fully redeem its investment in an investment grade evergreen private credit fund. The investment grade strategy had performed as intended and the decision to make the redemption was based on other credit investments held across the broader Consolidated Investment Portfolio. The redeemed capital was redeployed into two diversified credit strategies, each with a higher return target. The intention with this redeployment was to generate an improved risk-adjusted return, as well as increased income, for the Consolidated Investment Portfolio.

An additional allocation was made in the first quarter to a senior secured direct lending fund making loans to private equity sponsored companies in the United States.

The City’s Private Credit portfolio has outperformed the Public Fixed Income portfolios over the last one-, three- and five-year periods.

## Global private credit capital raised

(\$ billions)



Source: Preqin, a part of BlackRock

## Forward looking strategy

The City will continue expanding its allocations to private credit markets by fulfilling existing commitments and pursuing new investments to enhance diversification within its holdings.

## Investment objective and philosophy

Investment in a diversified portfolio of global equity securities to achieve long-term capital appreciation, to earn dividend income, mitigate the effects of inflation and to provide a net return that meets or exceeds the equity benchmark over a market cycle.

### Performance

For the year ended December 31, 2025  
(per cent net of fees)

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
<b>Equities</b>	<b>17.94</b>	<b>20.66</b>	<b>10.56</b>	<b>9.88</b>
Benchmark	16.60	21.12	12.83	11.29
<b>Value Added</b>	<b>1.34</b>	<b>(0.46)</b>	<b>(2.27)</b>	<b>(1.41)</b>

Benchmark: MSCI All Country World Index

### Composition

As at December 31, 2025

Mandate <sup>(1)</sup>	AUM (\$ millions)	Dividend Yield (per cent)
<b>Equities</b>	<b>1,000.0</b>	<b>1.65%</b>

### Assets under management

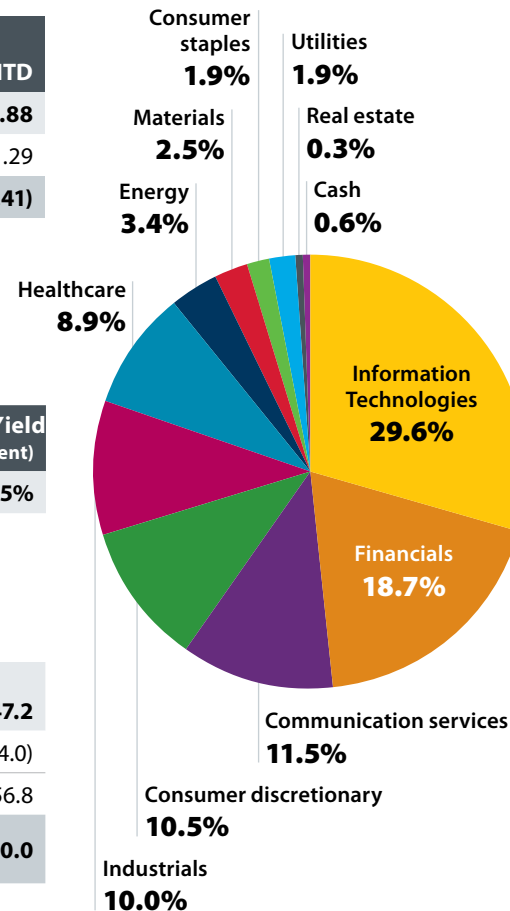
(\$ millions)

<b>Opening Net Asset Value</b> January 1, 2025	<b>947.2</b>
Cash Flows	(104.0)
Portfolio Gains & Losses <sup>(1)</sup>	156.8
<b>Closing Net Asset Value</b> December 31, 2025	<b>1,000.0</b>

<sup>1</sup> Includes realized/unrealized capital gains and losses, dividends and interest income

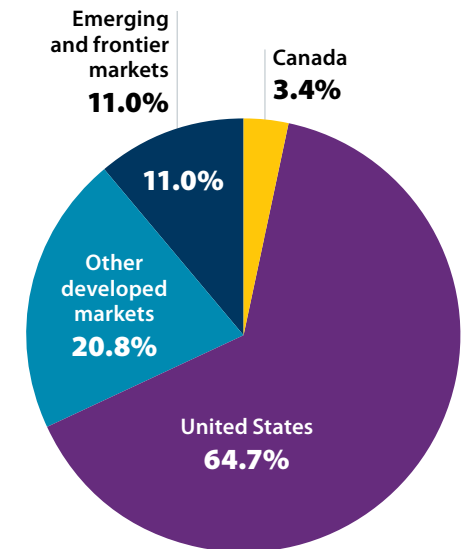
### Sector allocation

As at December 31, 2025  
(per cent)



### Geographic allocation

As at December 31, 2025  
(per cent)



## Market updates

In 2025, global stock markets held up well, even as performance varied by region. Despite adjustments to shifting trade policies and changing interest-rate expectations, the year marked a broader expansion of growth, one that reached beyond a handful of major companies and extended across industries and geographies.

### A changing global market environment

For much of the past decade, global equity performance was driven largely by a small group of U.S. technology giants. In 2025, market leadership began to shift. As economic conditions in the U.S. became more supportive, investors started to seek value in international markets. European and Japanese equities performed particularly well. Several countries in South America and Asia also gained momentum as inflation continued to ease. With price pressures cooling, local central banks were able to adopt more accommodative policies, creating an appealing backdrop for growth and drawing renewed investor interest.

### The next phase of the AI investment story

Technology remained an important theme, but the narrative evolved. In contrast to previous years where almost any company associated with artificial intelligence attracted investor enthusiasm, 2025 saw a more discerning market. Companies involved in providing the core hardware for AI continued to grow, but new leaders emerged from industries where AI is being put to practical use, such as healthcare, logistics and professional services. This helped narrow the performance gap between the largest technology firms and the broader market, creating a more balanced and sustainable environment for investors.

### Sector trends and investment positioning

In 2025, investors shifted toward sectors outside traditional growth areas. Capital flowed into companies providing essential services and those with business models capable of delivering consistent earnings through economic cycles. Financials and industrials were among the main beneficiaries of renewed global attention on infrastructure investment. A more stable interest-rate environment supported these areas, enabling more effective capital planning and improving lending conditions. Across markets, investors favoured companies with strong balance sheets and reliable cash flow.

## Portfolio updates

The Equities Portfolio underwent a structural transition in mid-2025. Previously, the portfolio used a mix of active management and index replication strategies. After the transition, the portfolio now consists of four actively managed mandates. All four managers are measured against the same global benchmark: the MSCI All Country World Index.

During the year, the Equities Portfolio had net outflows of \$104 million as The City rebalanced capital to support allocations elsewhere in the Consolidated Investment Portfolio. This rebalancing reflected portfolio construction and liquidity management rather than a change in the long-term equity strategy.

In 2025, the equity portfolio outperformed its respective benchmark for the first time since 2018, supported by stronger alignment between external manager mandates and The City's MSCI All Country World Index benchmark. With the portfolio now fully actively managed, managers have greater flexibility to adjust positioning as market conditions evolve.

## Forward looking strategy

The investment team will continue to monitor global markets and portfolio performance to ensure the portfolio remains aligned with long-term goals. Ongoing evaluation of macroeconomic trends, manager results and benchmark-relative outcomes will guide any tactical adjustments. The team remains committed to maintaining a disciplined, data-driven approach to asset allocation.

## Investment objective and philosophy

Investment in infrastructure and real estate assets to help mitigate the effects of inflation and provide diversification in risk-seeking assets.

Real asset investments will be well-diversified by asset type, geography, revenue source, sector and risk profile, ensuring a balanced approach that spreads exposure and maximizes resilience across different market and economic conditions.

### Performance

For the year ended December 31, 2025  
(per cent net of fees)

	Annualized Returns			ITD
	1 Year	3 Years	5 Years	
Real Assets	(0.58)	6.75	8.49	8.06
Benchmark	6.54	5.85	7.18	6.89
Value Added	(7.12)	0.90	1.31	1.17

Benchmark: A blended benchmark using mandate-weighted sub-benchmarks (see Appendix 1 – Real Assets)

### Composition

As at December 31, 2025

Mandate	AUM (\$ millions)	Net Yield (per cent)
Real Assets	858.7	6.21%

### Assets under management

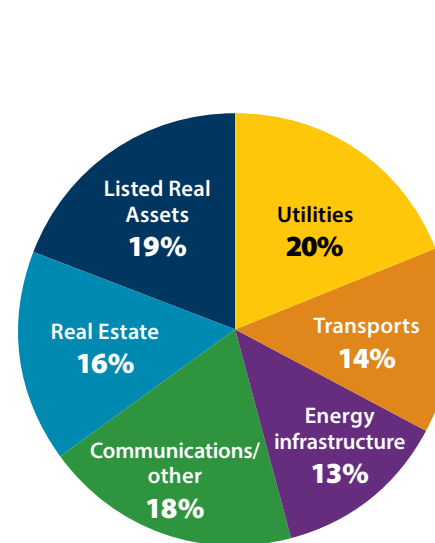
(\$ millions)

Opening Net Asset Value January 1, 2025	825.6
Cash Flows	38.0
Portfolio Gains & Losses <sup>(1)</sup>	(4.9)
Closing Net Asset Value December 31, 2025	858.7

<sup>1</sup> Includes realized/unrealized capital gains and losses, dividends and interest income

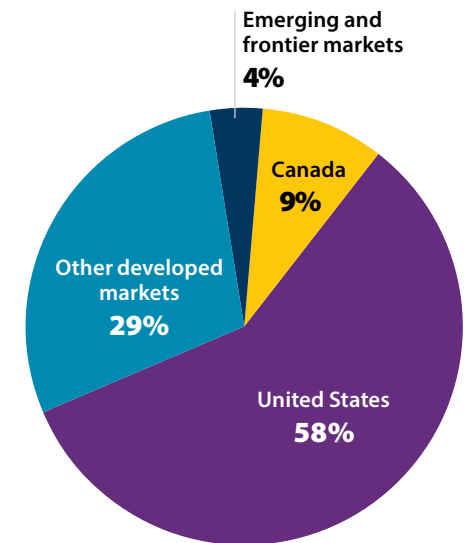
### Sector allocation

As at December 31, 2025  
(\$ millions)



### Geographic allocation

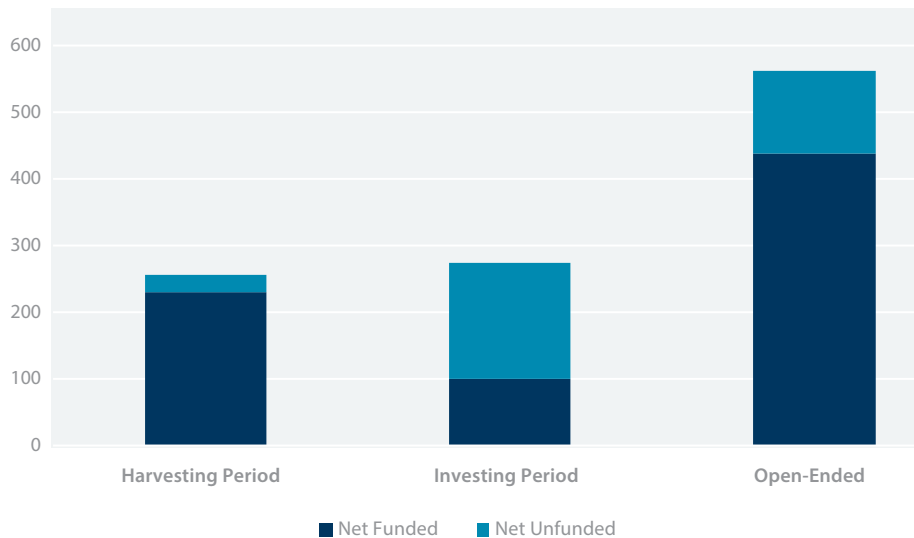
As at December 31, 2025  
(per cent)



# Real Assets (continued)

## Committed capital

As at December 31, 2025  
(\$ millions)



## Infrastructure

The City's private infrastructure portfolio was challenged in 2025, largely due to its investments dedicated to energy transition, which have experienced a decline in valuations over the past five quarters. These specific performance factors are discussed in detail in the Portfolio Updates section below.

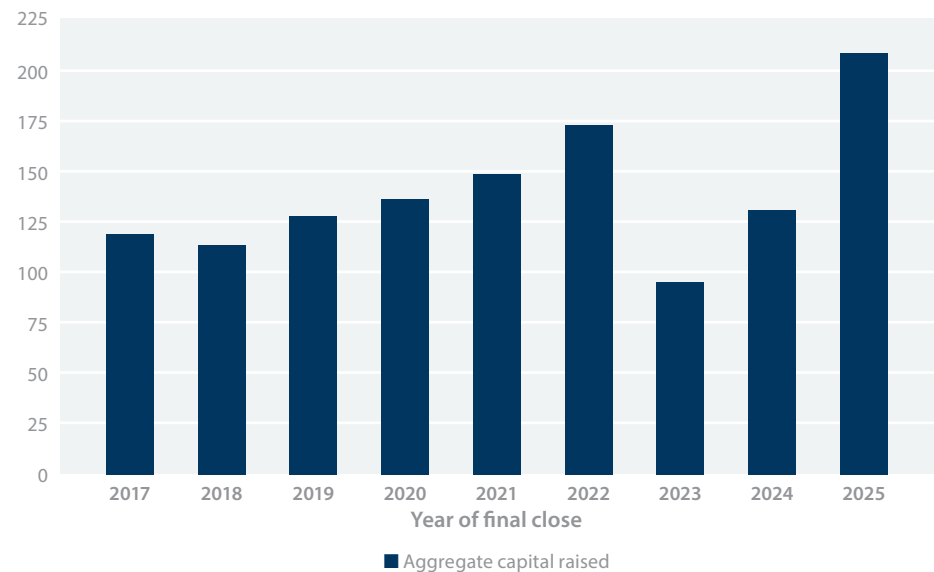
More broadly, however, the global private infrastructure market demonstrated remarkable resilience in 2025, characterized by a strong rebound in fundraising and a strategic pivot toward high-growth themes. After a quieter period in previous years, global fundraising surged to record levels, largely driven by a handful of North American mega-funds that dominated the landscape. Investors increasingly shifted their focus toward core-plus and value-add strategies, moving slightly up the risk curve to capture higher yields from transformative global trends.

While overall deal volume remained subdued due to lingering interest rate caution, transaction values remained strong due to capital deployment in two critical sectors: digital infrastructure and energy transition. The rapid expansion of artificial intelligence drove unprecedented demand for data centers and the power generation required to support them, effectively linking the digital and energy sectors as primary drivers of new market activity.

Overall, the asset class continued to provide the stability investors expect, delivering steady cash yields and acting as an effective inflation hedge, while outperforming private equity in recent quarters. Heading into the new year, the market retains significant levels of unspent capital, positioning managers to capitalize on these secular tailwinds.

## Global private infrastructure capital raised

(\$ billions USD)



Source: Preqin, a part of BlackRock

## Real estate

The City's real estate portfolio remains in its early stages having funded its first commitment in the third quarter of 2024. The intention of this investment was to provide The City with a core-plus risk profile to capture global real estate exposure while providing a solid and stable level of income.

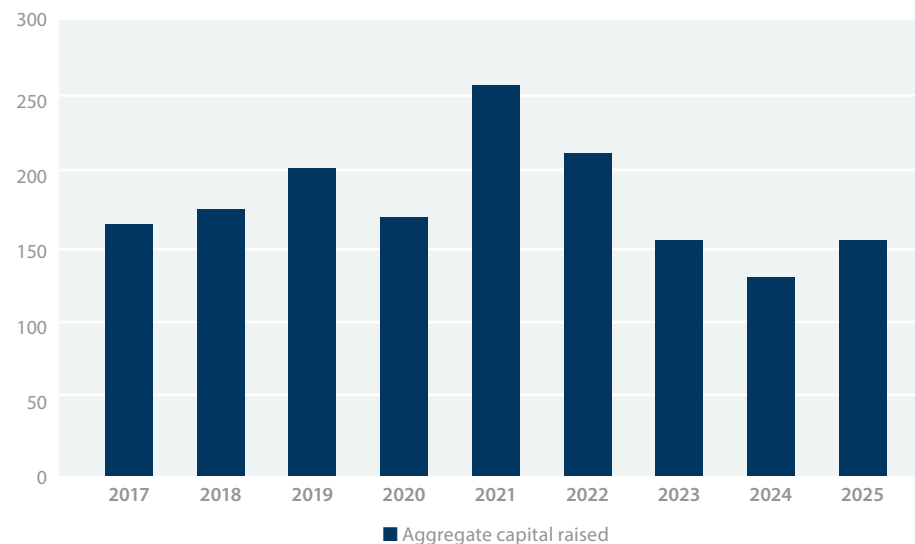
Beyond The City's real estate portfolio, the global private real estate market began to improve in 2025. After a long period of uncertainty and limited activity, buying and selling in major markets—particularly in North America—started to stabilize as buyers and sellers reached more agreement on pricing. The recovery has not been uniform, however. Investment activity has focused heavily on areas with strong long-term demand, such as industrial logistics, data centres and modern rental housing, while traditional office properties continue to face weaker demand, limited liquidity and lower valuations.

From a strategy perspective, 2025 marked a renewed focus on acquiring high-quality assets following the market correction. As valuations reset, managers with available capital began to target higher-quality assets that had become over-leveraged or mispriced during the downturn, looking to acquire them at attractive entry points. This flight to quality remained a dominant theme, with investors prioritizing prime assets in top-tier locations over lower-tier markets.

Toward the end of 2025, the market benefited from improved sentiment following the cuts to interest rates. With capitalization rates stabilizing and significant levels of unspent capital available, the asset class enters the new year well-positioned for improved deal flow. Investors will remain highly selective, favouring high-quality assets and assets that offer operational resilience.

## Global private real estate capital raised

(\$ billions USD)



Source: Prequin, a part of BlackRock

# Real Assets (continued)

## Portfolio updates

Publicly reported results from some pension plans pointed to challenges affecting the BlackRock Global Renewable Power platform, to which The City has exposure. While this impacted overall Real Assets performance, other parts of the portfolio continued to perform well.

The City made a commitment with one of its existing infrastructure managers, Northleaf, early in 2025 for the fourth vintage of their flagship infrastructure fund. This marks the fourth investment made with Northleaf by The City and extends a relationship which dates to 2017. The City funded two capital calls in 2025 and expect to continue having capital called as new investments are made by the fund.

An additional commitment to a private infrastructure fund was made in the third quarter of 2025. This commitment was made with Franklin Templeton. This fund is intended to serve as a completion portfolio, offering The City infrastructure secondaries and co-investment opportunities that will seek to diversify The City's investment portfolio. This vehicle is an open-ended structure and made its first investment in the fourth quarter of 2025.

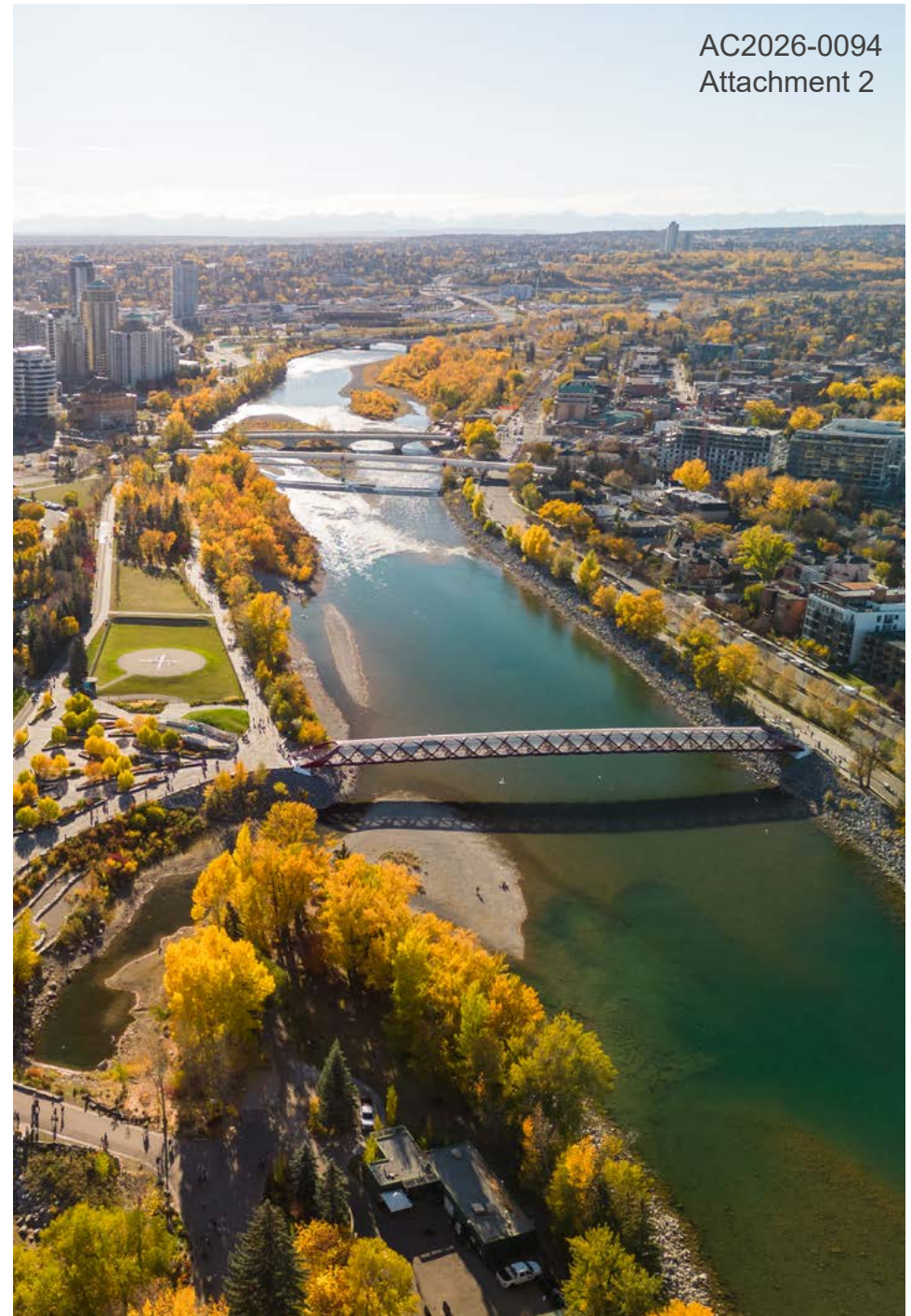
Toward the end of 2025, The City made its second commitment to a private real estate fund: this was to a closed-end real estate secondaries fund. A portion of the capital from this commitment was called in January 2026, with the remaining capital expected to be called throughout the remainder of 2026 and possibly into 2027 depending on the market environment. This fund is expected to provide diversification to both the Real Assets and Consolidated Investment Portfolios.

In addition, short-term movements in the Canadian dollar versus the U.S. dollar affected the Real Assets portfolio's CAD-denominated results in 2025, given the portfolio's U.S.-dollar exposure. Because the CPI-plus benchmarks used for most mandates do not reflect currency movements, this also contributed to a portion of the difference versus the benchmark during the year.

## Forward looking strategy

The City will continue to allocate to existing infrastructure mandates through existing commitments. The Real Assets Portfolio continues to mature, but The City's investment team will continue to develop its pipeline for future opportunities as they arise.

AC2026-0094  
Attachment 2



# 2026 Economic and capital market outlook

AC2026-0094  
Attachment 2

The global economy enters 2026 in a stable but cautious state, as it transitions from the post-pandemic recovery to a lower-growth, more complex environment. According to the International Monetary Fund, global real GDP growth is projected to steady at 3.3 per cent for 2026. While inflation across most advanced economies has retreated toward central bank targets, the last mile of disinflation has proven uneven, leading to divergent monetary policy paths and increased currency volatility. Some key themes impacting capital markets into 2026 include:

## Heightened Middle East conflict risk and commodity market uncertainty

Escalating conflict in the Middle East has added a further layer of geopolitical uncertainty, with potential implications for commodity markets, global shipping, and regional security dynamics. While the ultimate economic and market impacts remain highly uncertain, the situation reinforces the importance of resilience to supply shocks, inflation volatility, and episodic increases in risk aversion across global markets.

## Geopolitical fragmentation and trade volatility

Geopolitical realignment is increasing a shift toward regionalized supply chains, reshaping trade flows and capital allocation. For Calgary, this has mixed effects. Construction and infrastructure costs may rise, but demand for secure North American energy exports could increase.

## Monetary policy divergence and ‘higher for longer’ real rates

Elevated real interest rates continue to reprice risk, reinforcing the importance of balance sheet quality and cash-flow durability. While the Bank of Canada and U.S. Federal Reserve have stabilized rates, the persistence of positive real yields provides a supportive environment for fixed income but demands a narrower margin for error in equity valuations.

## Energy evolution and capital discipline

Energy markets remain important as investment discipline in traditional hydrocarbons intersects with growing capital requirements for electrification and grid resilience. This evolution favours firms that prioritize dividend sustainability alongside strategic investments in decarbonization technology.

## Artificial intelligence and productivity

Technological adoption—especially in AI—is increasingly being put into practice. While this is helping improve global productivity overall, the benefits are not evenly shared, favouring AI-focused sectors over more traditional industries facing higher labour costs.

## Dispersion across private credit managers

As private credit markets face increased pressure, choosing the right managers matters more than ever. Results are being driven less by overall market trends and more by careful lending decisions and deep expertise in specific sectors.

Per cent change, YoY	2024 (Actual)	2025 (Estimate)	2026 (Projections)
<b>Gross Domestic Product (GDP)</b>			
Global	3.3	3.3	3.3
Euro Area	0.9	1.4	1.3
Emerging Economies	4.3	4.4	4.2
Canada	2.0	1.6	1.6
United States	2.8	2.1	2.4
China	5.0	5.0	4.5
<b>The Consumer Price Index (CPI)</b>			
Global	5.8	4.1	3.8
Canada <sup>(1)</sup>	2.4	2.0	2.1
Advanced Economies	2.6	2.5	2.2
Emerging Economies	7.9	5.2	4.8

<sup>1</sup> Bank of Canada. May vary from CPI used in benchmarking.

# Investment governance

The City manages its investments using a clear framework that ensures accountability, transparency and responsible use of public funds. This framework is set by Council-approved policy and supported by administrative policies that guide the day-to-day management of the investment program.

Council approves The City’s Investment & Governance Policy, which sets out the overarching governance structure, investment principles and delegation of authority for managing City investments. Council receives the Annual Investment Report through the Audit Committee and delegates authority to Administration to implement and administer the investment program in accordance with approved policies, legislation and risk tolerances.

Under this delegated authority, Administration maintains two supporting policies that operationalize the investment framework. The Funds Policy defines the objectives, risk tolerances, liquidity requirements and target asset mixes for each source of funds under management. The Investment Portfolios Policy establishes the parameters for constructing and managing the asset class portfolios in which City funds are invested, including investment objectives, benchmarks, risk limits and permitted instruments. Together, these policies provide clarity on both the purpose of invested funds and the manner in which capital markets exposure is implemented.

The Investment Advisory Committee (IAC) provides independent advice and oversight to the Chief Financial Officer on The City’s investment program. The committee reviews investment performance, policy compliance, asset mix decisions and investment strategies and offers recommendations. The committee also reviews and advises on the Investment & Governance Policy and related administrative policies. While the IAC plays an important oversight and advisory role, all investment decisions and policy approvals remain the responsibility of the Chief Financial Officer under authority delegated by Council in the Investment & Governance Policy.

In 2023, The City engaged an external consultant to conduct a comprehensive review of its investment governance framework. The results of this review were presented to the Investment Advisory Committee and the Audit Committee in 2024. As part of The City’s commitment to continuous improvement, selected enhancements to investment governance practices and supporting policies were implemented in 2025. Updates to the investment program and governance framework are reported to the Audit Committee as part of ongoing oversight by the investment team.

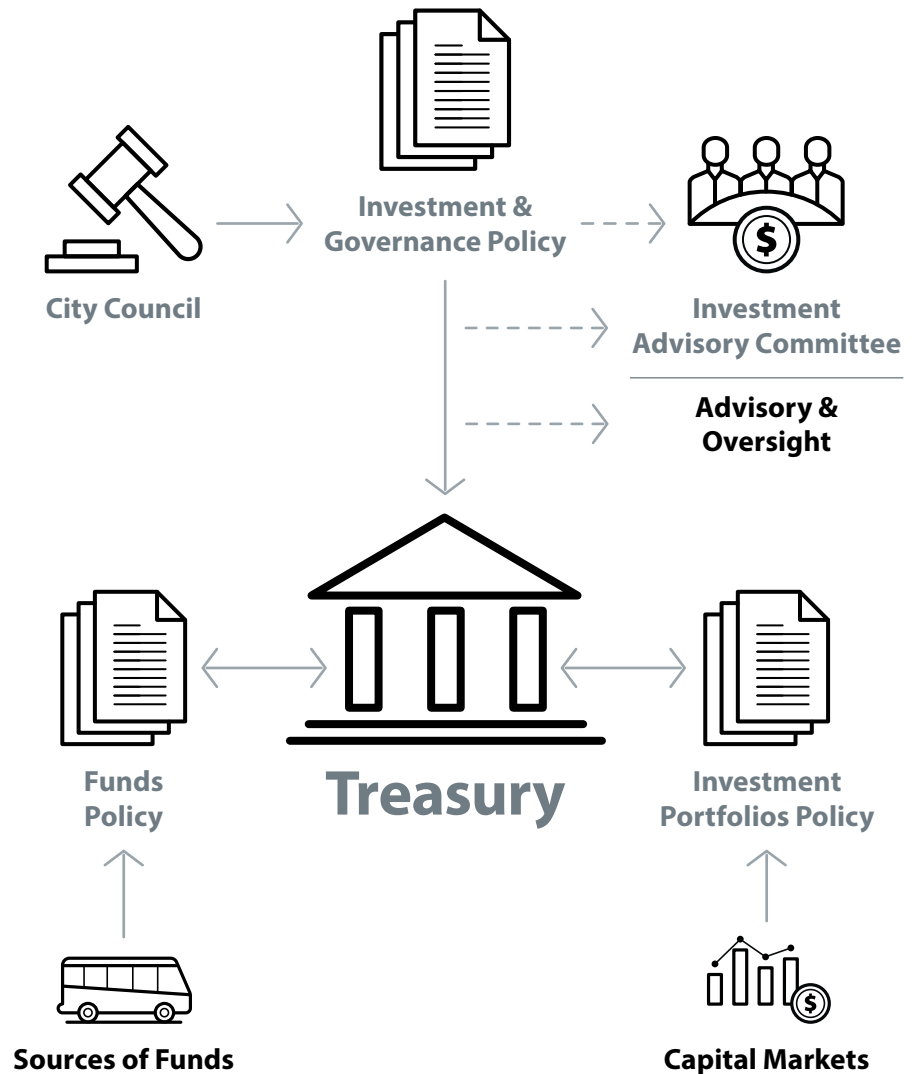


Figure 1 illustrates the investment governance framework, including the hierarchy of governing policies, the delegation of authority from Council to Administration and the advisory and oversight role of the Investment Advisory Committee.

## Risk management

Investment risk is managed through a combination of strong governance, clearly defined policies and disciplined implementation. The Investment & Governance Policy and supporting administrative policies establish investment objectives, risk tolerances, diversification requirements, eligible asset classes and instruments and portfolio constraints. These policies serve as the primary risk management tools for the investment program.

Risk is further mitigated through diversification across asset classes, investment strategies, issuers and investment managers. The total portfolio is constructed to balance risk and return characteristics across different market environments. The investment team applies rigorous due diligence when selecting external investment managers and continually monitors manager performance, portfolio construction and adherence to investment mandates.

The City recognizes that investing in capital markets involves inherent risks, including market, credit, liquidity, interest rate and foreign exchange risks. These risks are actively monitored using advanced risk metrics at both the manager and total portfolio level to ensure that risk exposures remain consistent with The City's risk tolerance and investment objectives.

All investments are held by an independent third party custodian, which provides safekeeping, trade settlement and independent reporting of holdings. The City also engages third party providers for performance measurement and verification. Investment manager reported returns are independently verified and assessed relative to market benchmarks and peers, supporting effective oversight and accountability for investment performance.

## Expense management

Investment management expenditures reflect the costs associated with operating and administering The City's investment program. These expenditures include structural costs related to governance and program operations—such as banking and treasury services, technology systems and internal staffing—as well as variable costs related to financing activities, transaction costs and external investment management fees.

Total investment management expenditures were approximately \$37.5 million in 2025, broadly consistent with the prior year. Year over year changes in specific expense categories largely reflect the lower interest costs on The City's commercial paper program as short-term market yields declined. The commercial paper program continues to generate incremental net investment income that more than offsets its expenses, contributing positively to overall financial results. Commercial paper savings were offset by an increase in management fees as The City moved into more complex investment categories that are expected to result in higher returns in a more challenged yield environment.

The City actively monitors and manages investment costs as part of its governance and oversight framework. Cost efficiency is assessed in the context of the size, complexity and asset mix of the investment program, as well as the value delivered through diversification, risk management and net investment returns.

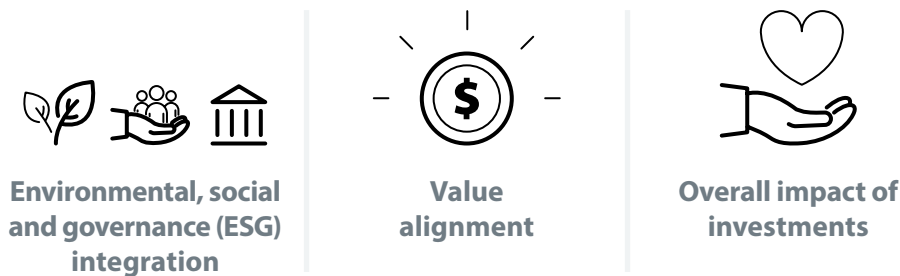
To support cost oversight and benchmarking, The City participates in the CEM Benchmarking survey, which compares investment management costs across institutional funds. In 2024, The City's externally managed investment costs were 40.7 basis points, 17.1 basis points lower than the Canadian median among surveyed funds. While The City's asset mix differs from that of many survey participants, this comparison provides a useful reference point for assessing relative cost efficiency and value for money. The 2025 CEM Benchmarking results are expected to be available in Q4 2026.



## Responsible Investing (RI) considerations

Responsible Investing (RI) has been referred to as sustainable investment and can potentially lead to better financial returns while having positive impacts both socially and environmentally.

### Three key pillars of RI include:



The City's investment team recognizes RI as an important aspect of ongoing manager due diligence. As part of this approach, the team will continue to assess how RI considerations are incorporated within asset allocation and manager selection processes. This may include evaluating managers' ESG practices, refining due diligence frameworks and exploring ways to enhance RI-related disclosures within existing investment policies.

## Environmental, Social and Governance (ESG) Considerations

Environmental, social and governance factors are key considerations in the investment process, influencing both financial value and long-term sustainability. These factors—environmental impact, social responsibility and corporate governance—help assess risks and opportunities within an investment.

Integrating good governance and sustainable business practices into investment decisions has become common practice in institutional investing. While studies have historically indicated a positive correlation between strong ESG ratings and stock

performance, the landscape is constantly evolving. As ESG considerations become more widespread, companies with weak governance may still face challenges in attracting long-term investors. However, market dynamics and regulatory shifts are leading some investors to take a more targeted approach, focusing on ESG factors that have clear financial materiality rather than broad sustainability objectives.

Good governance encompasses multiple dimensions, including compliance with environmental regulations, adherence to labour and safety standards and the presence of effective corporate board structures. A critical aspect of ESG and sustainable investing is engagement with company leadership. Institutional investors can influence corporate practices through active dialogue and proxy voting, using their shareholder rights to advocate for governance improvements and risk management strategies that support long-term value creation.

As part of its risk management and due diligence process, The City of Calgary incorporates ESG considerations when selecting and monitoring external investment managers. Beyond evaluating how ESG factors influence investment decisions, The City also assesses how managers integrate ESG principles into their own business operations. Many of The City's investment mandates involve fundamental analysis, where managers engage directly with companies to understand their governance structures and business practices. By partnering with investment managers who apply a pragmatic approach to ESG—focusing on material risks and opportunities—The City ensures its Consolidated Investment Portfolio reflects both RI principles and long-term financial objectives.

## Compliance

Compliance statements from investment managers are received quarterly, except for a few private funds which only provide compliance statements annually. Compliance statements are verified and maintained by Treasury. During the year, all investments complied with the *Municipal Government Act*, the Major Cities Investment Regulation and The City of Calgary's investment policies. See [Appendix 3](#) for current compliance status from investment managers.

# Definitions/glossary

AC2026-0094  
Attachment 2

## Basis points

Basis points (bps) represent 1/100th of one per cent.

## Benchmark

A standard against which the performance of an investment manager can be measured. Generally, broad market stock and bond indexes are used for this purpose.

## Consolidated Investment Portfolio

All internally- and externally-managed financial investments held by The City.

## Corporate Investment Income

All interest, dividends and realized gains or losses on the Consolidated Investment Portfolio, gross of expenditures.

## Exchange-Traded Fund (ETF)

An ETF is a pooled investment vehicle that trades on stock exchanges like a stock, typically tracking an index, sector, commodity or asset class while offering liquidity, diversification and lower fees compared to mutual funds.

## Diversification

A risk-management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and result in lower price volatility than individual investments found within the portfolio.

Diversification strives to smooth risk events specific to a given issuer, sector or geography in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold if the securities in the portfolio are not perfectly correlated.

## Duration

Measures the sensitivity of the full price of a bond (including accrued interest) to a change in interest rates.

## General Investment Income

Corporate Investment Income, net of expenditures, allocations to self-supporting business units and capital deposits and transfers to reserves and operations. This income becomes part of The City's corporate programs revenue.

## Harvesting Period

Follows the investing period and focuses on realizing value from investments through exits or liquidity events. This period continues until capital and profits are fully returned to investors.

## Income Available for Allocation

Corporate Investment Income, net of expenditures. This is the income that is available for municipal purposes during a year.

## Investment Managers

Those firms or individuals appointed by the Chief Financial Officer for the investment of each Fund's assets. Includes both internal and external managers.

## Investing Period

The timeframe during which the fund actively deploys capital into new investments. This phase typically occurs early in the fund's life and lasts for several years.

## Market Value

The price at which a security is trading in the open market.

## PRI

The Principles for Responsible Investment is an independent organization advocating on behalf of responsible investment. They seek to understand the investment implications of ESG factors and work to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

## Rate of Return

The gain or loss of an investment over a specified period, expressed as a percentage increase over the initial investment cost. Gains on investments include any income received from the security, plus realized and unrealized capital gains.

## Risk-Adjusted Return

A standardized measure of investment return based on an adjustment for the level of risk involved in generating that return.

# Appendix 1:

# Performance measurement benchmarks

AC2026-0094  
Attachment 2

The investment performance of all funds is reported to the Investment Advisory Committee on a quarterly basis and presented annually to The City's Audit Committee. Investment benchmarks<sup>(1)</sup> are used for comparison purposes to assess the actual performance of The City's investment managers versus their respective performance benchmarks. Active investment managers are expected to generate higher returns (net of fees) than the benchmark measure over a business cycle. **Portfolio benchmarks are based on a proportionate blend of the benchmarks of the accounts included within each portfolio.**

## Short Term Fixed Income

### FTSE Canada

#### Short Term Bond Index

(Addenda, Connor, Clark & Lunn (CC&L), Phillips, Hager & North (PH&N), Internal Short Term Bonds, Sun Life)

## Public Fixed Income

### FTSE Canada

#### Universe Bond Index

(BlackRock, PH&N, CC&L, Internal Universe Bonds)

### Bloomberg

#### US Credit Index

(PIMCO)

### Bloomberg

#### Capital Multiverse Index Unhedged

(Manulife)

### Bloomberg

#### Global Aggregate Bond Index

(BlackRock)

## Private Credit

### Morningstar

#### U.S. Leveraged Loan Index + 200 bps

(Crestline, Brookfield, Jefferies Credit Partners, Apollo)

### Morningstar

#### European Leveraged Loan Index + 200 bps

(Bridgepoint)

#### 50 per cent ICE BoA US HY Constrained Index

#### 50 per cent Morningstar LTSA US Leveraged Loan Index

(Blackstone)

## Equity

### MSCI

#### All Country World Index

(Acadian, CC&L, BlackRock, JPMorgan)

## Real Assets

#### Canadian Consumer Price Index (CPI) + 400bps

(Northleaf, BlackRock, CBRE)

#### Blended FTSE Global Core Infrastructure

#### 50/50 Index and FTSE EPRA NAREIT Developed Index

(Brookfield)

<sup>1</sup> Please refer to [Appendix 2](#) for the benchmark-related disclaimers

# Appendix 2:

# Disclaimer

**Source:** ©2025 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein

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# Appendix 3:

## Mandate-level responsible investing and compliance

Portfolio manager/mandate	In compliance	PRI signatory	PRI rating
<b>Short Term Fixed Income</b>			
<b>Short Term Universe Bonds</b>			
Phillips, Hager & North (PH&N)	Yes	✓	★★★★★
Connor, Clark & Lunn (CC&L)	Yes	✓	★★★★★
<b>Canadian Commercial Mortgages</b>			
Addenda	Yes	✓	★★★★★
Phillips, Hager & North (PH&N)	Yes	✓	★★★★★
Sun Life	Yes	✓	★★★★☆
<b>Public Fixed Income</b>			
<b>Public Fixed Income (Canada)</b>			
BlackRock	Yes	✓	★★★★☆
Connor, Clark & Lunn (CC&L)	Yes	✓	★★★★★
Phillips, Hager & North (PH&N)	Yes	✓	★★★★★
<b>Public Fixed Income (Global)</b>			
BlackRock	Yes	✓	★★★★★
Manulife	Yes	✓	★★★★★
Pimco	Yes	✓	★★★★★

Portfolio manager/mandate	In compliance	PRI signatory	PRI rating
<b>Public Fixed Income (continued)</b>			
<b>Private Credit</b>			
Apollo	Yes	✓	★★★★★
Blackstone	Yes	✓	★★★★☆
Bridgepoint	Yes	✓	★★★★★
Brookfield	Yes	✓	★★★★★
Crestline	Yes	✓	★★★★☆
Jefferies Credit Partners	Yes	✓	★★★★☆
<b>Equities</b>			
Acadian	Yes	✓	★★★★★
BlackRock	Yes	✓	★★★★☆
Connor, Clark & Lunn (CC&L)	Yes	✓	★★★★☆
JP Morgan	Yes	✓	★★★★☆
<b>Real Assets</b>			
BlackRock	Yes	✓	★★★★★
Brookfield	Yes	✓	★★★★★
CBRE IM	Yes	✓	★★★★★
Franklin Templeton <sup>(1)</sup>	Yes	✓	★★★★★
Northleaf	Yes	✓	★★★★★

<sup>1</sup> Parent company's PRI data is used



# 2025 Annual Investment Report AC2026-0094

## Audit Committee

2026 April 23

# Recommendation

That the Audit Committee recommends that Council approve The City of Calgary 2025 Annual Investment Report.



# Headline Results



**Assets under  
management**

**\$7,285  
million**



**Net  
assets**

**\$6,887  
million**



**Net  
return**

**5.18%**



**Income  
available for  
distribution**

**\$452.9  
million**

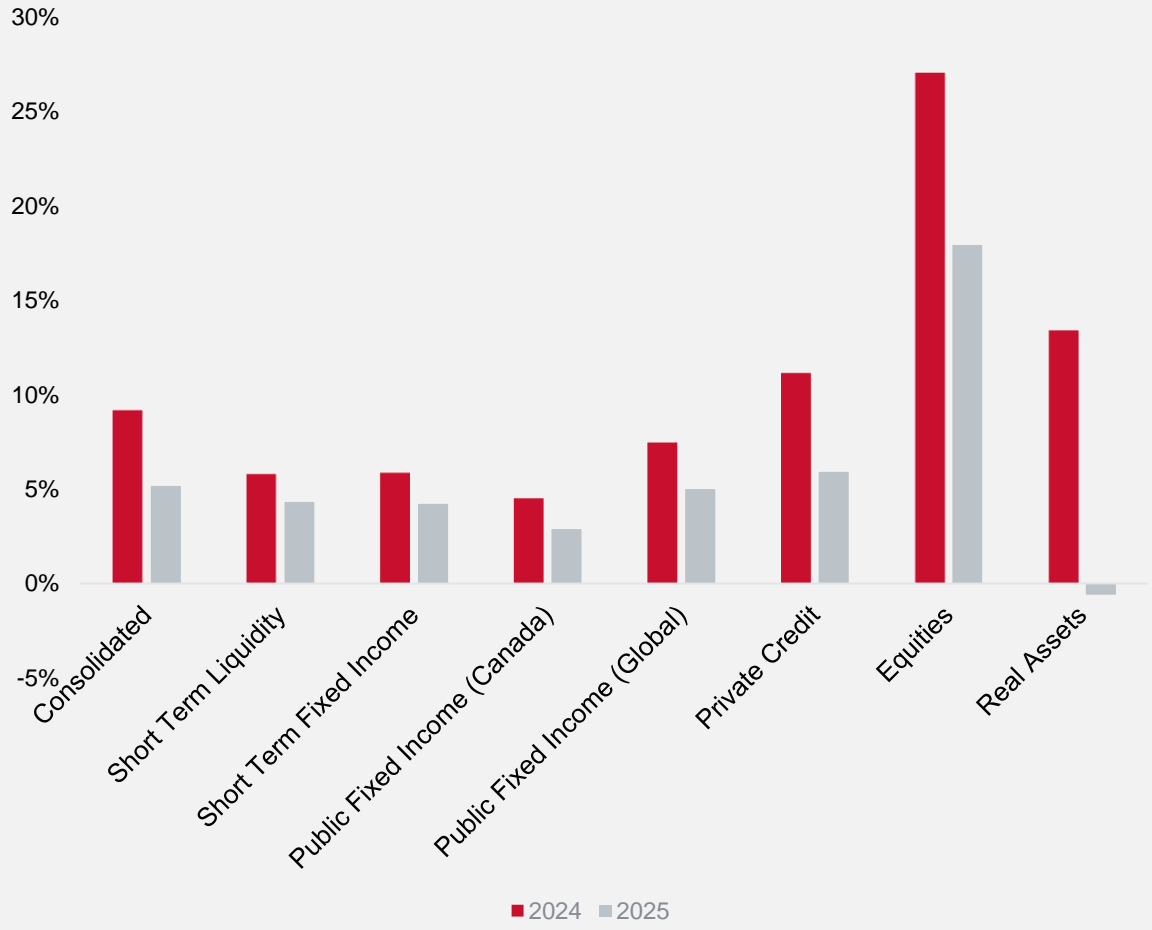
The investment portfolio grew and delivered above-budget returns



# Year-Over-Year Performance Comparison

- Overall portfolio return decreased by 401 bps from 2024's exceptional 9.19% to 2025's solid 5.18%, aligning with more normalized market conditions
- Equities remained strong contributor despite declining from 27.04% to 17.94%, maintaining double-digit gains supported by AI buildout momentum
- Private Credit returns moderated significantly from 11.16% to 5.92% due to investment-grade strategy underperformance and isolated realized losses
- Real Assets experienced dramatic reversal from 13.41% gain to 0.58% loss, driven by BlackRock GRP energy transition valuation declines

Annual Returns Comparison 2025 vs. 2024





## Sources of Funds

The City of Calgary invests funds that stem from the following sources:

**Reserves:** operating, capital and sustainment

**Capital Deposits:** off-site levies and government grants

**General Operations:** includes working capital

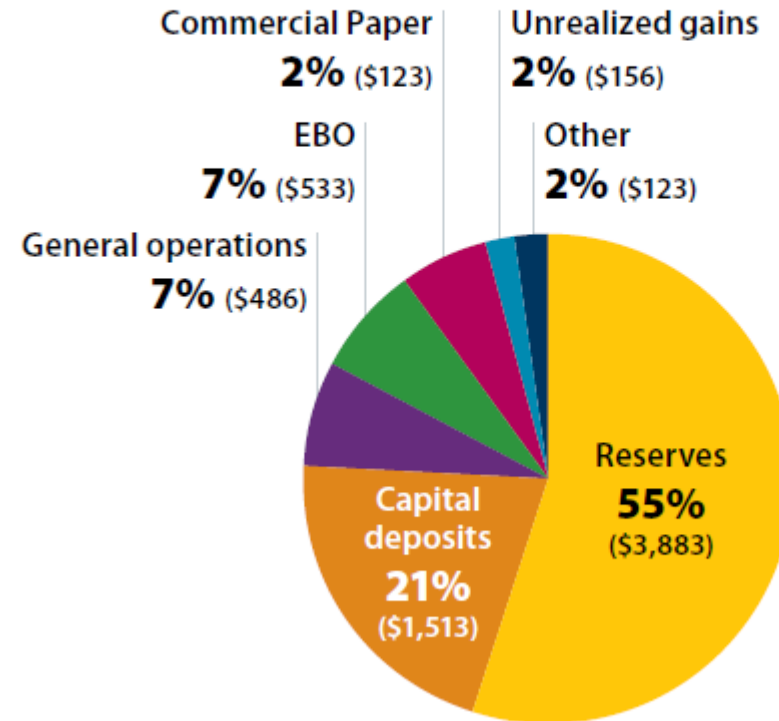
**Funded Employee Benefit Obligations (EBO)**

**Other:** trusts and affiliated entities

### Investment funds by source

As at December 31, 2025

(\$ millions)



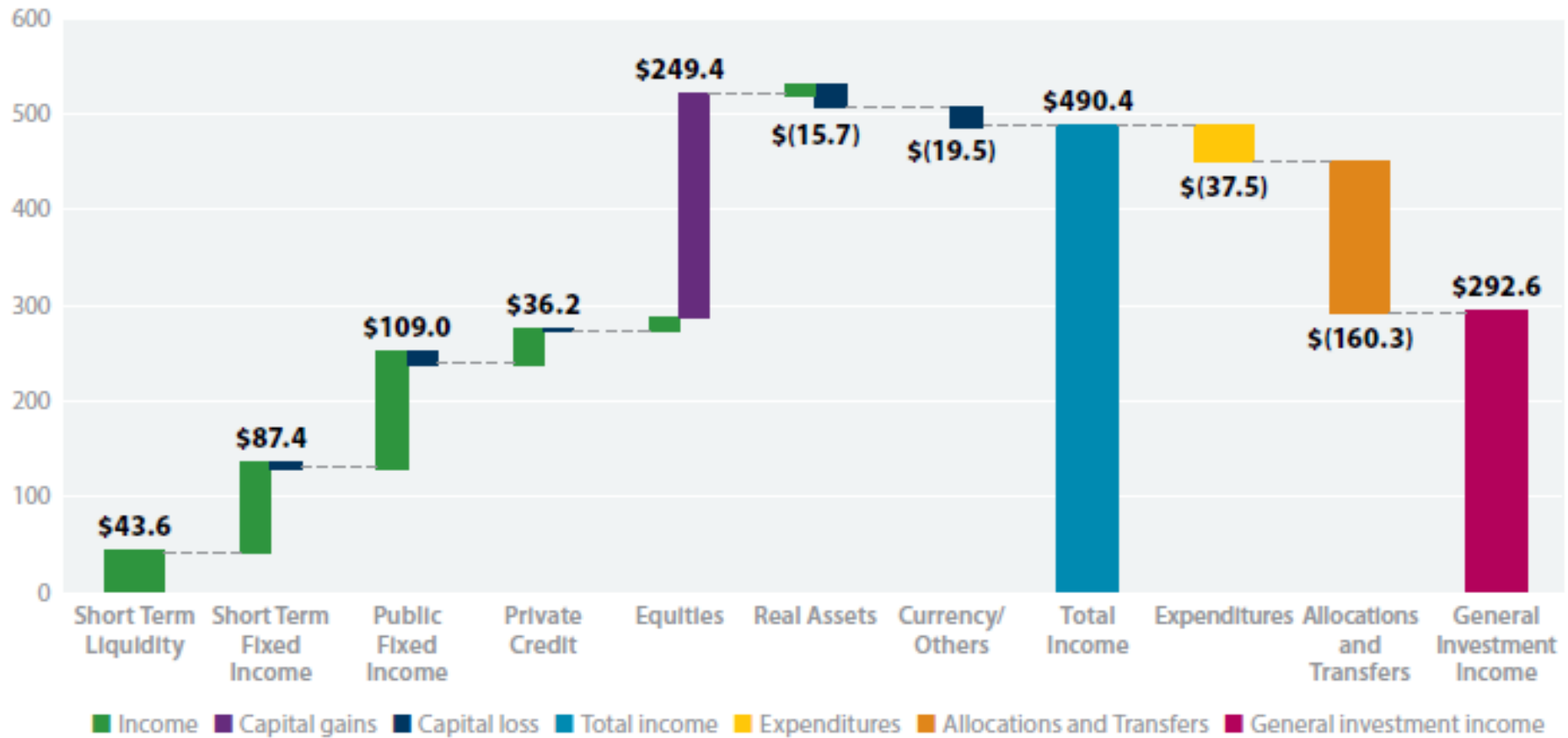
Reserves remained the largest source of investment capital



# Investment Income

## Investment income breakdown

(\$ millions)



Total Investment Income generated in 2025 was \$490.4 million: the highest single year income generated.



# Portfolio Market Value and Cost

## Period-end Asset Under Management (AUM)

(\$ millions)



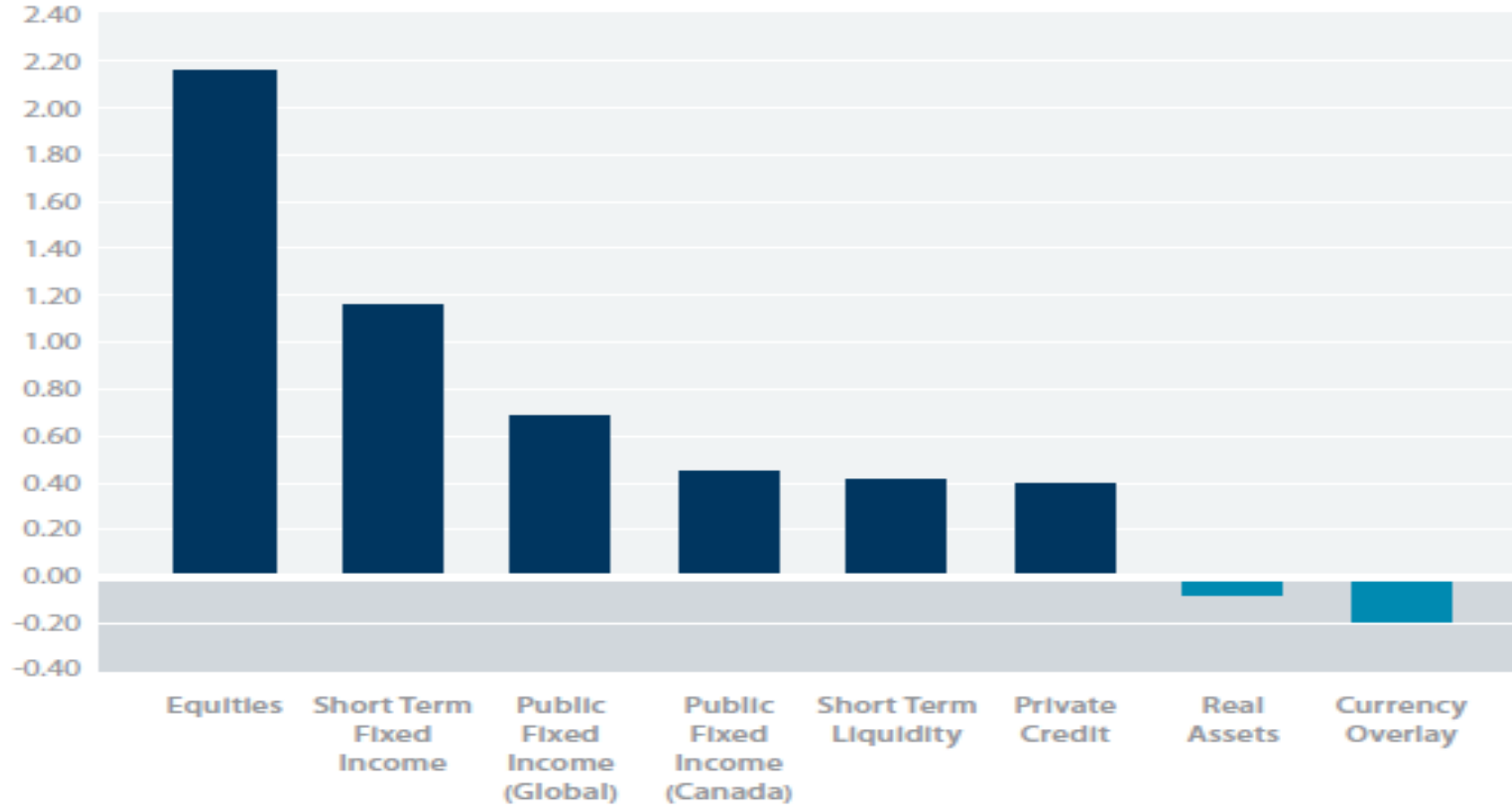
The Consolidated Investment Portfolio grew by \$193 million over the course of 2025, primarily driven by natural growth



# Contribution to Return

## Portfolio contribution to return

(per cent)



Equities and Short Term Fixed Income were responsible for more than half of 2025's returns.



# Portfolio Performance

## Historical performance

(per cent net of fees)

Portfolio Manager/mandate	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2025	2024	2023	2022	2021
<b>The City of Calgary Consolidated</b>	5.17	7.40	3.49	3.46	5.17	9.19	7.61	(6.14)	2.06
Benchmark	5.58	7.27	3.17	3.14	5.58	8.50	7.35	(6.46)	1.28
Value Added	(0.41)	0.13	0.32	0.32	(0.41)	0.69	0.26	0.32	0.79
<b>Short Term Liquidity</b>	4.33	5.15	3.75	2.46	4.33	5.82	5.19	2.54	0.85
Benchmark	2.84	4.15	2.88	1.73	2.84	4.92	4.71	1.82	0.17
Value Added	1.49	1.00	0.87	0.73	1.49	0.90	0.48	0.73	0.68
<b>Short Term Fixed Income</b>	4.23	5.25	2.32	2.62	4.23	5.89	5.63	(3.78)	0.00
Benchmark	3.88	4.86	1.85	2.22	3.88	5.70	5.02	(4.05)	(0.93)
Value Added	0.35	0.39	0.47	0.40	0.35	0.19	0.61	0.26	0.94
<b>Public Fixed Income (Canada)</b>	2.89	4.75	(0.08)	2.59	2.89	4.53	6.88	(11.34)	(2.27)
Benchmark	2.64	4.51	(0.35)	2.27	2.64	4.23	6.69	(11.69)	(2.54)
Value Added	0.25	0.24	0.27	0.32	0.25	0.30	0.19	0.34	0.27
<b>Public Fixed Income (Global)</b>	5.00	6.39	1.99	3.98	5.00	7.49	6.69	(8.06)	(0.34)
Benchmark	3.09	4.70	0.00	2.36	3.09	7.23	3.82	(9.61)	(3.62)
Value Added	1.91	1.69	1.99	1.62	1.91	0.26	2.87	1.54	3.27
<b>Private Credit</b>	5.92	8.28	5.40	5.84	5.92	11.16	7.83	(0.77)	3.26
Benchmark	6.45	9.95	4.97	5.63	6.45	12.60	10.92	(4.14)	0.08
Value Added	(0.53)	(1.67)	0.43	0.21	(0.53)	(1.44)	(3.09)	3.36	3.18
<b>Equities</b>	17.94	20.66	10.56	9.88	17.94	27.04	17.23	(16.09)	12.07
Benchmark	16.60	21.12	12.83	11.29	16.60	28.15	18.92	(12.43)	17.53
Value Added	1.34	(0.46)	(2.27)	(1.41)	1.34	(1.11)	(1.69)	(3.66)	(5.46)
<b>Real Assets</b>	(0.58)	6.75	8.49	8.06	(0.58)	13.41	7.90	12.41	9.92
Benchmark	6.54	5.85	7.18	6.89	6.54	5.96	5.05	8.37	10.43
Value Added	(7.12)	0.90	1.31	1.17	(7.12)	7.45	2.85	4.04	(0.51)



# Portfolio Performance

## Historical performance

(per cent net of fees)

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					(7.12)	7.45	2.85	4.04	(0.51)



# Portfolio Performance

## Historical performance

(per cent net of fees)

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Value Added	0.35	0.39	0.47	2.22	3.88	5.70	5.02	(4.05)	(0.93)
Public Fixed Income (Canada)	2.89	4.75	(0.08)	0.40	0.35	0.19	0.61	0.26	0.94
Benchmark	2.64	4.51	(0.35)	2.59	2.89	4.53	6.88	(11.34)	(2.27)
Value Added	0.25	0.24	0.27	2.27	2.64	4.23	6.69	(11.69)	(2.54)
Public Fixed Income (Global)	5.00	6.39	1.99	0.32	0.25	0.30	0.19	0.34	0.27
Benchmark	3.09	4.70	0.00	3.98	5.00	7.49	6.69	(8.06)	(0.34)
Private Credit	5.92	8.28	5.40	2.36	3.09	7.23	3.82	(9.61)	(3.62)
Benchmark	6.45	9.95	4.97	1.62	1.91	0.26	2.87	1.54	3.27
Value Added	(0.53)	(1.67)	0.43	5.84	5.92	11.16	7.83	(0.77)	3.26
Equities	17.94	20.66	10.56	5.63	6.45	12.60	10.92	(4.14)	0.08
Benchmark	16.60	21.12	12.83	0.21	(0.53)	(1.44)	(3.09)	3.36	3.18
Value Added	1.34	(0.46)	(2.27)	9.88	17.94	27.04	17.23	(16.09)	12.07
Real Assets	(0.58)	6.75	8.49	11.29	16.60	28.15	18.92	(12.43)	17.53
Benchmark	6.54	5.85	7.18	(1.41)	1.34	(1.11)	(1.69)	(3.66)	(5.46)
Value Added	(7.12)	0.90	1.31	8.06	(0.58)	13.41	7.90	12.41	9.92
				6.89	6.54	5.96	5.05	8.37	10.43
				1.17	(7.12)	7.45	2.85	4.04	(0.51)



# Portfolio Performance

## Historical performance

(per cent net of fees)

Portfolio Manager/mandate	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2025	2024	2023	2022	2021
<b>The City of Calgary Consolidated</b>	5.17	7.40	3.49	3.46	5.17	9.19	7.61	(6.14)	2.06
Benchmark	5.58	7.27	3.17	3.14	5.58	8.50	7.35	(6.46)	1.28
Value Added	(0.41)	0.13	0.32	0.32	(0.41)	0.69	0.26	0.32	0.79
<b>Short Term Liquidity</b>	4.33	5.15	3.75	2.46	4.33	5.82	5.19	2.54	0.85
Benchmark	2.84	4.15	2.88	1.73	2.84	4.92	4.71	1.82	0.17
Value Added	1.49	1.00	0.87	0.73	1.49	0.90	0.48	0.73	0.68
<b>Short Term Fixed Income</b>	4.23	5.25	2.32	2.62	4.23	5.89	5.63	(3.78)	0.00
Benchmark	3.88	4.86	1.85	2.22	3.88	5.70	5.02	(4.05)	(0.93)
Value Added	0.35	0.39	0.47	0.40	0.35	0.19	0.61	0.26	0.94
<b>Public Fixed Income (Canada)</b>	2.89	4.75	(0.08)	2.59	2.89	4.53	6.88	(11.34)	(2.27)
Benchmark	2.64	4.51	(0.35)	2.27	2.64	4.23	6.69	(11.69)	(2.54)
						0.30	0.19	0.34	0.27
<b>Private Credit</b>			<b>5.92</b>		<b>8.28</b>				
						7.49	6.69	(8.06)	(0.34)
<b>Benchmark</b>			<b>6.45</b>		<b>9.95</b>				
						7.23	3.82	(9.61)	(3.62)
<b>Value Added</b>			<b>(0.53)</b>		<b>(1.67)</b>				
						0.26	2.87	1.54	3.27
Value Added	(0.53)	(1.67)	0.43	0.21	(0.53)	(1.44)	(3.09)	3.36	3.18
<b>Equities</b>	17.94	20.66	10.56	9.88	17.94	27.04	17.23	(16.09)	12.07
Benchmark	16.60	21.12	12.83	11.29	16.60	28.15	18.92	(12.43)	17.53
Value Added	1.34	(0.46)	(2.27)	(1.41)	1.34	(1.11)	(1.69)	(3.66)	(5.46)
<b>Real Assets</b>	(0.58)	6.75	8.49	8.06	(0.58)	13.41	7.90	12.41	9.92
Benchmark	6.54	5.85	7.18	6.89	6.54	5.96	5.05	8.37	10.43
Value Added	(7.12)	0.90	1.31	1.17	(7.12)	7.45	2.85	4.04	(0.51)



# Portfolio Performance

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(per cent net of fees)

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Benchmark	5.58	7.27	3.17	3.14	5.58	8.50	7.35	(6.46)	1.28
Value Added	(0.41)	0.13	0.32	0.32	(0.41)	0.69	0.26	0.32	0.79
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Benchmark	2.84	4.15	2.88	1.73	2.84	4.92	4.71	1.82	0.17
Value Added	1.49	1.00	0.87	0.73	1.49	0.90	0.48	0.73	0.68
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Benchmark	3.88	4.86	1.85	2.22	3.88	5.70	5.02	(4.05)	(0.93)
Value Added	0.35	0.39	0.47	0.40	0.35	0.19	0.61	0.26	0.94
<b>Public Fixed Income (Canada)</b>	<b>2.89</b>	<b>4.75</b>	<b>(0.08)</b>	<b>2.59</b>	<b>2.89</b>	<b>4.53</b>	<b>6.88</b>	<b>(11.34)</b>	<b>(2.27)</b>
Benchmark	2.64	4.51	(0.35)	2.27	2.64	4.23	6.69	(11.69)	(2.54)
Value Added	0.25	0.24	0.27	0.32	0.25	0.30	0.19	0.34	0.27
<b>Public Fixed Income (Global)</b>	<b>5.00</b>	<b>6.39</b>	<b>1.99</b>	<b>3.98</b>	<b>5.00</b>	<b>7.49</b>	<b>6.69</b>	<b>(8.06)</b>	<b>(0.34)</b>
<b>Equities</b>	<b>17.94</b>	<b>20.66</b>	<b>10.56</b>	<b>9.88</b>	<b>17.94</b>	<b>27.04</b>	<b>17.23</b>	<b>(16.09)</b>	<b>12.07</b>
Benchmark	16.60	21.12	12.83	11.29	16.60	28.15	18.92	(12.43)	17.53
Value Added	1.34	(0.46)	(2.27)	(1.41)	1.34	(1.11)	(1.69)	(3.66)	(5.46)
<b>Real Assets</b>	<b>(0.58)</b>	<b>6.75</b>	<b>8.49</b>	<b>8.06</b>	<b>(0.58)</b>	<b>13.41</b>	<b>7.90</b>	<b>12.41</b>	<b>9.92</b>
Benchmark	6.54	5.85	7.18	6.89	6.54	5.96	5.05	8.37	10.43
Value Added	(7.12)	0.90	1.31	1.17	(7.12)	7.45	2.85	4.04	(0.51)



# Portfolio Performance

## Historical performance

(per cent net of fees)

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Value Added	(0.41)	0.13	0.32	0.32	(0.41)	0.69	0.26	0.32	0.79
<b>Short Term Liquidity</b>	4.33	5.15	3.75	2.46	4.33	5.82	5.19	2.54	0.85
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Benchmark	3.09	4.70	0.00	2.36	3.09	7.23	3.82	(9.61)	(3.62)
Value Added	1.91	1.69	1.99	1.62	1.91	0.26	2.87	1.54	3.27
<b>Real Assets</b>		(0.58)	6.75	8.49	6	7.83	(0.77)	3.26	
Benchmark		6.54	5.85	7.18	60	10.92	(4.14)	0.08	
Value Added		(7.12)	0.90	1.31	4)	(3.09)	3.36	3.18	
					4	17.23	(16.09)	12.07	
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					1)	(1.69)	(3.66)	(5.46)	
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Value Added	(7.12)	0.90	1.31	1.17	(7.12)	7.45	2.85	4.04	(0.51)

# Recommendation

That the Audit Committee recommends that Council approve The City of Calgary 2025 Annual Investment Report.



Corporate Planning & Financial Services Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0181

## **The City of Calgary 2025 Annual Financial Report**

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### **PURPOSE**

The purpose of this report is to present The City of Calgary's (The City's) 2025 Annual Financial Report, including the consolidated financial statements audited by Deloitte LLP, Chartered Professional Accountants, which received an unmodified opinion. This report is brought forward to support Council approval in accordance with section 276(3) of the Municipal Government Act. Council approval enables the audited financial statements to be made publicly available by May 1, 2026 as required.

### **PREVIOUS COUNCIL DIRECTION**

The Audit Committee's Terms of Reference (included in Bylaw 33M2020) as approved by Audit Committee and Council, state that the Audit Committee has responsibilities over The City's Financial Disclosure and Accounting Practices as outlined in Attachment 1.

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Consider this report in conjunction with report AC2026-0327 External Auditor 2025 Year-End Report;
2. Recommends Council approval of The City of Calgary 2025 Annual Financial Report, and
3. Forward this report to the 2026 April 28 Regular Meeting of Council.

### **GENERAL MANAGER COMMENTS**

The Annual Financial Report reflects The City's commitment to strong governance, accountability and transparency. It provides a comprehensive view of the 2025 consolidated financial statements, highlighting how The City manages public funds to deliver the services and infrastructure Calgarians rely on.

Les Tochor, Chief Financial Officer and General Manager of Corporate Planning & Financial Services concurs with this report.

### **HIGHLIGHTS**

- The 2025 Annual Financial Report provides Council and the public with a clear, audited view of how The City managed public funds and its financial position at the end of 2025.
- Deloitte LLP, Chartered Professional Accountants, audited The City's 2025 consolidated financial statements and issued an unmodified audit opinion.
- Administration is recommending Council approval to meet Municipal Government Act requirements to make the audited financial statements publicly available by May 1, 2026.
- The Audit Committee's recommendation to Council is supported by the External Auditor's 2025 Year-End Report being considered alongside this report AC2026-0327.
- Once approved by Council, the Annual Financial Report will be posted online at [calgary.ca/annual-reports](https://calgary.ca/annual-reports).

## The City of Calgary 2025 Annual Financial Report

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### DISCUSSION

The City of Calgary's 2025 Annual Financial Report will be published as a single, landscape-format book. The report includes consolidated financial information for The City and the organizations it controls. ENMAX Corporation, The City's government business enterprise, is accounted for using the modified equity method.

The Annual Financial Report includes four main sections:

1. The Financial Statement Discussion and Analysis (unaudited) provides context for the consolidated financial statements, including key results and the factors that affected them. It also summarizes The City's approach to risk management and provides an outlook for 2026 and beyond.
2. The Consolidated Financial Statements show The City's financial results for 2025 and its assets and liabilities at year-end. The statements support accountability for how public funds were managed and how resources are being used to deliver the services and maintain and build the infrastructure Calgarians rely on.
3. The Climate-Related Financial Disclosures (unaudited) describe how The City identifies and manages climate-related risks and opportunities and how these considerations are integrated into governance, planning, and service delivery. The City is continuously aligning its disclosures and assurance expectations with emerging International Public Sector Accounting Standards Board (IPSASB) sustainability standards.
4. The Financial and Statistical Schedules (unaudited) provide a five-year summary of selected financial and statistical information in a reader-friendly format.

### EXTERNAL ENGAGEMENT AND COMMUNICATION

- |  |   |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken        | <input type="checkbox"/> Dialogue with interested parties was undertaken                |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

### IMPLICATIONS

#### Social, Environmental, Economic

The 2025 Annual Financial Report supports transparency and accountability by reporting on The City's financial results and position for the year ended 2025. It helps Council and the public understand how resources were managed to support City services and priorities.

- **Social:** Supports public trust by providing clear, audited financial information and reporting on how public funds were managed.
- **Environmental:** Includes Climate-Related Financial Disclosures that describe how The City considers climate-related risks and opportunities in governance, planning, and service delivery.
- **Economic:** Demonstrates fiscal stewardship and financial resilience by reporting on results, reserves, and The City's overall financial position.

Corporate Planning & Financial Services Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0181

## The City of Calgary 2025 Annual Financial Report

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### Service and Financial Implications

#### No anticipated financial impact

#### Current and Future Operating and Capital Budget:

There are no anticipated financial implications as a result of approving this report.

#### RISK

Each municipality must make its financial statements, or a summary thereof, with the auditor's report available to the public by May 1 of the year following the year being reported on. If Council does not approve this report at the 2026 April 28 Regular Meeting of Council, The City would not meet this Municipal Government Act requirement, which would delay public release of the audited financial statements.

#### ATTACHMENT(S)

1. Previous Council Direction, Background
2. The City of Calgary 2025 Annual Financial Report
3. 2025 Annual Financial Report Presentation

#### Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor	Corporate Planning & Financial Services Department	Approve

Author: Financial Reporting and Standards, Corporate Financial Reporting, Finance



# Background

Section 276(1)(a) of the Municipal Government Act specifies that the financial statements be prepared in accordance with “Canadian generally accepted accounting principles for municipal governments, which are the standards approved by the Public Sector Accounting Board included in the CPA Canada Public Sector Accounting Handbook published by the Chartered Professional Accountants of Canada, as amended from time to time.”

Further to this, Section 276(3) of the Municipal Government Act provides:

“Each municipality must make its financial statements, or a summary of them, and the auditor’s report of the financial statements available to the public in the manner the Council considers appropriate by May 1 of the year following the year for which the financial statements have been prepared.”

## Previous Council Direction

The Audit Committee’s Terms of Reference (included in Bylaw 33M2020) as approved by Audit Committee and Council, state that the Audit Committee, with respect to The City’s Financial Disclosure and Accounting Practices:

- a) Reviews and oversees the integrity of the annual financial statements and recommends their approval to Council;
- b) Reviews and discusses The City’s compliance with financial reporting, policies and procedures with Administration and the External Auditor;
- c) Engages Administration and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results;
- d) In consultation with the Chief Financial Officer and External Auditor, review and discuss significant new accounting standards and financial reporting developments to understand any material impact on financial results. A detailed analysis, prepared by Administration, on the implications of any changes, as well as the progress made in the adoption of new accounting standards, may be requested; and
- e) Maintains open lines of communication with the External Auditor and Administration.
- f) Must meet with the Chief Financial Officer, in the absence of the External Auditor, at least quarterly.



**Calgary**



# 2025 City of Calgary Annual Financial Report

For the fiscal year ended December 31, 2025



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The Annual Financial Report is part of The City of Calgary’s commitment to provide effective governance, increased accountability, transparency and a well-run City. It provides a comprehensive view of the consolidated financial statements in accordance with Canadian generally accepted accounting principles for local governments.

Calgary is a great place to live, and this is achieved through the efforts of all Calgarians and the hard work of dedicated City employees who are committed to **making life better every day.**

Annual Financial Report for the year ended December 31, 2025

Produced by the Corporate Planning and Financial Services Department of The City of Calgary, in cooperation with all civic departments, offices and agencies.



# Introduction



The City of Calgary (The City) conducts an annual Fall Survey of Calgarians to gather residents' perspectives on life in Calgary, including quality of life, satisfaction with services, value for taxes and attitudes toward Council and Administration. This representative survey is an essential tool that helps Council and Administration stay connected to Calgarians' needs and perceptions, informing decisions and strengthening accountability through performance insights.

Public opinion research is a critical tool in helping Council and Administration better understand the needs and perceptions of Calgarians, informing decision-making and providing accountability through performance measures and insights. As a year-over-year longitudinal study, the Fall Survey offers more than a snapshot in time: research tracks how perceptions evolve, supports comparisons with previous years and highlights meaningful shifts in public sentiment.

Each year, selected results are included in the Annual Financial Report as a companion to The City's financial performance, while full results and year-to-year comparisons are available at [calgary.ca/insights](https://calgary.ca/insights).

## Council and Administration

**59%**

of Calgarians are satisfied with the way Council and Administration are running The City.

## Perceptions of transparency and Calgarians' input

**61%**

agree The City practices open and accessible government.

**57%**

agree they are confident that The City is working to improve how it includes Calgarians' input into important decisions.

**55%**

agree The City uses input from Calgarians in decision-making about City projects and services.

**46%**

agree The City manages its spending in a responsible way that reflects the needs and priorities of Calgarians.

## City services



**67%**

are satisfied with the overall level and quality of City services and programs.



**76%**

are satisfied with the overall level and quality of customer service provided by The City.



**75%**

agree The City meets customer service expectations.

## Quality of life in Calgary

**71%**

say the quality of life in Calgary is good.

**73%**

agree Calgary is a great place to make a life.

**68%**

agree Calgary is a great place to make a living.

**69%**

agree that Calgary is on the right track to be a better city 10 years from now.

**70%**

agree The City of Calgary fosters a city that is inclusive and accepting of all.

**52%**

agree Calgary is safe for all residents and visitors, regardless of things like ethnicity, race, religion, income or sexual identity.

**51%**

agree The City of Calgary delivers programs and services that remove barriers to participation for Calgarians who need it the most.

## Corporate governance and accountability

City Council (Council) consists of 14 Councillors and the Mayor. In Council meetings, each member has one vote. They are elected by, and are accountable to, the people of Calgary. The Mayor and Councillors hold office for four-year terms.

The role of Council is to govern The City of Calgary, Calgary's municipal corporation, to ensure it provides the civic services Calgarians need. In carrying out its many duties, Council must anticipate emerging opportunities and plan for the community's long-term development and growth, along with addressing concerns. Regular and open communication with Administration is central to setting and achieving Calgary's municipal corporation's mission, vision, goals, strategies and actions.

In addition to sitting in Council meetings, Councillors participate in a variety of boards, commissions and committees. Their involvement provides a critical link between Calgary's communities, agencies and the workings of the municipal government.



## Audit Committee

The Audit Committee assists Council in fulfilling its financial oversight and stewardship responsibilities. It maintains reasonable assurance in relation to the integrity of The City's annual financial statements, governance matters, risk management and compliance.

The Audit Committee upholds the qualifications, independence and effectiveness of the External Auditor and the City Auditor. It also evaluates internal control systems and processes and maintains the utilization of a confidential and independent Whistle-blower Program. The Audit Committee consists of seven members appointed by Council, with the Mayor sitting ex officio. The membership includes four City Councillors and three volunteer public members, who demonstrate extensive financial expertise. Support to the Audit Committee is provided by the Chief Financial Officer, City Auditor and the External Auditor.

## City of Calgary Administration

Calgary's municipal government is responsible for supporting, encouraging and strengthening our community's dynamic development. It is Administration's responsibility to provide, manage and sustain civic infrastructure, facilities and programs. This supports Calgary's excellent quality of life and contributes to why Calgary is consistently recognized as one of the world's most livable cities.

## The role of the Chief Administrative Officer

The Chief Administrative Officer leads the Executive Leadership Team (ELT) and works closely with Council. The Chief Administrative Officer implements the decisions of Council, provides advice and manages Administration. The role is responsible and accountable for ensuring all City work, projects, operations and services comply with Council's policies, priorities and direction.

## Executive Leadership Team

The ELT oversees all City operations and strategic management by leading, managing and coordinating The City's programs, projects and initiatives. The ELT also plays a major role in developing and implementing public policy as well as balancing the priorities and best interests of the community with The City's corporate goals and available resources.



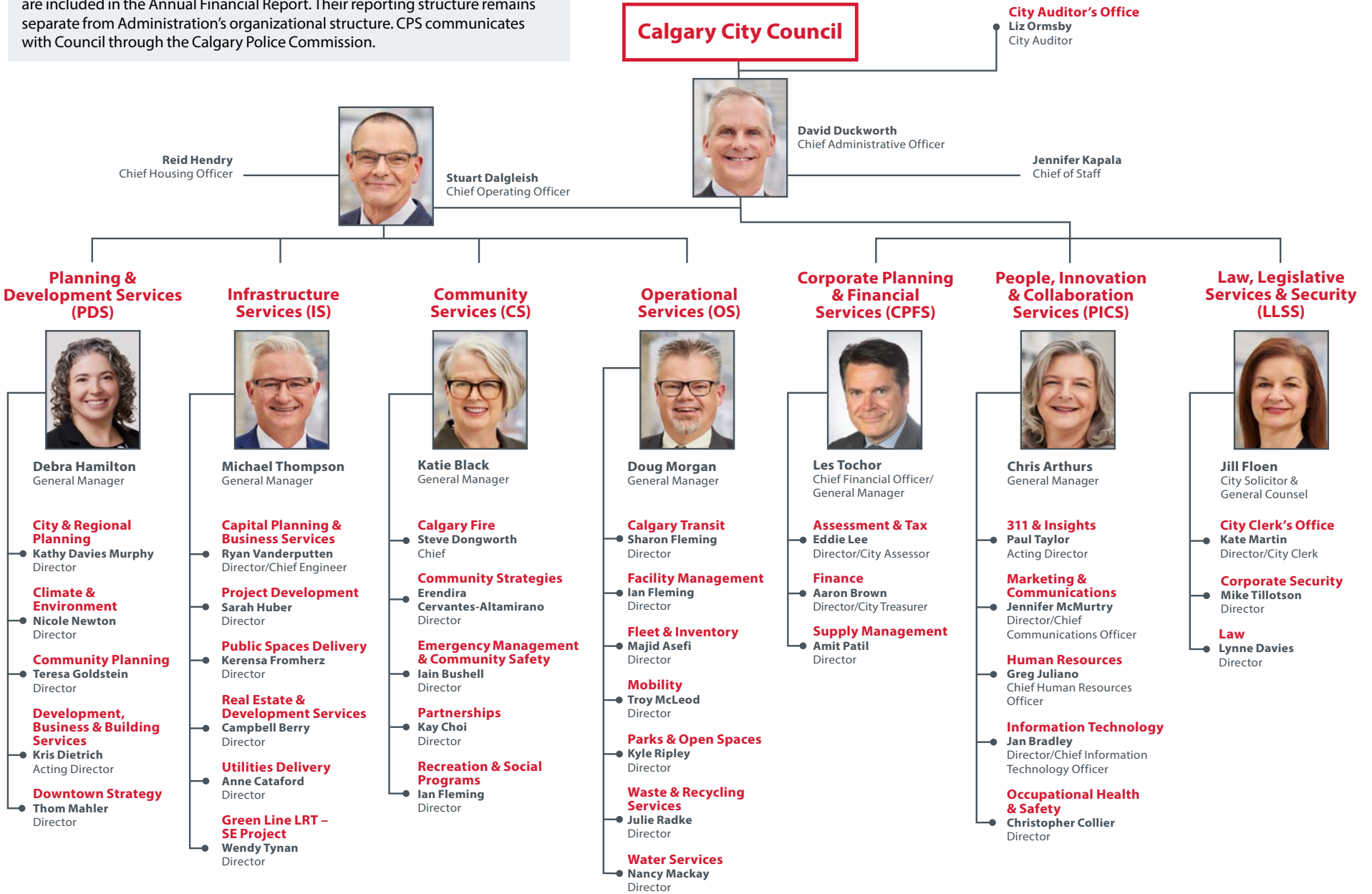
<b>Third row</b>	<b>Ward 2 Councillor</b> <b>Jennifer Wyness</b> calgary.ca/ward2	<b>Ward 3 Councillor</b> <b>Andrew Yule</b> calgary.ca/ward3	<b>Ward 11 Councillor</b> <b>Rob Ward</b> calgary.ca/ward11	<b>Ward 9 Councillor</b> <b>Harrison Clark</b> calgary.ca/ward9	<b>Ward 7 Councillor</b> <b>Myke Atkinson</b> calgary.ca/ward7
<b>Second row</b>	<b>Ward 5 Councillor</b> <b>Raj Dhaliwal</b> calgary.ca/ward5	<b>Ward 8 Councillor</b> <b>Nathaniel Schmidt</b> calgary.ca/ward8	<b>Ward 14 Councillor</b> <b>Landon Johnston</b> calgary.ca/ward14	<b>Ward 1 Councillor</b> <b>Kim Tyers</b> calgary.ca/ward1	<b>Ward 6 Councillor</b> <b>John Pantazopoulos</b> calgary.ca/ward6
<b>Front row</b>	<b>Ward 12 Councillor</b> <b>Mike Jamieson</b> calgary.ca/ward12	<b>Ward 13 Councillor</b> <b>Dan McLean</b> calgary.ca/ward13	<b>Mayor</b> <b>Jeremy Farkas</b> calgary.ca/mayor	<b>Ward 10 Councillor</b> <b>Andre Chabot</b> calgary.ca/ward10	<b>Ward 4 Councillor</b> <b>DJ Kelly</b> calgary.ca/ward4

Above: Calgary 2025-2029 City Council after the swearing in ceremony on October 29, 2025.

# City of Calgary organizational structure

For financial reporting purposes, the results of Calgary Police Service (CPS) are included in the Annual Financial Report. Their reporting structure remains separate from Administration's organizational structure. CPS communicates with Council through the Calgary Police Commission.

## Calgary City Council



As of January 2026



**1,558,700<sup>(1)</sup>**  
population

**1,357 km**  
city pathways

**3.2%**  
population growth

**194**  
City-supported events

**37.8**  
median age

**\$625,859**  
MLS average selling price

**7.4%**  
unemployment rate

**4,584**  
single-family housing permits

**852 km<sup>2</sup>**  
city area

**\$7.7 billion**  
value of building permits issued

In 2025, Calgary was ranked as one of the most livable cities in the world by the Economist Intelligence Unit

For more information on this Calgary award and others see [calgary.ca/awards](https://calgary.ca/awards)

(1) Population figures are estimates from Calgary and Region Economic Outlook (Spring 2026) using alternative data from Statistics Canada and the Alberta Government.

# Financial Statement Discussion and Analysis



# Introduction

The Financial Statement Discussion and Analysis (FSDA) reports to Calgarians how The City of Calgary (The City) manages public funds to deliver the services and infrastructure Calgarians rely on. It explains any significant differences in the consolidated financial statements between the reported year and the previous year as well as between approved budget and actual results. The FSDA also identifies financial trends, risks and emerging issues that may affect The City's finances in the future.

2025 is the third year in the four-year business plan and budget cycle, also known as the 2023-2026 Service Plans and Budgets. In November 2024, Council approved adjustments to the 2023-2026 Service Plans and Budgets for 2025 that balance affordability for property tax and utility fees while making targeted investments in infrastructure, public safety and downtown revitalization, housing and land use, and transit to improve quality of life for Calgarians. These investments were managed within the previously directed 3.8 per cent increase for 2025. The approved plans continued to guide service delivery and investment priorities following the transition to a newly elected Council. Information on The City's performance and progress in delivering on Council priorities during the 2023-2026 Service Plans and Budgets is available in The City's Quarterly Report at [calgary.ca/our-finances/performance-report](https://calgary.ca/our-finances/performance-report).

The City's 2025 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Canadian Public Sector Accounting Board (PSAB) published by Chartered Professional Accountants (CPA) Canada, as required by the *Alberta Municipal Government Act* (MGA). Deloitte LLP has audited The City's consolidated financial statements and provided an Independent Auditor's Report. The consolidated financial statements and auditor's report satisfy the legislative reporting requirement set out in the MGA.

The consolidated financial statements consist of:

- **Consolidated Statement of Financial Position:** shows The City's financial and non-financial assets, liabilities and net assets at year end;
- **Consolidated Statement of Operations and Accumulated Surplus:** shows The City's annual surplus by summarizing revenues raised and expenses incurred during the year, including amortization of tangible capital assets and changes in the net value of the government business enterprise, ENMAX Corporation (ENMAX), excluding other comprehensive income;
- **Consolidated Statement of Remeasurement Gains and Losses:** shows The City's unrealized gains and losses on investments, accounts payable, derivatives and ENMAX's other comprehensive income;
- **Consolidated Statement of Cash Flows:** shows how The City's cash balance changed during the year, including key sources and uses of cash; and
- **Consolidated Statement of Changes in Net Financial Assets:** explains how The City's annual surplus translates into the change in net financial assets, adjusting for non-cash items, capital spending, asset retirement obligations, and unrealized gains or losses. The change in net financial assets is an indicator of whether revenues raised in the year were sufficient to cover the spending in the year.

Administration is responsible for preparing the FSDA and the audited consolidated financial statements. These documents should be read alongside the unaudited Climate-Related Financial Disclosures and the unaudited Financial and Statistical Schedules.

## Economic environment

Calgary's economy continued to demonstrate resilience in 2025, despite global uncertainty and the drag from ongoing tariff disputes. Strong domestic demand, supported by several years of elevated net migration, helped the region avoid a sharper slowdown in economic activities. The gross domestic product (GDP) in the Calgary Economic Region is estimated to have grown 2.9 per cent in 2025, driven by increased energy production, strong housing construction and sustained consumer activity. Calgary's labour market added 37,200 jobs in 2025, particularly in health care and retail. However, an expanding labour force continues to outpace job creation, keeping the unemployment rate elevated at 7.4 per cent.

Headline inflation in the Calgary Census Metropolitan Area is moderating, falling from 3.4 per cent in 2024 to 2.0 per cent in 2025, largely driven by the removal of the consumer carbon tax, which resulted in lower fuel prices and shelter costs. Housing construction remains robust as The City saw another year of record housing starts in 2025 at 23,291 units. While building permits have declined from the record highs seen in 2024, investments in building construction are expected to stay elevated.

	2025	2024	Change
<b>Calgary</b>			
Population (persons) <sup>(1)</sup>	<b>1,558,700</b>	1,509,800	3.2%
Building permit (numbers) <sup>(2)</sup>	<b>23,291</b>	25,081	(1,790)
Building permit value (\$ billions) <sup>(2)</sup>	<b>7.7</b>	9.3	(1.6)
<b>Calgary Census Metro Area</b>			
Consumer Price Index inflation rate (%)	<b>2.0</b>	3.4	(1.4)
<b>Calgary Economic Region</b>			
Employment (persons)	<b>1,046,500</b>	1,009,300	37,200
Unemployment rate (%)	<b>7.4</b>	7.4	0.0

Population growth in The City is estimated to have moderated to 3.2 per cent in 2025, reflecting reduced international immigration under updated federal policies. Growth is expected to slow further to 1.5 per cent annually between 2026 and 2030, down sharply from the 3.7 per cent annual pace recorded between 2021 and 2025.

**Sources:** All data is from Statistics Canada, except:

(1) The population figures for 2024 and 2025 are estimates from Calgary and Region Economic Outlook (Spring 2026) using alternative demographic data from Statistics Canada and the Alberta Government.

(2) Building permit data is from The City of Calgary's Planning Department.

# Financial highlights

## Revenues and expenses

The City had consolidated revenues of \$5,659 million in 2025 (2024 – \$4,915 million) before external transfers for infrastructure. External transfers for infrastructure include grants and revenue sharing recognized from other levels of government, plus funds and tangible capital assets from developers, which totalled \$1,620 million (2024 – \$1,175 million).

The City had consolidated expenses of \$5,371 million (2024 – \$4,985 million). Included in expenses is depreciation, amortization and write-downs in the amount of \$761 million (2024 – \$731 million) as the estimated annual cost of owning and using The City's tangible capital assets.

The City's net revenue before other contributions and transfers was \$288 million (2024 – net loss of \$70 million). After other contributions and transfers of \$1,620 million (2024 – \$1,175 million) are added, The City's annual surplus on a consolidated basis for financial statement reporting totalled \$1,908 million (2024 – \$1,105 million).

## Financial position

	2025	2024
A. Financial assets	\$ 12,164	\$ 11,587
B. Financial liabilities	7,193	6,690
C. Net financial assets (A minus B)	4,971	4,897
D. Non-financial assets	23,296	21,616
E. Net assets (C plus D)	28,267	26,513

The City's net financial assets increased by \$74 million (2024 – \$373 million) mainly due to an increase in investments of \$350 million and investment in ENMAX of \$323 million. This increase was partially offset by decreases in cash and cash equivalents of \$72 million, an increase in capital deposits of \$255 million, an increase in accounts payable and accrued liabilities of \$132 million, and an increase in long-term debt of \$87 million.

The City's net assets increased by \$1,754 million in 2025 (2024 – \$1,547 million). This was mainly due to an increase in investments of \$350 million, a net increase in tangible capital assets (purchased and donated) of \$1,664 million and an increase in investment in ENMAX of \$323 million, partially offset by an increase in capital deposits of \$255 million, and an increase in accounts payable and accrued liabilities of \$132 million.

The City's long-term debt ratings were affirmed at AA+ by S&P Global Rating Agency (S&P), AA (high) by Morningstar DBRS (DBRS) and Aa1 Stable by Moody's in 2025.

## Cash flow

The City's cash and cash equivalents decreased by \$72 million to \$698 million and investments increased by \$350 million to \$6,759 million. The decrease in cash and cash equivalents is primarily due to cash used in capital and investing activities. This decrease was offset by cash generated from operating activities and dividends received from ENMAX.

## Cash provided by operating activities

In 2025, cash provided by operating activities was \$1,947 million, compared to \$1,335 million in 2024, and includes:

- Annual surplus of \$1,908 million (2024 – \$1,105 million);
- Net decrease in items included in the annual surplus and not affecting cash of \$401 million (2024 – increase of \$473 million); and
- Net increase in non-cash items of \$440 million (2024 – decrease of \$243 million).

## Cash used in capital activities

Cash used in capital activities was \$1,844 million, compared to \$1,543 million in 2024, and includes:

- Additions to capital assets of \$1,860 million (2024 – \$1,564 million);
- Less proceeds on the sale of tangible capital assets of \$16 million (2024 – \$21 million).

## Cash used in investing activities

Cash used in investing activities was \$247 million, compared to \$554 million used in 2024, and includes:

- Net increase of investments of \$350 million (2024 – \$649 million);
- Less Dividends from ENMAX of \$103 million (2024 – \$95 million).

## Cash provided by financing activities

Cash provided by financing activities was \$72 million, compared to \$425 million in 2024, and includes:

- Proceeds from long-term debt issued of \$332 million (2024 – \$493 million);
- Less long-term debt repayments of \$245 million (2024 – \$230 million); and
- Net decrease in bank indebtedness of \$15 million (2024 – increase of \$162 million).

## ENMAX (The City's wholly-owned subsidiary)

ENMAX is a private Alberta corporation with The City as its sole shareholder. The City's investment in ENMAX comprises 29 per cent (2024 – 28 per cent) of The City's financial assets on the consolidated statement of financial position.

ENMAX's 2025 consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board (IASB). Summary financial information for ENMAX is included in Note 8 of the consolidated financial statements. ENMAX provides The City with annual dividends, which are paid in equal quarterly installments.

In May 2025, S&P Global upgraded its credit rating of ENMAX to BBB from BBB- with a Stable Outlook and Fitch Ratings affirmed its credit rating of BBB with a Stable Outlook. On July 3, 2025, Morningstar DBRS confirmed its credit rating on ENMAX at BBB (high) with Stable Trends.



# Financial analysis

## Revenues – Comparison to prior year

For the year ended December 31 (in thousands)

	2025	2024	Increase/ (Decrease)	Per cent change
Net taxes available for municipal purposes	\$ 2,711,231	\$ 2,627,877	\$ 83,354	3%
Sales of goods and services	1,481,246	1,341,457	139,789	10%
Government transfers related to operating	212,595	178,613	33,982	19%
Investment income	457,332	312,073	145,259	47%
Fines and penalties	75,882	75,731	151	0%
Licences, permits and fees	170,295	153,977	16,318	11%
Miscellaneous revenue	43,540	44,051	(511)	(1%)
Equity in earnings of ENMAX	507,117	181,248	325,869	180%
Total revenues (before external transfers for infrastructure)	\$ 5,659,238	\$ 4,915,027	\$ 744,211	15%
Developer contributions	\$ 202,137	\$ 145,368	\$ 56,769	39%
Government transfers related to capital	834,130	684,848	149,282	22%
Developer contributions-in-kind related to capital	583,487	345,075	238,412	69%
Total external transfers for infrastructure	\$ 1,619,754	\$ 1,175,291	\$ 444,463	38%

**Net taxes available for municipal purposes** increased by 3 per cent primarily due to approved tax rate increases and growth in the tax base from higher assessments, physical growth and Community Revitalization Levy tax rates. Higher ATCO franchise fees also contributed, reflecting increased natural gas customer billings resulting from a higher regulated transition rate compared to the prior year. These increases were partially offset by lower ENMAX franchise fees resulting from changes to the local access fee methodology following a change in the fee calculation that removed the link to market prices.

**Sales of goods and services** increased by 10 per cent primarily due to higher residential water revenues from new installations, rate increases and higher consumption. Additional contributors included increased industrial land sales, higher landfill tipping fees from increased commercial tonnage, higher commercial and cart program revenues driven by customer growth and higher reimbursements due to the Extended Producer Responsibility Program, higher transit ticket sales and increased impound revenues from higher towing activity. The increase was further supported by extended hours of operation across recreation facilities.

**Government transfers related to operating** increased by 19 per cent due to higher federal funding for the G7 Summit, receipt of federal and provincial grants including the 2 Billion Trees program and the Digital Evidence Management System, and increased grant funding received by Calgary Housing. These increases were partially offset by grant revenue that was recognized in the prior year and not in the current year, including grant revenue related to the Jasper Wildfire Emergency event.

**Investment income** was 47 per cent higher mainly due to rebalancing of the investment portfolio resulting in larger investment balances held in higher yielding assets and realized gains on equity.

**Licences, permits and fees** were 11 per cent higher primarily due to increased revenues from business licence renewals, trade permits and building permits, including deferred revenue recognition, partially offset by lower single-family permit revenues.

**Equity in earnings of ENMAX** increased by 180 per cent primarily due to lower electricity, fuel and natural gas purchases and delivery expenses in ENMAX along with increased transmission and distribution revenues, coupled with no impairment expense in 2025. This was partially offset by lower electricity and natural gas revenues and higher income taxes paid.

**Developer contributions** increased 39 per cent primarily due to higher off-site levy revenue recognized in relation to increased debt servicing and the Density Incentive Program, the purchase of nine Compressed Natural Gas (CNG) buses and ongoing spending on Belmont Library, Belmont Recreation Centre and Rocky Ridge Athletic Park. Additional contributors included higher land acquisitions and development activity.

**Government transfers related to capital** increased 22 per cent primarily due to Investing in Canada Infrastructure Program (ICIP) Q4 2024 funding that was delayed and subsequently received in 2025 for Green Line, increased Housing Accelerator Fund (HAF) funding, and higher spending on pavement rehabilitation associated with major construction projects, including McKnight Boulevard N.E. from Metis Trail to Barlow Trail, Anderson Road and Acadia Drive, and Glenmore Trail. Increased use of Municipal Sustainability Initiative (MSI) funding related to the purchase of nine fire engines also contributed to the increase. This was partially offset by a delay in the delivery of CNG buses in 2025 due to a Transport Canada recall for leaking fuel systems.

**Developer contributions-in-kind related to capital** were 69 per cent higher due to the timing of completion of developer donated assets which vary year to year.

## Expenses – Comparison to prior year

For the year ended December 31 (in thousands)

	2025	2024	Increase/ (Decrease)	Per cent change
Planning and development services	\$ 283,382	\$ 236,089	\$ 47,293	20%
Infrastructure services	258,109	243,144	14,965	6%
Community services	1,882,873	1,626,943	255,930	16%
Operational services	2,379,395	2,352,755	26,640	1%
General government	566,814	526,276	40,538	8%
	<b>\$ 5,370,573</b>	<b>\$ 4,985,207</b>	<b>\$ 385,366</b>	<b>8%</b>

**Planning and development services** expenses increased by 20 per cent primarily due to the completion and full-year impact of externally funded incentive and housing programs, including downtown revitalization initiatives and secondary suite incentives. Additional increases reflected higher service demand associated with increased development activity, higher permit volumes and expanded program delivery.

**Infrastructure services** expenses increased by 6 per cent primarily due to increased service demand to support the ongoing delivery, maintenance and renewal of The City's infrastructure assets, along with higher lease, surveying and mapping costs, and increased development costs related to the Midfield and Great Plains Starfield land inventory projects. This increase was partially offset by lower costs related to the BMO Centre Expansion, as construction was substantially completed in 2024, resulting in lower related costs in 2025.

**Community services** expenses increased by 16 per cent primarily due to increased service demand to support expanded service delivery to Calgarians. This included the addition of new frontline and support staff within the Calgary Fire Department, increased sworn and civilian staffing within the Calgary Police Service, and extended hours of operation at recreation facilities. Costs for materials, equipment and supplies also increased, largely reflecting higher operating requirements associated with technology and system maintenance, expanded facility hours and program delivery. Contract and general services further contributed to the increase, primarily related to support for the G7 Summit.

**Operational services** expenses increased by 1 per cent primarily to support higher service demands across transit, mobility, waste management and parks operations. Increased activity included additional transit service, higher overtime requirements, and expanded work related to streetlighting, right-of-way permissions, construction engineering and traffic management across the city. Further increases reflect higher operating and maintenance costs to support fleet reliability and service delivery, as well as expanded tree planting and capital project support activities.

**General government** expenses increased 8 per cent primarily due to higher resourcing and compensation costs associated with sustaining corporate capacity and lower workforce turnover. Additional increases were driven by higher costs in contract and general services, and materials, equipment and supplies, largely related to increased insurance claims and premiums, professional consulting services and election related activities.

Across all segments, expense increases reflect higher salary, wages and benefits costs resulting from union settlements and service demands as described.

## Revenues – Budget to actual comparison

For the year ended December 31 (in thousands)

	Budget 2025	Actual 2025	Favourable/ (Unfavourable)	Per cent change
Net taxes available for municipal purposes	\$ 2,693,849	\$ 2,711,231	\$ 17,382	1%
Sales of goods and services	1,444,324	1,481,246	36,922	3%
Government transfers related to operating	171,858	212,595	40,737	24%
Investment income	218,458	457,332	238,874	109%
Fines and penalties	82,697	75,882	(6,815)	(8%)
Licences, permits and fees	133,751	170,295	36,544	27%
Miscellaneous revenue	34,149	43,540	9,391	28%
Equity in earnings of ENMAX	357,000	507,117	150,117	42%
<b>Total revenues (before external transfers for infrastructure)</b>	<b>\$ 5,136,086</b>	<b>\$ 5,659,238</b>	<b>\$ 523,152</b>	<b>10%</b>
Developer contributions	\$ 238,900	\$ 202,137	\$ (36,763)	(15%)
Government transfers related to capital	845,426	834,130	(11,296)	(1%)
Developer contributions-in-kind related to capital	–	583,487	583,487	–
<b>Total external transfers for infrastructure</b>	<b>\$ 1,084,326</b>	<b>\$ 1,619,754</b>	<b>\$ 535,428</b>	<b>49%</b>

**Net taxes available for municipal purposes** were 1 per cent higher than budgeted primarily due to higher general assessment growth, including physical growth and changes related to Community Revitalization Levy areas.

**Sales of goods and services** were 3 per cent higher than budgeted primarily due to higher landfill tipping fees driven by increased commercial tonnage, contributions from the Extended Producer Responsibility program and new electricity sales from landfill gas. Revenues were also higher due to population growth related to Water Services and increased consumption, including new installations, irrigation and storm management activity. Increased demand for recreational services further contributed, including higher activity and sales at City golf courses. These increases were partially offset by lower land-sales activity.

**Government transfers related to operating** were 24 per cent higher than budgeted due to higher grant revenue recognized during the year, including federal funding for the 2 Billion Trees program within Parks, federal and provincial funding received by Calgary Police Service related to the G7 Summit and the Digital Evidence Management System, and additional provincial and federal grant funding. Revenues also increased due to higher unbudgeted activity under Home Services for Seniors as service levels fluctuate based on client demand, as well as timing differences related to the receipt and distribution of provincial infrastructure funding. These increases were partially offset by lower than anticipated grant drawdowns resulting from hiring delays and reduced provincial funding received for housing programs under revised funding agreements.

**Investment income** was 109 per cent higher than budgeted primarily due to one-time realized gains from the rebalancing of The City's bond and equity portfolios.

**Licences, permits and fees** were 27 per cent higher than budgeted primarily due to increased revenues from business licence renewals, trade permits and building permits, including deferred revenue recognition, partially offset by lower single-family permit revenues.

**Miscellaneous revenue** was 28 per cent higher than budgeted primarily due to increased insurance settlement revenue, unbudgeted Workers' Compensation Board incentive programs, and unbudgeted revenues supporting various community programs and initiatives.

**Equity in earnings of ENMAX** were 42 per cent higher than budgeted due to the change in unrealized mark-to-market positions on forward commodity contracts and there being no impairment recorded for 2025 compared to the prior year.

**Developer contributions** were 15 per cent lower than budgeted primarily due to the timing of development activity, including deferred or delayed project expenditures and agreements that were approved but not yet actioned. This was partially offset by contributions associated with land acquisitions and development activity that progressed during the year.

**Government transfers related to capital** were 1 per cent lower than budgeted primarily due to lower capital spending on several projects resulting from construction delays, project scope adjustments and lower than planned delivery of capital assets, which reduced the amount of funding required during the year. This included delays in transit fleet deliveries and lower utilization of available infrastructure funding for facilities projects. These decreases were partially offset by higher funding received for major infrastructure projects where expenditures were accelerated, including provincially and federally funded initiatives, as well as increased capital activity supported through community building and infrastructure programs.

**Developer contributions-in-kind related to capital** were higher than budgeted as capital acquisitions and capital donated assets of this nature are not budgeted due to the timing of completion of developer donated assets which is variable from year to year.



## Expenses – Budget to actual comparison

For the year ended December 31 (in thousands)

	2025 Budget (excluding Amortization)	2025 Actual (excluding Amortization and write-downs)	Favourable/ (Unfavourable)	Per cent Change	2025 Budget Amortization	2025 Actual Amortization and write-downs
Planning and development services	\$ 290,839	\$ 278,693	\$ 12,146	4%	\$ 508	\$ 4,689
Infrastructure services	295,980	249,175	46,805	16%	–	8,934
Community services	1,751,342	1,825,148	(73,806)	(4%)	7,099	57,725
Operational services	1,767,867	1,710,676	57,191	3%	153,157	668,719
General government	607,321	546,164	61,157	10%	–	20,650
	\$ 4,713,349	\$ 4,609,856	\$ 103,493	2%	\$ 160,764	\$ 760,717

In order to comply with the MGA regarding balanced operating budgets and associated contents, The City only budgets for amortization charges for self-supported business activities.

The following variance explanations exclude the impact of amortization expense and write-downs:

**Planning and development services** expenses were 4 per cent lower than budgeted primarily due to timing of recruitment for vacant positions, as well as operational staff completing area structure plan and capital related work. These favourable impacts were partially offset by timing differences related to program funding, including unbudgeted program expenses funded by external grants.

**Infrastructure services** expenses were 16 per cent lower than budgeted primarily due to reduced land expenditures, driven by lower land acquisition activity. Favourable variances were also supported by construction delays, as certain projects and related permits progressed slower than anticipated, resulting in constructed inventory not being ready for use in the year. These favourable variances were partially offset by higher salary, wages and benefits resulting from staffing pressures and increased service demands.

**Community services** expenses were 4 per cent higher than budgeted primarily due to increased housing-related activity, including expanded HAF initiatives, new agreements to support affordable housing projects and higher payments related to housing capital initiatives and non-market land sales. These pressures were partially offset through active workforce management.

**Operational services** expenses were 3 per cent lower than budgeted primarily due to savings in contract and general services, fuel and utilities. These favourable variances were partially offset by higher salary, wages and benefits resulting from staffing pressures and increased service demands, as well as higher materials, equipment and supplies due to increased infrastructure and park maintenance activity, emergency wastewater work and mandated safety requirements.

**General government** expenses were 10 per cent lower than budgeted primarily due to savings in contract and general services resulting from the intentional management of corporate provisions. These favourable variances were partially offset by higher salary, wages and benefits resulting from staffing pressures, higher utilities driven by inflation and increased service demands, higher benefit premiums and utilization, as well as increased interest expense on borrowings from Capital Markets and The Province of Alberta (The Province).

## Tangible capital assets

As at December 31 (in thousands)

	2025 Net book value	2024 Net book value	Increase/ (Decrease)
Land	\$ 3,145,532	\$ 3,026,264	\$ 119,268
Land improvements	632,599	570,101	62,498
Engineered structures	12,949,452	12,265,536	683,916
Buildings	2,336,853	2,179,616	157,237
Machinery and equipment	211,057	172,160	38,897
Vehicles	895,357	852,869	42,488
	<b>\$ 20,170,850</b>	<b>\$ 19,066,546</b>	<b>\$ 1,104,304</b>
Work in progress			
Land	\$ 8,480	\$ 7,108	\$ 1,372
Construction	2,969,085	2,410,338	558,747
Tangible capital assets	<b>\$ 23,148,415</b>	<b>\$ 21,483,992</b>	<b>\$ 1,664,423</b>

During 2025, the net book value of tangible capital assets increased by \$1,664 million (2024 – \$1,164 million). Spending on capital projects was primarily for the Green Line LRT Project, the Calgary Events Centre, land acquisitions, roads and utility infrastructure projects.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value of the tangible capital assets, is amortized on a straight-line basis over the assets' estimated useful lives, ranging from five to 100 years.

In total there was \$583 million (2024 – \$345 million) of donated and contributed assets which were primarily for The City's Water Services, Parks & Open Spaces and Mobility business units. Disposals with a net book value of \$18 million were made in 2025 (2024 – \$14 million) which consisted of land, land improvements, engineered structures, buildings, machinery and equipment, and vehicles.



# Significant trends

## Consolidated Statement of Operations

For the year ended December 31 (in thousands)

	2025	2024	2023	2022 (Restated)	2021
Revenues	\$ 5,659,238	\$ 4,915,027	\$ 4,606,195	\$ 4,704,706	\$ 4,248,825
Other revenues	1,619,754	1,175,291	939,841	843,042	787,325
Expenses	(5,370,573)	(4,985,207)	(4,657,747)	(4,343,624)	(3,980,169)
Annual surplus (previously net revenues)	\$ 1,908,419	\$ 1,105,111	\$ 888,289	\$ 1,204,124	\$ 1,055,981

Annual surplus for the year was \$1,908 million after accounting for developer contributions, government transfers related to capital and developer contributions-in-kind related to capital. Revenues increased 15 per cent from the prior year, primarily due to equity in earnings of ENMAX, an increase in investment income, and an increase in sales of goods and services. Other revenues vary from year to year based on fluctuations in development activities and timing of significant capital projects. Expenses over the past five years reflect the growing demand for additional services and infrastructure that comes with a growing city.

# Liquidity and debt

## Financial position – Net financial assets

As at December 31 (in thousands)

	2025	2024	2023	2022 (Restated)	2021
<b>Financial assets</b>					
Cash and cash equivalents	\$ 697,779	\$ 769,402	\$ 1,106,014	\$ 1,311,375	\$ 1,149,220
Investments	6,759,241	6,408,871	5,759,703	5,206,794	4,804,797
Receivables	472,569	459,672	462,582	484,018	384,329
Land inventory	244,677	242,736	234,506	211,213	257,031
Other assets	462,218	501,731	106,923	115,858	114,148
Investment in ENMAX	3,527,901	3,204,896	2,951,848	3,072,460	2,714,462
	<b>\$ 12,164,385</b>	<b>\$ 11,587,308</b>	<b>\$ 10,621,576</b>	<b>\$ 10,401,718</b>	<b>\$ 9,423,987</b>
<b>Liabilities</b>					
Bank indebtedness	\$ 495,606	\$ 510,829	\$ 348,320	\$ 348,010	\$ 355,179
Accounts payable and accrued liabilities (Note 34)	1,117,144	985,573	930,870	965,218	828,217
Deferred revenue	148,203	130,389	106,571	106,619	98,768
Capital deposits (Note 34)	1,512,687	1,258,068	1,188,138	1,185,905	1,203,110
Asset retirement obligations <sup>(1)</sup>	336,136	330,004	326,466	307,239	101,806
Employee benefit obligations	532,955	511,972	497,573	510,709	516,455
Long-term debt	3,050,745	2,963,341	2,700,337	2,695,093	2,770,590
	<b>\$ 7,193,476</b>	<b>\$ 6,690,176</b>	<b>\$ 6,098,275</b>	<b>\$ 6,118,793</b>	<b>\$ 5,874,125</b>
<b>Net financial assets</b>	<b>\$ 4,970,909</b>	<b>\$ 4,897,132</b>	<b>\$ 4,523,301</b>	<b>\$ 4,282,925</b>	<b>\$ 3,549,862</b>

There was an increase of \$74 million in net financial assets in 2025 relative to 2024 due to a large increase in investments as well as investment in ENMAX. This increase was offset with an increase in capital deposits and accounts payable and accrued liabilities. Investments in 2021 and 2022 were reported at cost but reported at fair value in 2023, 2024 and 2025 due to the adoption of PS 3450 – Financial Instruments. Asset retirement obligations were significantly higher than 2021 resulting from PS 3280 – Asset Retirement Obligations which introduced retirement obligations beyond just The City's landfills.

General trends from 2021 to 2025 have remained relatively consistent with some changes in certain years and areas due to operational requirements, large capital projects or timing of cash flows. The increase in long-term debt in 2024 and 2025 is mainly due to a change in presentation caused by the new Corporate Borrowing Strategy. A portion of debt attributable to ENMAX was borrowed under this new program and is now presented on a gross basis due to timing differences in how the debt is repaid. There is an offsetting receivable included in other assets, where previously all ENMAX debt had simultaneous payment terms and was not included.

(1) Formerly Provision for landfill rehabilitation, which has been repealed and replaced by PS 3280 – Asset Retirement Obligations.

## Financial position – Long-term debt

As at December 31 (in thousands)

	2025	2024	2023	2022	2021
<b>Opening balance</b>	\$ 2,963,341	\$ 2,700,337	\$ 2,695,093	\$ 2,770,590	\$ 2,845,144
<b>Increase (decrease)</b>					
Tax-supported	(20,285)	(26,932)	(32,422)	(35,667)	(33,854)
Self-sufficient tax-supported	(9,663)	32,759	30,372	27,544	5,531
Self-supported	117,352	257,177	7,294	(67,374)	(46,231)
<b>Net increase (decrease) during the year</b>	\$ 87,404	\$ 263,004	\$ 5,244	\$ (75,497)	\$ (74,554)
Closing balance	\$ 3,050,745	\$ 2,963,341	\$ 2,700,337	\$ 2,695,093	\$ 2,770,590
Additional debt attributable to ENMAX <sup>(1)</sup>	1,578,086	1,467,222	1,722,502	1,606,493	1,455,813
<b>Total debt attributable to The City</b>	\$ 4,628,831	\$ 4,430,563	\$ 4,422,839	\$ 4,301,586	\$ 4,226,403

The City uses debt to finance certain capital projects on the premise that the cost of these projects should be borne by the taxpayers and utility users who will benefit from the projects. Debt financing allows The City to appropriately manage the timing of cash flows.

The City has three categories of debt, including:

- Tax-supported – debt issued for capital expenditures that is funded in whole or in part from tax revenues;
- Self-sufficient tax-supported – debt for non-utility operations or programs that historically have been funded in whole or in part by revenue from municipal property and business taxes, but that are currently self-funded by their own operations; and
- Self-supported – debt primarily relates to utility services and debt issued on behalf of ENMAX. This debt is not funded by tax revenues, but by user rates and cash flows generated from operations. ENMAX-related debt is further offset by a long-term receivable from ENMAX reported in other assets.

In 2025, The City obtained an additional \$6 million in tax-supported debt and \$26 million was repaid, resulting in a net reduction in tax-supported debt of \$20 million to \$252 million<sup>(2)</sup> as at December 31, 2025.

Self-sufficient tax-supported debt comprises debt for Calgary Municipal Land Corporation (CMLC) programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. These costs are currently being partially funded by revenues resulting from their own operations. As at December 31, 2025, CMLC has \$301 million<sup>(2)</sup> in outstanding debt.

The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 0.6 per cent (including self-sufficient tax-supported), which is within The City's 10 per cent policy limitation.

Additionally, in 2025, \$319 million in new self-supported debt was obtained and \$202 million was repaid, resulting in a net increase in self-supported debt of \$117 million to \$2,498 million<sup>(2)</sup> (excluding \$1,578 million in debt attributable to ENMAX).

On February 21, 2025, The City issued \$120 million City of Calgary bonds with a coupon of 4.20 per cent and a maturity date of June 1, 2034.

In 2025, The City attained three separate credit ratings from DBRS Morningstar, Moody's and S&P Global. The ratings attained were:

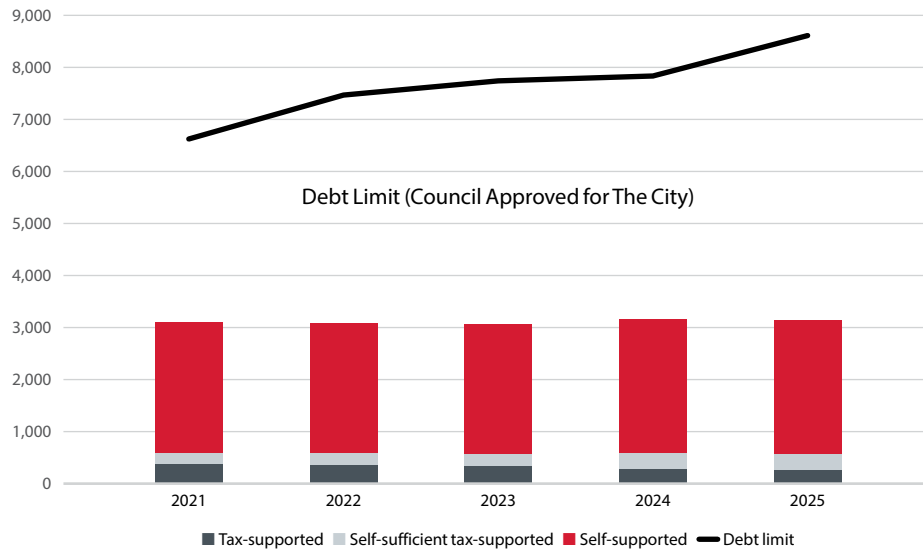
- DBRS Morningstar re-affirmed the long-term debt rating of The City at AA (high) and The City's commercial paper rating at R-1 (high), with stable trends;
- Moody's re-affirmed The City with a Aa1 Stable rating citing strong governance and prudent liquidity and debt policies; and
- S&P Global re-affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting healthy operating cash flows, robust liquidity and strong financial management.

(1) Only the debt with simultaneous payment terms is excluded from The City's long-term debt and is not included within long-term receivables.

(2) Refer to Note 15 in the consolidated financial statements

## Chart A Debt Limits trend

2021–2025  
(in millions of dollars)

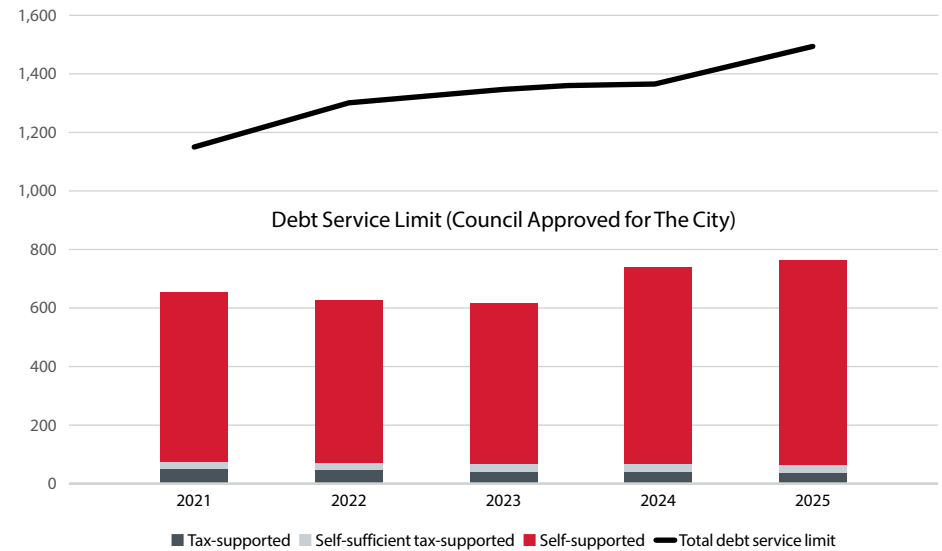


The City's Debt Policy has limits on total debt and total debt service that are expressed as a percentage of revenue, as well as a limit on tax-supported debt service expressed as a percentage of expenditures. Per Council Policy CP2020-05, The City is required to maintain an investment-grade credit rating in order to issue debt. To minimize the cost of debt and maintain efficient access to capital markets, The City will strive to maintain or improve its current credit ratings for long-term debt (AA (high) according to DBRS, AA+ according to S&P and Aa1 Stable according to Moody's).

The Debt Limit stipulates the maximum amount of debt principal The City can have in outstanding debt, including loan guarantees and is calculated at 1.6 times revenue (MGA debt limit of two times the revenue). Chart A reports The City's total historical outstanding debt from 2021 to 2025. It indicates that as at December 31, 2025, The City had used 36.34 per cent (2024 – 40.15 per cent) of its debt limit.

## Chart B Debt Service Limit trend

2021–2025  
(in millions of dollars)



Council Policy CP2020-05 also sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur, which is calculated at 0.28 times revenue (MGA limit is 0.35 times revenue). The tax-supported Debt Service Limit is 10 per cent of tax-supported gross expenditures net of recoveries. Chart B reports The City's total historical Debt Service Limit from 2021 to 2025. It indicates that as of December 31, 2025, The City had used 50.83 per cent (2024 – 54.09 per cent) of its Debt Service Limit.

# Reserves

As at December 31 (in thousands)

	2025	2024	2023	2022	2021
	\$ 3,883,283	\$ 3,898,434	\$ 4,003,003	\$ 3,635,785	\$ 3,281,056

The reserve balances totalled \$3,883 million at the end of 2025 (2024 – \$3,898 million), excluding the operating fund variance of \$259 million (2024 – \$276 million), which is transferred to the Fiscal Stability Reserve (FSR) in the next fiscal year.

The net decrease was primarily the result of:

- Decreases in the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Reserve (RFC/LMUR) Merged, and Utilities Sustainment Reserve,
- Offset by increases in the FSR.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies in accordance with a Financial Reserve Policy that establishes guidelines and criteria for the proper creation and administration of reserve funds. This policy includes a triennial review process requiring that each reserve be reviewed at least once every three years. This review ensures reserves are being administered as approved by Council, and in accordance with The City's policies and procedures, that reserve purpose and requirements are still relevant, and whether reserves are still required or can be consolidated.

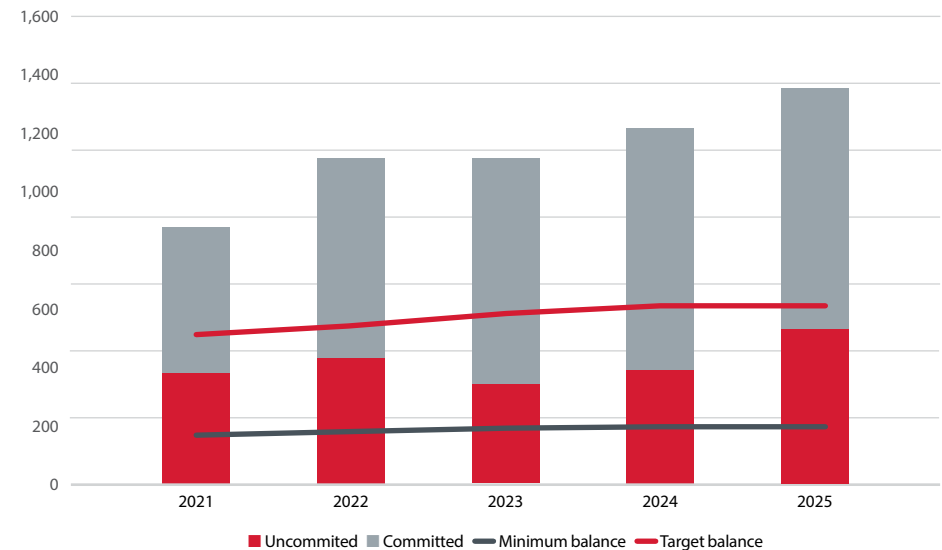
Maintaining financial reserves is good management, allowing funds to be collected as available and spent judiciously as needed to ensure service levels to Calgarians are maintained. The City classifies reserves into three categories to be used for three distinct purposes:

- Operating reserves are used to fund operating expenses for one-time projects/pilot programs, to stabilize operating budgets for unanticipated fluctuations in revenue or expenses and to comply with a contractual agreement or for contingency funds for operational emergencies;
- Capital reserves are used to fund capital expenses; and
- Sustainment reserves are used to fund both operating and capital expenses for activities that are treated as self-sustaining.

The FSR is mandated to act as a contingency fund for operational emergencies, urgent or contingency capital expenditures, and to compensate for unplanned revenue reductions with significant financial impacts. Investment income from the reserve can be used to fund one-time operating budget expenditures.

## Fiscal Stability Reserve

(in millions of dollars)

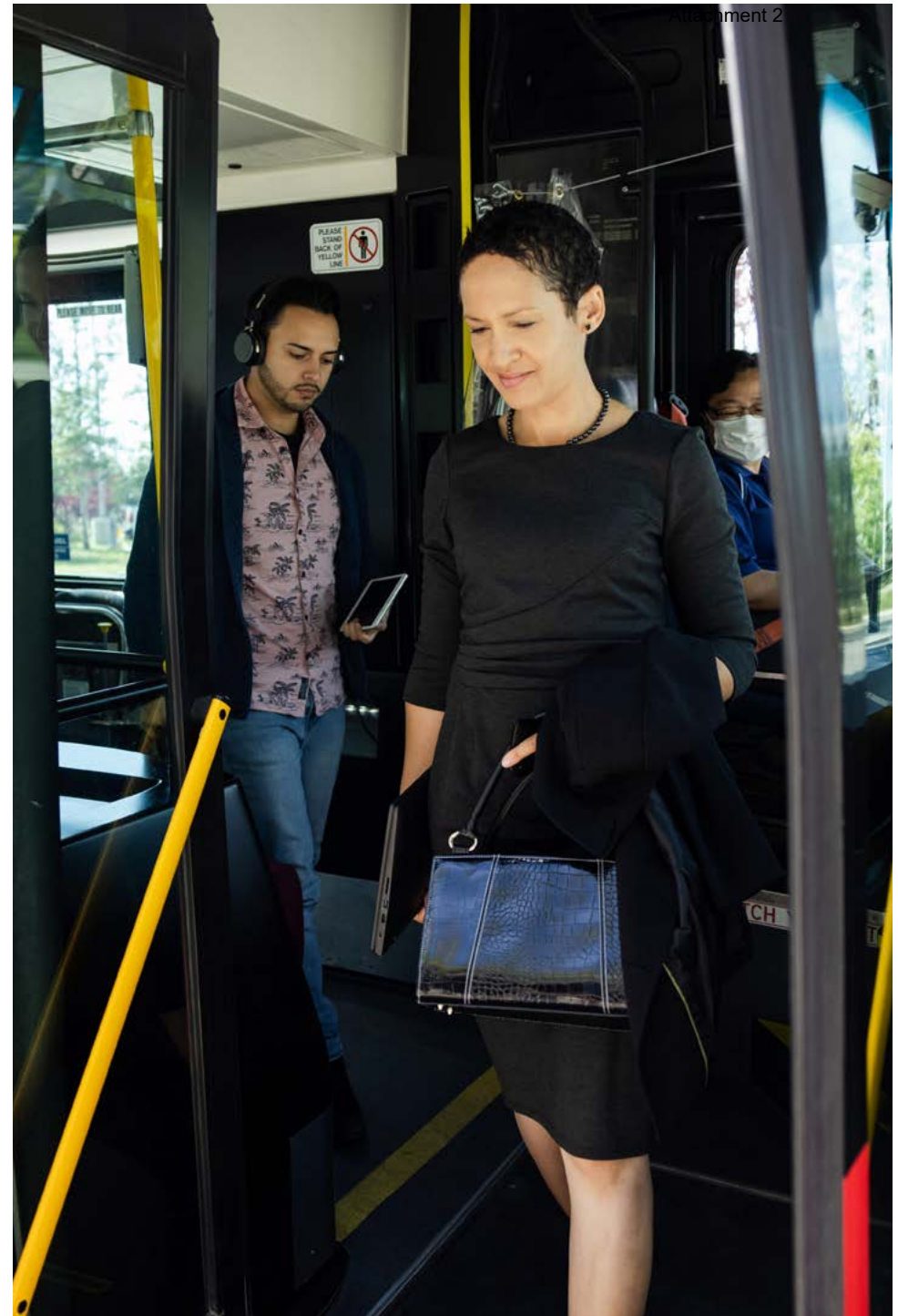


The balance of the FSR was \$1,353 million at the end of 2025 (2024 – \$1,214 million), inclusive of the 2025 operating fund variance of \$259 million (2024 – \$276 million), while the balance of the RFC/LMUR Merged Reserve is \$829 million (2024 – \$962 million). As of December 31, 2025, the FSR balance is 10.8 per cent which is below its Council approved target level of 15 per cent of The City's tax-supported gross expenditures (net of recoveries), but above the minimum balance of 5 per cent of The City's tax-supported gross expenditures (net of recoveries). During 2025, a total of \$16 million of IT capital software relinquishment was transferred into the FSR as per Council's approval. Other contributions to the FSR included \$4 million in inter-business units loan repayments. An offsetting \$15 million contribution was transferred from the FSR to the Opportunity Calgary Investment Fund (OCIF) per Council's approval (EC2025-0406).

In November 2025 (C2025-0901), Council approved a draw of \$317 million from the FSR for new one-time operating and capital investments, contributions to Heritage Incentive Reserve and contributions to the Heritage Calgary Reserve fund. This was partially offset by Council's approved funding switch of \$50 million between the FSR and Local Government Fiscal Framework (LGFF) grant, which freed up commitments within the reserve.

The Major Capital Projects (MCP) Reserve was created in 2019 to support Council's strategy of funding four major capital projects: those being the BMO Centre Expansion, Calgary Events Centre, Foothills Multisport Fieldhouse and Arts Commons Transformation Phase 1. The BMO Centre Expansion and Calgary Events Centre projects were approved by Council in 2018 and 2023 respectively. The Foothills Multisport Fieldhouse and Arts Commons Transformation (other than Phase 1 and Olympic Plaza) are still in the process of receiving full Council approval. The balance of the MCP Reserve at the end of 2025 is \$353 million (2024 – \$430 million).

The City's reserves and long-term liabilities report can be found at [calgary.ca/our-finances/reserves](https://calgary.ca/our-finances/reserves).



## Financial indicators

An analysis of the Consolidated Statement of Financial Position and the Consolidated Statement of Operations and Accumulated Surplus provides an overview of The City's financial condition. The financial condition of The City is assessed by its ability to meet its existing financial obligations to creditors, employees and others in a timely manner, while continuing to meet its service obligations to the public. Financial condition is measured in terms of sustainability, flexibility and vulnerability.

### Indicators of financial condition

	2025	2024	2023	2022	2021
<b>Sustainability indicators</b>					
Assets-to-liabilities	<b>4.93</b>	4.96	5.09	4.95	4.90
Financial assets-to-liabilities	<b>1.69</b>	1.73	1.74	1.70	1.60
Net debt-to-total annual revenue	<b>0.32</b>	0.36	0.29	0.25	0.32
Expense by function-to-total expenses <sup>(1)</sup>					
Planning and development services	<b>0.05</b>	0.05	0.04	0.04	0.03
Infrastructure services	<b>0.05</b>	0.05	0.08	0.09	0.08
Community services	<b>0.35</b>	0.32	0.34	0.32	0.33
Operational services	<b>0.44</b>	0.47	0.46	0.46	0.46
General government	<b>0.11</b>	0.11	0.08	0.09	0.09
<b>Flexibility indicators</b>					
Total debt charges-to-revenue	<b>0.02</b>	0.02	0.02	0.02	0.02
Net book value of capital assets-to-cost of capital assets	<b>0.65</b>	0.64	0.64	0.65	0.66
<b>Vulnerability indicators</b>					
Government transfers-to-total revenues	<b>0.14</b>	0.14	0.12	0.11	0.11

(1) Refer to "Expenses – Comparison to prior year" for explanation of change from the prior year.

## Sustainability

Sustainability is the degree to which The City can maintain its existing financial obligations in terms of its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden relative to the economy within which it operates.

**Assets-to-liabilities** reports the ratio of The City's financial and non-financial assets to its liabilities and supports the extent to which The City finances its operations by issuing debt. Sustainability indicators include The City's assets-to-liabilities ratio, which exceeds the norm of one in all five years indicating The City has not been financing its operations by issuing debt, despite modest year-over-year fluctuations.

**Financial assets-to-liabilities** reports the ratio of The City's financial assets to its liabilities. The City has maintained a result higher than the norm of one in all five years, indicating financial assets exceed liabilities and that financial resources are available to finance future operations if a shortfall were to arise.

**Net debt-to-total annual revenue** measures The City's net debt as a percentage of total revenues. Net debt provides a measure of the future revenue required to pay for past transactions and events. The ratio has remained relatively consistent year over year and improved in 2025, indicating The City's debt remains well supported by annual revenues.

**Expense by function-to-total expenses** provides a summary of the major areas of The City's spending as a proportion of the total expenses. The expense by function-to-total expenses has remained relatively consistent year over year, with the Operational services segment maintaining the highest percentage of total expenses, followed by the Community services segment.

## Flexibility

Flexibility is the degree to which The City can change its debt or tax burden on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others.

**Total debt charges-to-revenues** measures total debt charges (interest expense) as a percentage of revenues. It illustrates the extent to which past borrowing decisions present a constraint on The City's ability to meet its financial and service commitments in the current period. The ratio has remained consistently low, reflecting prudent fiscal management and more revenues available for program spending.

**Net book value of capital assets-to-cost of capital assets** reflects the remaining service potential of The City's tangible capital assets. While this indicator does not measure asset condition, it highlights the importance of ongoing lifecycle maintenance, rehabilitation and replacement as assets age. The ratio has remained relatively consistent year over year, highlighting the importance of continued planning, reinvestment and lifecycle management as infrastructure assets age, and system risks are identified and addressed.

## Vulnerability

Vulnerability is the degree to which The City is dependent on sources of funding outside its control or influence, or is exposed to risks that could impair its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others.

**Government transfers-to-total revenues** shows the proportion of revenues The City receives from other governments. This indicator offers a perspective on the degree of vulnerability The City faces based upon its dependence on another order of government for revenues. The ratio remained at a reasonable level in 2025, though it has steadily increased since 2022, indicating a trend towards greater dependence on other orders of government for revenues.

# Risk management

The City operates in a complex and evolving environment where uncertainty is inherent to the delivery of public services. To navigate this, The City is committed to an enterprise approach to risk management as an essential component of good governance, sound business practice and diligent decision-making.

The City employs a comprehensive Enterprise Risk Management (ERM) framework aligned with industry best practices (ISO 31000). This framework is a continuous, proactive and systematic process designed to understand, manage and communicate risks from an organization-wide perspective. By ensuring that risks are effectively identified, assessed, monitored and mitigated, The City supports the achievement of its strategic goals and the preservation of public value.

In 2025, The City's risk profile is trending upward. Further, The City's risk environment is highly dynamic and volatile and emerging risks are arising with increasing velocity. The City is managing two main converging challenges: these include long-term stressors such as aging infrastructure and continued population growth, and acute and emerging risks arising from asset failure, geopolitical instability and shifting intergovernmental relations. While internal financial controls remain stable and effective, the external environment is creating new pressures and increased financial uncertainty, which requires diligent monitoring from management. The City recognizes the need to continuously enhance risk management maturity to proactively address these evolving challenges. This will remain a key area of focus for Administration.

## Financial Sustainability Risk

The Financial Sustainability Principal Corporate Risk (PCR) is defined as:

A risk that The City is unable to maintain strong financial capacity. This could manifest as a sudden financial constraint, including lower revenues or higher expenses. It arises from external forces and shocks, such as reduced funding from other orders of government, or higher than anticipated expenses due to higher population growth or inflation, or cost for service delivery. Generally, this risk increases if the variability in the broader economic context for our operations triggers a significant shift in any revenue or expense category.

### Risk pressures in 2025

During 2025, The City faced several risk pressures that could affect its Financial Sustainability Risk and other PCRs:

- The first pressure is infrastructure. The City's understanding of risks associated with critical infrastructure and lack of system redundancy has changed since the December 30, 2025 break of the Bearspaw South Feeder Main and the overall pipe condition. There is an urgent need to understand and mitigate critical infrastructure risk across all asset types where potential impacts range from high to extensive. In addition, rising project costs, aging infrastructure and labour shortage pressures persist, and are compounded by pressures related to growth.

- The second pressure is workforce. There are challenges in attracting and retaining talent for certain positions, including senior leadership, technical and emergency-specific roles. While the overall safety culture remains consistent year over year, some services still face occupational health and safety challenges. There has also been a rise in public sector labour disputes. Key risk metrics related to this pressure are steady and will continue to be monitored for changes.
- The third pressure is economic. While inflation has moderated and some indicators suggest improving stability, uncertainty remains and conditions can change quickly. Higher unemployment continues to add pressure, as the economy has not created enough jobs to absorb the growing labour force, which can increase demand for some social services.
- The fourth pressure is political. Geopolitical pressures continue to create uncertainty. Oil price volatility may create provincial budget uncertainty, which could affect municipal funding priorities and compound existing volatility in intergovernmental relations. The City continues to monitor this pressure.
- The fifth pressure is Calgary's population growth. Calgary's population growth for 2025 was at 3.2 per cent. While growth is expected to moderate, this continues to put pressure on service delivery, infrastructure, and climate and environmental initiatives.
- The sixth pressure is social. The City continues to respond to complex social needs and increasing demands for services rooted in socio-economic factors. Demand for Fair Entry programs and services for low-income Calgarians also continues to rise. Close to 78,000 applications were processed in 2025, a 4 per cent increase over 2024, helping more than 138,000 Calgarians access reduced-rate programs and services.
- The seventh pressure is changing technology. The City is managing risks and opportunities related to changes in technology. There are risks associated with using unauthorized tools, including unauthorized Artificial Intelligence (AI), that The City continues to monitor. AI is creating social concern and speculation about capabilities. Emerging risks such as sophisticated misinformation could undermine public trust and civic processes. AI will continue to evolve, and quantum computing could bring about significant changes to data processing and other applications of technology. The implications of this could impact municipal operations and the delivery of public services.

In addition, uncertainty caused by tariffs and overall policy volatility in the United States continues to magnify economic risk. A Supply Chain Resilience program was established several years ago to help ensure The City's supply chain remains strong. In 2025, this program continued to help The City proactively manage commodity fluctuations, labour disruptions, inflation and other supply chain challenges. The City's direct exposure to U.S. tariffs remains limited, with less than 5 per cent of contracts being non-Canadian. However, the largest impact continues to be market volatility, inflationary pressures and uncertainty in the broader procurement environment. The Financial Sustainability Risk remains a principal corporate risk that is actively monitored by The City.

## Key trends and measures related to this risk in 2025

To help manage these varied and complex risk areas, The City monitors key risk measures, researching trends and anticipating how the needs of Calgarians can change in the short to medium term.

The Financial Sustainability Risk remained closely monitored in 2025. Inflation for Calgary was 2.0 per cent in 2025, slightly below the national rate of 2.1 per cent. An increase in inflation could create a financial constraint through higher expenses or borrowing costs. The City's credit rating trend remains stable, with ongoing monitoring for potential downward pressure due to increasing capital expenditures, potential deficits and increases in debt financing, particularly if revenues decline. The City's total debt to Council debt limit was 36 per cent for 2025 and The City continues to use less than half of its available borrowing capacity.

The City continues to monitor Calgarians' ability to pay property taxes and actively manages The City's debt financing, including longer-term projections. The City is also progressing the Budget and Service Alignment Process, a strategic initiative intended to improve efficiency and align spending with priorities. This further supports The City's management of financial resources, and its ability to remain within debt limits and maintain a strong credit rating.

In 2025, changes to Alberta's property tax requisition require The City to collect more tax from Calgarians to be transferred to The Province. For a typical home, this adds \$218 annually, or \$18 per month. Increased communication on this topic is important to support Calgarians' understanding of these changes.

The City's Long Range Financial Plan can be found at [calgary.ca/financialplan](https://calgary.ca/financialplan). An update to the Long Range Financial Plan (2025-2040) is currently being prepared and is expected to be presented to Council in Spring 2026.

The City's Municipal Fiscal Gap report can be found at [calgary.ca/financialtaskforce](https://calgary.ca/financialtaskforce). The report identifies the causes and severity of the municipal fiscal gap and the potential role of alternative revenue sources in addressing it.

## Relationship to other PCRs

The Financial Sustainability Risk is closely related to other PCRs, in particular: the Capital Infrastructure Risk, the Climate and Environmental Risk, the Accommodating Growth Risk and the Service Delivery Risk.

The Capital Infrastructure Risk is facing multiple overlapping trends. Calgary's continued population growth, coupled with financial constraints that include rising project costs, inflation and uncertainty in long-term funding from other orders of government, are putting increasing strain on The City's ability to deliver critical infrastructure services for Calgarians. The infrastructure gap, which is the difference between the infrastructure investment needed to meet service levels and the financial resources available to address those needs, remains a key pressure. The City's critical assets are aging and deteriorating, and the December 30, 2025 Bearspaw South Feeder Main break reinforced the urgency of addressing critical infrastructure risks and known single points of failure. Based on The City's 2025 Year-End Principal Corporate Risk Report, most of The City's infrastructure serves Calgarians effectively. However, approximately 11 per cent of infrastructure assets are assessed to be in poor or very poor condition, including certain water, information technology, fleet, building, bridge and road assets. These assets may carry a higher risk of failure, which could result in service disruptions and potential health and safety impacts. Supply chain constraints and labour shortages remain notable pressures. Together, these contribute to the risk of unplanned service interruptions, facility shutdowns, and other impacts to The City such as financial and reputational risk. The City will continue to enhance resiliency measures, actively monitor capital infrastructure risks, develop mitigation plans and implement measures to proactively reduce systemic risk, including designing system redundancy where known single points of failure exist.

The Accommodating Growth Risk monitors how Calgary's continued population growth is increasing the demand for housing, infrastructure and municipal services. The City has continued to act on opportunities to enable higher volumes of housing, in new ways and in new locations. However, the balance of growth across established and new communities remains an ongoing consideration. The City continues to develop policies and programs intended to support progress toward the Municipal Development Plan (MDP) and to accommodate growth, while maintaining service levels and managing impacts to infrastructure and the environment. The City's MDP can be found at [calgary.ca/planning/municipal-development-plan](https://calgary.ca/planning/municipal-development-plan).

Exposure levels for the Service Delivery Risk continue to increase as infrastructure vulnerability, extreme weather, climate-related hazards and rising service demand converge. Elevated unemployment and increasing social needs are driving additional service pressures, while critical infrastructure reliability and limited system redundancy increase the likelihood and impact of disruptions. To mitigate these risks, The City will continue to enhance resiliency measures, from infrastructure upgrades to more agile systems, to continue providing reliable municipal services in a rapidly evolving environment.

## Operational risks

### Financial Operational Risk

As part of the Financial Operational Risk, The City is subject to credit risk with respect to tax, trade and other receivables. This operational risk arises from the possibility that taxpayers and counterparties to which The City provides services may not be able to fulfil their obligations to The City. The City mitigates these risks through its processes and vast diversity of taxpayers and customers.

The City has both cash inflows and cash outflows denominated in currencies other than Canadian dollars, as well as investments in foreign currencies. Whether these flows are from paying for goods or services, buying or selling investments, or receiving revenues, refunds or investment income, they expose The City to foreign exchange risk. As part of the risk management strategy, The City has developed policies to monitor, manage and/or mitigate the risks associated with currency fluctuations.

The City mitigates risk within its investment portfolios through a sound governance structure, adherence to regulations and The City's Investment Policy. The Investment Advisory Committee (IAC) advises on the oversight of investment strategy, strategy implementation and investment activity and performance. The IAC also reviews compliance and risk mitigation practices of both internally and externally managed assets to ensure The City's investment program is being managed within the parameters of the Investment Policy.

The City fully met its current year cash contributions for employee benefit obligations at December 31, 2025. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial gain of \$54 million (2024 – \$68 million).

All employees of The City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is a public sector pension plan in Alberta registered under the *Alberta Employment Pension Plans Act*. The City, in conjunction with other participating employers (such as Alberta Health Services, other Alberta municipalities, universities, colleges and school boards) and its employees, share in funding future LAPP requirements through contribution rates. Police officers employed by The City are participants in the Special Forces Pension Plan (SFPP).

Both plans are multi-employer, defined-benefit pension plans jointly sponsored by employees and employers through the LAPP and SFPP Corporations respectively, and are administered by Alberta Pension Services. The contributions by each participating employer are not segregated in a separate account or restricted to provide benefits only to employees of The City, but rather are used to provide benefits to employees of all participating employers. The City includes a provision for expected LAPP and SFPP contributions in its multiple-year budget plans.

As of December 31, 2024, both LAPP and SFPP have a plan surplus, with the actuarial value of the assets exceeding the accrued benefit obligations.

### Green Line LRT infrastructure investment

The Green Line LRT represents the largest infrastructure investment in Calgary's history and continues to pose a significant financial and delivery risk to The City due to its scale, complexity, duration and reliance on multi-party funding arrangements.

The project carries a high risk profile and exposes The City to risks related to potential construction cost escalation, schedule delay, contractor performance, coordination complexity across multiple delivery phases and contracts, inflationary pressures, and evolving regulatory and impacted party requirements. As demonstrated by changes in provincial funding support in earlier reporting periods, the project is sensitive to policy shifts and external funding decisions. As the funder of last resort, The City retains primary financial exposure if project costs exceed approved budgets, or if external funding commitments are modified or delayed.

Uncertainty related to the Downtown Segment remains a specific risk area, as its scope, alignment and cost estimates continue to be refined through ongoing planning and engagement work. Adverse outcomes in this area could affect overall project costs, timelines and The City's long term capital funding capacity.

Management continues to actively monitor Green Line risks through enhanced project governance, updated cost and schedule forecasting, phased delivery strategies, and regular reporting to Council and funding partners. These controls are intended to mitigate financial exposure while maintaining alignment with approved funding frameworks and The City's long-term financial plans.

### ENMAX Risk

ENMAX, through its three business units, operates as a regulated wires company, a competitive power generator and an energy retailer. ENMAX has earnings volatility that is captured on The City's Consolidated Statement of Operations. There is a risk that The City will not receive budgeted dividends or earnings annually which could impact The City's ability to realize the expected return on its investment.

Risks identified by ENMAX and presented in detail in its annual financial report include regulatory, tax and government policy, health, safety and operational, technological, human resources, climate change and environmental, market, commodity price, foreign exchange and interest rate, credit and liquidity risks. ENMAX manages risk across all its business activities using an ERM program that aligns with business objectives. Risk tolerance is approved by its board of directors and CEO, and risks are assessed, mitigated and monitored by its business units, risk department and senior management. ENMAX's Corporate Governance Committee oversees the ERM program, while its board of directors oversees risk exposures and overall risk management.

## Technological disruption risks

### Artificial Intelligence and Emerging Technology Risk

The City faces risks associated with the rapid evolution and adoption of AI and other emerging technologies. These risks include keeping governance, controls and employee capabilities aligned with technological change, as well as managing data quality, privacy, bias and unsanctioned use of new tools.

To mitigate these risks, The City applies governance frameworks that guide the evaluation and deployment of emerging technologies, including security and privacy assessments, user testing and ongoing monitoring. Training and post-implementation reviews support responsible adoption while maintaining public trust.

### Cyber Security and Information Technology Risk

The City is exposed to Cyber Security and Information Technology Risks arising from increased digitization, system complexity and a heightened external threat environment. These risks include cyber-attacks, unauthorized access, data breaches, system failures and service disruptions that could affect critical services and information assets.

The City mitigates these risks through a multi-layered approach that includes proactive monitoring, robust security controls, system redundancy, incident response planning and ongoing employee training. These measures support operational continuity and the protection of information assets.

## Climate and Environmental Risk

Climate change presents risks that may affect The City's financial position, service delivery and assets over the short, medium and long term. These risks include increasing exposure and vulnerability to physical hazards such as flooding, drought, extreme heat, severe storms and wildfire smoke, as well as potential transition related risks arising from evolving policy, regulatory and market conditions. The City continues to strengthen its governance and enterprise risk management practices to identify, assess and monitor climate-related risks that could affect operations, assets and financial performance. In 2025, The City established a standalone Climate and Environmental PCR to ensure focus, monitoring and prioritization of these critical risks, as well as strengthening alignment across business units. This work supports informed planning, investment and operational decisions, recognizing that not all risks can be eliminated, outcomes are multi-generational and decisions made today will have implications across future business cycles.

The City continues to evolve its climate-related disclosure and related assurance expectations by aligning its practices with emerging international sustainability and public sector specific reporting standards being developed by the International Public Sector Accounting Standards Board (IPSASB). Looking ahead, The City is preparing for the IPSASB SRS 1, Climate-related Disclosures standard, which was approved by IPASB in December 2025 and becomes effective January 1, 2028, with earlier adoption permitted. As part of its broader regulatory awareness, The City continues to monitor ongoing developments in nature-related financial disclosure and sustainability reporting under international standard-setting bodies, including those relevant to both private and public sector reporting.

Further detail on The City's climate-related governance, risk management, strategy, metrics and targets is provided in the Climate-Related Financial Disclosure section of this Annual Financial Report, which is intended to support transparency, oversight and regulatory readiness as disclosure standards continue to evolve.

# Outlook

## Council and Administration actions

### 2023-2026 Service Plans and Budgets and related adjustments

On December 3, 2025, Council approved further adjustments to The City's Service Plans and Budgets, originally approved in November 2022. The 2026 adjustments were shaped by feedback from Calgarians through the 2025 Spring and Fall Surveys. The 2026 adjustments focused on housing, public safety, transit and infrastructure to support a growing city while responding to Calgarians' desire to keep costs down and maintain essential services.

In response to challenges associated with rapid population growth and the accumulated impact of inflationary pressures, Council and Administration worked collaboratively to identify efficiencies within the corporation, while minimizing impacts on residents and businesses. Key affordability measures included lowering the overall tax revenue increase and cancelling the planned tax shift. As a result, the overall municipal tax revenue increase for 2026 was reduced from the originally planned 3.6 per cent to 1.6 per cent.

Calgary's economy is performing better than expected, but several risks could affect the 2026 outlook. Global trade uncertainty and market volatility may slow investment and business activity. Locally, labour market pressures persist as population growth outpaces job creation and skills gaps remain in key industries. High shelter and insurance costs continue to affect affordability and inflation. Additionally, weaker global growth and delays in private-sector investment recovery could limit Calgary's economic performance in 2026.

The City's Service Plans and Budgets can be found at [calgary.ca/budgets](https://calgary.ca/budgets).

## Major investments

### Culture + Entertainment District

In 2025, construction of Scotia Place advanced from foundational excavation to above-grade construction, marking a major milestone in the delivery of the Calgary Events Centre Block. Foundational work progressed substantially and structural steel installation began in October, making the project visible above grade for the first time. Community-focused spaces, including the community arena, public plazas, and supporting retail and gathering spaces began to take shape.

The construction of Scotia Place District Infrastructure improvements represents the full Event Centre project investment in the Culture + Entertainment District within the Rivers District. Construction of the district infrastructure improvements began in 2024 with work on the new 5A Street and expanded in 2025 to include enabling works for the new 6 Street S.E. rail underpass. Utility relocations and upgrades are planned to begin in early 2026. Collectively, this work represents a \$1,223 million investment in The City's future Culture + Entertainment District, supported by funding from The City, The Province and the Calgary Sports and Entertainment Corporation.

### Werklund Centre Transformation (WCT) & Olympic Plaza Transformation (OPT) projects

The WCT and OPT projects will help to revitalize downtown Calgary by attracting more visitors and tourists. In early 2025, the construction on foundations, grade beam and elevator shafts started on the WCT expansion. On April 4, 2025, the design for OPT was publicly revealed. The design for the modernization of the existing building also began in 2025 and was near completion at year-end.

The WCT and OPT projects are being led in partnership by Werklund Centre (previously Arts Commons), CMLC, The City and The Province. The \$680 million transformation project includes the creation of \$50 million in sustainment funding and anticipated \$630 million capital costs for the WCT expansion of \$290 million and modernization of \$270 million, as well as the OPT project cost of \$70 million.

## Green Line LRT

On January 28, 2025, Council approved a common vision for the Green Line LRT system extending from 160th Avenue in the north to Seton in the southeast and directed Administration to advance a concurrent south to north delivery approach. This direction was supported by an updated business case that received approval from The Province and the Government of Canada in March 2025 under the Investing in Canada Infrastructure Program (ICIP).

The program budget for Phase 1 remains \$6,248 million, supported by \$1,530 million in ICIP approved funding from each of the provincial and federal governments. Phase 1 is being delivered in two segments. The S.E. Segment, from Shepard in the southeast to the future Event Centre/Grand Central Station, will see construction of the first 10 stations and 16 kilometres of rail, before connecting with the Downtown Segment and into the existing Red and Blue LRT Lines.

During 2025, the S.E. Segment began main construction. Five priority contracts were awarded with construction taking place across the alignment. Concurrent to this work, five Calgary based contractors were shortlisted for the 2026-2031 civil works construction packages. Overall design reached advanced levels (approximately 90 per cent) of completion and light rail vehicle manufacturing commenced. The S.E. Segment is expected to begin revenue service in 2031.

The City began work on a functional plan for the Downtown Segment, based on The Province's plan and alignment, using 10 Avenue S. and 2 Street S.W. The functional plan will advance design, validate The Province's cost estimates, clarify potential impacts to existing infrastructure and ensure the project is broadly supported by Calgarians prior to starting construction. This work will conclude by Q4 2026, with a decision being brought to Council in early 2027.

## Bearspaw South Feeder Main repair

On December 30, 2025, the Bearspaw South Feeder Main, a critical component of The City's water transmission system, experienced a second rupture following a similar failure in June 2024. The incident resulted in widespread water restrictions, with emergency repairs completed and the asset returned to service on January 16, 2026.

The City evaluated whether the 2025 failure resulted in a permanent reduction in the asset's service potential. Factors considered included the extent of physical damage, the restoration of service following repairs and the continued demand for the services provided by the feeder main. Engineering analysis and operational reviews confirmed that the repairs restored the asset to operational capacity, with additional planned repairs completed in March 2026.

Condition assessments, system modelling, and input from Water Services operations and asset management indicated that the water pipe network remains largely in good condition, with the Bearspaw South Feeder Main expected to continue providing service

over its remaining life. However, the additional feeder main failure presents ongoing risks for The City, including potential impacts to public confidence in the reliability of the water supply, operational capacity to meet demand, financial exposure related to repair costs and damages, potential revenue impacts and effects on regional water partnerships.

In parallel with the 2025 assessment, The City advanced longer-term risk mitigation and redundancy planning. This resulted in the decision to proceed with construction of a twinned feeder main segment beginning in early 2026 to support system reliability and future maintenance activities.

## Home is Here Strategy

The City continues to work to increase the supply, choice and affordability of market and non-market homes across the city to ensure that every Calgarian has an affordable place to call home.

Funding committed from all levels of government is working to address Calgarians' housing affordability challenges every day.

In 2023, The City signed a contribution agreement with the Canada Mortgage and Housing Corporation (CMHC) under the HAF worth \$228.5 million to be disbursed in four equal annual advances. Under this agreement, The City set an ambitious target to enable 41,858 new housing units by October 2026. The target was revised upward to 42,667 in March 2025 when an additional \$22.8 million in funding was received. In just 20 months, The City incentivized the delivery of 44,276 units, achieving 104 per cent of the amended goal. These HAF-supported homes will house over 100,000 Calgarians.

We continue to work in partnership with our wholly-owned subsidiaries. In 2025, The City embarked on a new partnership with CMLC for the development of transit-oriented communities, providing \$20 million in start-up capital funding towards this initiative. The City also provided support to key Calgary Housing projects, including Rundle Manor, Mount Pleasant and Bridgeland Place, as well as supporting the lifecycle maintenance of existing non-market housing units.

Operating and capital funding from The City also supports several programs that enable non-market housing development. These include the Non-market Land Sale, Housing Land Fund, Housing Capital Initiative, Housing Incentive Program and Home Program.

In 2025, The City took a major step forward in its commitment to reconciliation and equity by launching Maa'too'maa'taapii Aoko'iyii'piaya. Grounded in the principle of "For Indigenous, By Indigenous" this housing initiative will support Indigenous people with housing needs in Calgary.

More information on The City's Home is Here Strategy can be found at [calgary.ca/housingstrategy](https://calgary.ca/housingstrategy).

# Conclusion

Throughout 2025, The City continued to demonstrate financial resilience while navigating ongoing economic uncertainty, sustained population growth and inflationary pressures. Strong governance, disciplined financial management and long-term planning have enabled The City to continue delivering essential services and advancing strategic priorities, while maintaining affordability for Calgarians.

In 2022, the 2023-2026 Service Plans and Budgets were approved by Council, providing the roadmap that's guided The City's decisions and investments over this period to support a growing city, while maintaining the quality of life Calgarians expect.

Despite increased capital investment and debt from major projects, The City continues to earn strong credit ratings from leading credit agencies, reflecting confidence in its financial position, liquidity and governance, and supporting access to cost effective long-term financing.

Looking ahead, The City remains focused on managing costs, modernizing service delivery and making informed, sustainable financial decisions. As Calgary continues to grow and evolve, The City is committed to transparency, accountability and responsible stewardship of public resources to support Calgarians today and in the years to come.



**Les Tochor**, Chief Financial Officer  
April 28, 2026



Government Finance Officers Association

# Canadian Award for Financial Reporting

Presented to

**The City of Calgary  
Alberta**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2024**

*Christopher P. Morrill*

Executive Director/CEO

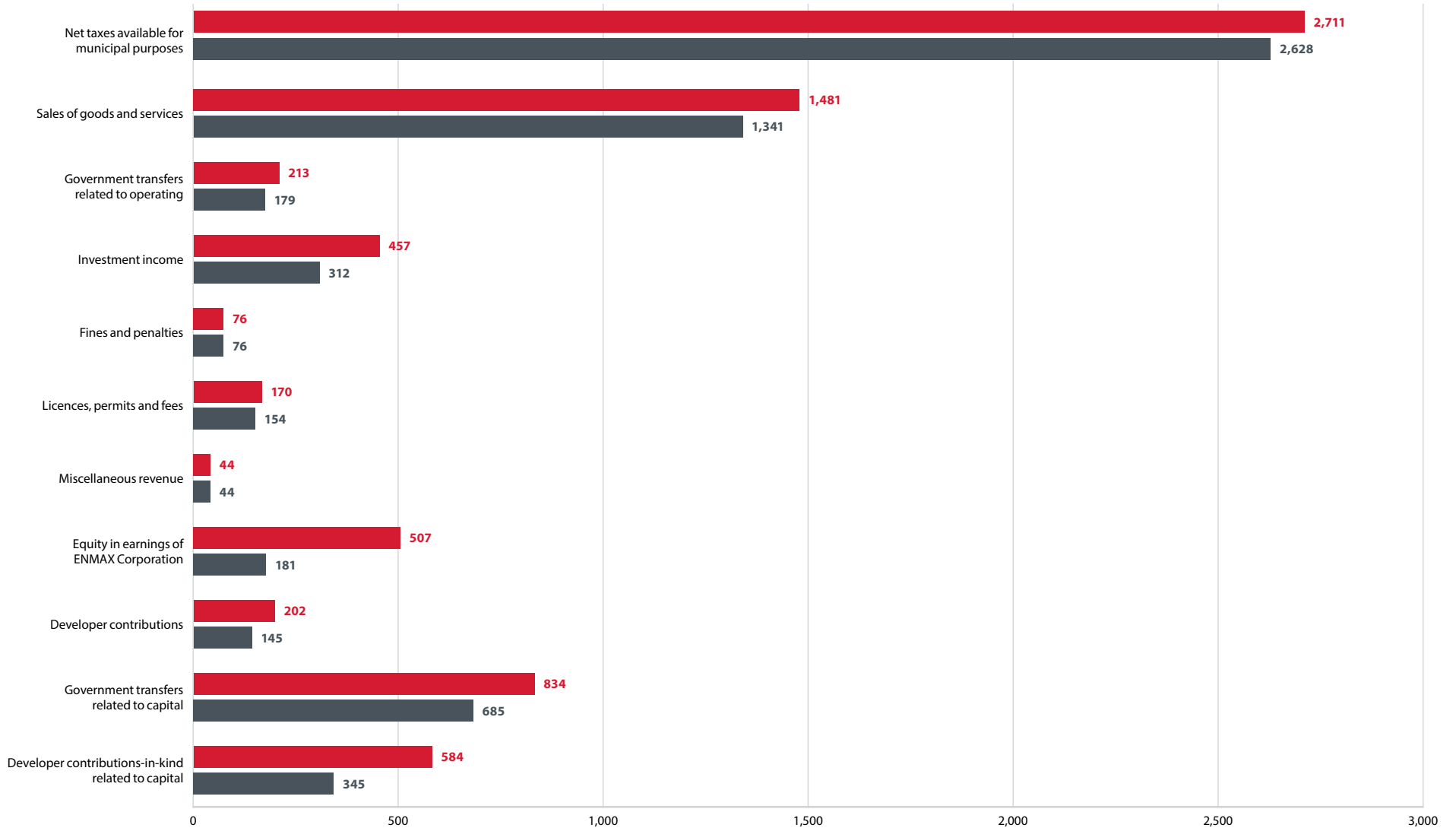


# Financial synopsis – 2025 Sources of revenue

For the year ended December 31 (in millions)

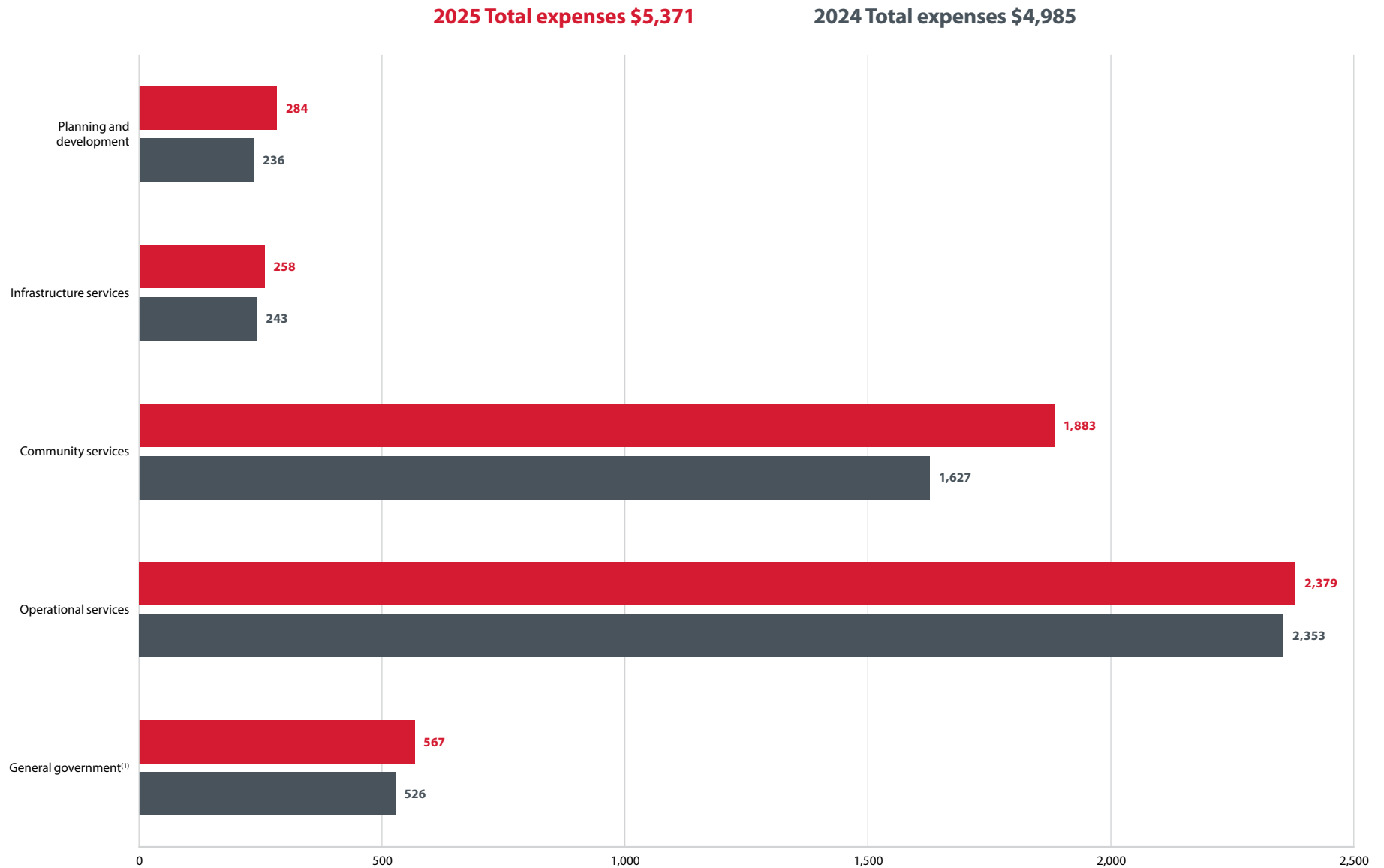
2025 Total revenues \$7,279

2024 Total revenues \$6,090



# Financial synopsis – 2025 Expenses

For the year ended December 31 (in millions)



(1) Includes the costs of Council, Chief Administrative Officer, Chief Operating Officer, Finance, Supply Management, City Auditor, City Clerk's, Law, Assessment & Tax, Corporate Planning & Performance, Corporate Security, Customer Service & Communications, Human Resources, Information Technology, Collaboration Analytics & Innovation and Occupational Health & Safety.

# Consolidated Financial Statements



# Responsibility for financial reporting

## Administration's report

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of Administration.

The consolidated financial statements are prepared by Administration, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of Administration. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

To assist in its responsibility, Administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded and that financial records are reliable for the preparation of these consolidated financial statements.

The City Auditor's Office reports directly to City Council, through the Audit Committee, on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed, and financial information is tested and independently verified.

In 2025, City Council fulfilled its responsibility for financial reporting through the Executive Committee and its Audit Committee. The Executive Committee, which consists of the Mayor, the Chairs of each Standing Policy Committee, the Chair of the Audit Committee and three Councillors-at-large appointed by the Mayor, meets regularly to deal with, among other issues, financial planning and reporting matters. The Audit Committee consists of four Councillors and three public members, and meets regularly with both the independent external auditor and the City Auditor to review financial control and reporting matters.

Deloitte LLP, Chartered Professional Accountants, have been appointed by City Council to express an audit opinion on The City's consolidated financial statements. Their report follows.



**David Duckworth**, Chief Administrative Officer  
Calgary, Canada  
April 28, 2026



**Les Tochor**, Chief Financial Officer

# Independent Auditor's Report

## To Mayor Jeromy Farkas and Members of City Council The City of Calgary

### Opinion

We have audited the consolidated financial statements of The City of Calgary (The City), which comprise the Consolidated Statement of Financial Position as at December 31, 2025 and the Consolidated Statements of Operations and Accumulated Surplus, Remeasurement Gains and Losses, Cash Flows and Changes in Net Financial Assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City as at December 31, 2025 and the results of its operations, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Administration and those charged with governance for the consolidated financial statements

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as Administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Administration is responsible for assessing The City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of The City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Administration.
- Conclude on the appropriateness of Administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within The City as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Chartered Professional Accountants**

April 28, 2026

# Consolidated Statement of Financial Position

As at December 31 (in thousands)

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 697,779	\$ 769,402
Investments (Note 4)	6,759,241	6,408,871
Receivables (Notes 5 and 8 c.)	472,569	459,672
Land inventory (Note 6)	244,677	242,736
Other assets (Note 7)	462,218	501,731
Investment in ENMAX (Note 8)	3,527,901	3,204,896
	<b>\$ 12,164,385</b>	<b>\$ 11,587,308</b>
<b>Financial liabilities</b>		
Bank indebtedness (Note 9)	\$ 495,606	\$ 510,829
Accounts payable and accrued liabilities (Notes 8 c. 10 and 34)	1,117,144	985,573
Deferred revenue (Notes 8 c. and 11)	148,203	130,389
Capital deposits (Notes 12 and 34)	1,512,687	1,258,068
Asset retirement obligations (Note 13)	336,136	330,004
Employee benefit obligations (Note 14)	532,955	511,972
Long-term debt (Note 15)	3,050,745	2,963,341
	<b>\$ 7,193,476</b>	<b>\$ 6,690,176</b>
<b>Net financial assets</b>	<b>\$ 4,970,909</b>	<b>\$ 4,897,132</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 16)	\$ 23,148,415	\$ 21,483,992
Inventory	98,475	85,134
Prepaid assets	48,974	46,684
	<b>\$ 23,295,864</b>	<b>\$ 21,615,810</b>
<b>Net assets</b>	<b>\$ 28,266,773</b>	<b>\$ 26,512,942</b>
<b>Net assets is comprised of (Note 18):</b>		
Accumulated surplus	\$ 28,047,898	\$ 26,139,479
Accumulated remeasurement gains	218,875	373,463
	<b>\$ 28,266,773</b>	<b>\$ 26,512,942</b>

**Contingent assets, commitments, contingent liabilities and guarantees** (Notes 29, 30 and 31)

See accompanying notes to the consolidated financial statements.

Approved on behalf of City Council:



Mayor Jeremy Farkas

# Consolidated Statement of Operations and Accumulated Surplus

AC2026-0181  
Attachment 2

For the year ended December 31 (in thousands)

	Budget 2025 (Note 17)	Actual 2025	Actual 2024
<b>Revenues</b>			
Net taxes available for municipal purposes (Note 21)	\$ 2,693,849	\$ 2,711,231	\$ 2,627,877
Sales of goods and services	1,444,324	1,481,246	1,341,457
Government transfers related to operating (Note 24)	171,858	212,595	178,613
Investment income	218,458	457,332	312,073
Fines and penalties	82,697	75,882	75,731
Licences, permits and fees	133,751	170,295	153,977
Miscellaneous revenue	34,149	43,540	44,051
Equity in earnings of ENMAX (Note 8)	357,000	507,117	181,248
	\$ 5,136,086	\$ 5,659,238	\$ 4,915,027
<b>Expenses</b>			
Planning and development services	\$ 291,347	\$ 283,382	\$ 236,089
Infrastructure services	295,980	258,109	243,144
Community services	1,758,441	1,882,873	1,626,943
Operational services	1,921,024	2,379,395	2,352,755
General government	607,321	566,814	526,276
	\$ 4,874,113	\$ 5,370,573	\$ 4,985,207
<b>Net revenue (loss) before other contributions and transfers</b>	\$ 261,973	\$ 288,665	\$ (70,180)
<b>Other contributions and transfers</b>			
Developer contributions	\$ 238,900	\$ 202,137	\$ 145,368
Government transfers related to capital (Note 24)	845,426	834,130	684,848
Developer contributions-in-kind related to capital	–	583,487	345,075
	\$ 1,084,326	\$ 1,619,754	\$ 1,175,291
<b>Annual surplus</b>	\$ 1,346,299	\$ 1,908,419	\$ 1,105,111
<b>Accumulated surplus, beginning of year</b>	26,139,479	26,139,479	25,034,368
<b>Accumulated surplus, end of year</b>	\$ 27,485,778	\$ 28,047,898	\$ 26,139,479

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Remeasurement Gains and Losses

For the year ended December 31 (in thousands)

	2025	2024
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>\$ 373,463</b>	<b>\$ (69,097)</b>
Unrealized (losses) gains attributable to:		
Investments	<b>(308,347)</b>	332,593
Accounts payable	<b>142</b>	(36)
Derivatives	<b>(17)</b>	79
Amounts reclassified to the Consolidated Statement of Operations and Accumulated Surplus:		
Investments	<b>234,769</b>	(56,782)
Accounts payable	<b>9</b>	(62)
Derivatives	<b>(32)</b>	(32)
ENMAX – other comprehensive (loss) income (Note 8)	<b>(81,112)</b>	166,800
Net remeasurement (losses) gains for the year	<b>\$ (154,588)</b>	<b>\$ 442,560</b>
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 218,875</b>	<b>\$ 373,463</b>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended December 31 (in thousands)

	2025	2024
<b>Net inflow (outflow) of cash and cash equivalents</b>		
<b>Operating activities</b>		
Annual surplus	\$ 1,908,419	\$ 1,105,111
Items not affecting cash:		
Equity in earnings of ENMAX	(507,117)	(181,248)
Change in unrealized market value of financial instruments	(73,476)	275,760
Amortization of tangible capital assets	759,815	730,097
Write-down of tangible capital assets	902	1,264
Net loss (gain) on disposal of tangible capital assets	2,007	(7,332)
Developer contributions-in-kind related to capital	(583,487)	(345,075)
Change in non-cash items:		
Receivables	(12,897)	2,910
Land inventory	(1,941)	(8,230)
Other assets	39,513	(394,808)
Inventory	(13,341)	(3,199)
Prepaid assets	(2,290)	(6,629)
Accounts payable and accrued liabilities	131,571	98,623
Deferred revenue	17,814	23,818
Capital deposits	254,619	26,010
Asset retirement obligations	6,132	3,538
Employee benefit obligations	20,983	14,399
	<b>\$ 1,947,226</b>	<b>\$ 1,335,009</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	\$ (1,859,949)	\$ (1,564,033)
Proceeds on sale of tangible capital assets	16,289	21,067
	<b>\$ (1,843,660)</b>	<b>\$ (1,542,966)</b>
<b>Investing activities</b>		
Dividends from ENMAX	\$ 103,000	\$ 95,000
Net increase of investments	(350,370)	(649,168)
	<b>\$ (247,370)</b>	<b>\$ (554,168)</b>
<b>Financing activities</b>		
Proceeds from long-term debt issued	\$ 331,960	\$ 493,106
Repayments of long-term debt	(244,556)	(230,102)
Net (decrease) increase in bank indebtedness	(15,223)	162,509
	<b>\$ 72,181</b>	<b>\$ 425,513</b>
<b>Decrease in cash and cash equivalents</b>	<b>\$ (71,623)</b>	<b>\$ (336,612)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>769,402</b>	<b>1,106,014</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 697,779</b>	<b>\$ 769,402</b>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31 (in thousands)

	Budget 2025 (Note 17)	Actual 2025	Actual 2024
<b>Annual Surplus</b>	\$ 1,346,299	\$ 1,908,419	\$ 1,105,111
<b>Tangible capital assets activity</b>			
Amortization of tangible capital assets	\$ 160,764	\$ 759,815	\$ 730,097
Write-down of tangible capital assets	-	902	1,264
Proceeds on sale of tangible capital assets	603	16,289	21,067
Tangible capital assets received as contributions	-	(583,487)	(345,075)
Net loss (gain) on disposal of tangible capital assets	-	2,007	(7,332)
Acquisition of tangible capital assets	(1,362,749)	(1,859,949)	(1,564,033)
	\$ (1,201,382)	\$ (1,664,423)	\$ (1,164,012)
<b>Inventories and prepaid assets activity</b>			
Acquisition of supplies inventories	\$ -	\$ (189,448)	\$ (172,820)
Use of supplies inventories	-	176,107	169,621
Acquisition of prepaid assets	-	(494,184)	(340,095)
Use of prepaid assets	-	491,894	333,466
	\$ -	\$ (15,631)	\$ (9,828)
<b>Unrealized remeasurement (losses) gains</b>	\$ -	\$ (154,588)	\$ 442,560
<b>Increase in net financial assets</b>	\$ 144,917	\$ 73,777	\$ 373,831
<b>Net financial assets, beginning of year</b>	\$ 4,897,132	\$ 4,897,132	\$ 4,523,301
<b>Net financial assets, end of year</b>	\$ 5,042,049	\$ 4,970,909	\$ 4,897,132

See accompanying notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

The City of Calgary (The City) is a municipality in the Province of Alberta incorporated in 1884 as a town and in 1894 as a city and operates under provisions of the *Municipal Government Act*.

## 1. Significant accounting policies

The consolidated financial statements of The City are prepared by Administration in accordance with Canadian Public Sector Accounting Standards (PSAS).

### a. Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund and reserve fund of The City.

The consolidated financial statements fully consolidate all organizations that are accountable for the administration of their affairs and resources to The City, and are controlled by The City, defined below as Related Authorities. This does not include The City's government business enterprise, ENMAX Corporation (ENMAX) which is accounted for on a modified equity basis. The City's inter-departmental and inter-organizational transactions and balances are eliminated.

#### Government business enterprise

ENMAX, a wholly-owned subsidiary of The City, is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a government business enterprise (Note 8). Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of The City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income due to fair value adjustments is reported on the Consolidated Statement of Remeasurement Gains and Losses.

#### Related Authorities

The Related Authorities that are controlled by The City and included in the consolidated financial statements are (Note 22):

- Attainable Homes Calgary Corporation
- Calgary Arts Development Authority Ltd. (including cSPACE Projects)
- The Calgary Convention Centre Authority (operating as Calgary TELUS Convention Centre)
- Calgary Economic Development Ltd. (including Calgary Film Centre Ltd.)
- Calgary Municipal Land Corporation
- Calgary Public Library Board
- Calhome Properties Ltd. (operating as Calgary Housing)
- Opportunity Calgary Investment Fund Ltd.

### Partners

The City has relationships with many organizations for which control lies outside of Council. Across a variety of services, The City works with external organizations through partnerships to deliver positive results for Calgarians. These partners have a financial relationship with The City but are not controlled by The City, and the financial results of these organizations are not included in the consolidated financial statements. Civic Partners refers to categories of Partners as set out in Schedule 3 of the Investing in Partnerships Policy (CP2017-01). Separate financial information may be sought directly from the Partner organizations.

- Burns Memorial Trust
- The Burns Memorial Fire Fund
- The Burns Memorial Police Fund
- Calgary Board of Education
- Calgary Roman Catholic Separate School District No.1
- Conseil Scolaire FrancoSud
- Saddledome Foundation
- St. Mary's University

### Civic partners

- Aero Space Museum of Association Calgary (operating as the Hangar Flight Museum)
- Werklund Centre
- Calgary Exhibition and Stampede Limited
- Calgary Female Sport Development Association (operating as Great Plains Recreation Facility)
- Calgary Science Centre Society (operating as TELUS Spark)
- Calgary Sport Council Society (operating as Sport Calgary)
- Calgary Young Men's Christian Association (operating as YMCA)
- Calgary Zoological Society (operating as Calgary Zoo)
- Contemporary Calgary Arts Society (operating as Contemporary Calgary)
- The Confluence Historic Site & Parkland
- Glenbow Alberta-Institute
- Heritage Calgary
- Heritage Park Society
- Lindsay Park Sports Society (operating as MNP Community and Sport Centre)
- NE Centre of Community Society (operating as Genesis Centre)
- Parks Foundation, Calgary
- Platform Calgary
- Silvera for Seniors
- South Fish Creek Recreation Association (operating as Cardel Rec South)
- Tourism Calgary – Calgary Convention & Visitors Bureau
- Vecova Centre for Disability Services and Research
- Vibrant Initiatives Ltd. (operating as Vibrant Communities Calgary)
- Vivo for Healthier Generations Society
- Westside Regional Recreation Centre

**Registered pension plans**

Civic employees and elected officials participate in one or more registered defined-benefit pension plans and/or multi-employer pension plans provided by The City.

**City-sponsored registered pension plans**

The City records its share of the obligations net of plan assets which are held in trust by external parties, except for the Calgary Police Supplementary Pension Plan, whose funds are held within The City's investments. These plans include:

- Calgary Firefighters' Supplementary Pension Plan;
- Calgary Police Supplementary Pension Plan;
- Pension Plan for Elected Officials of The City of Calgary; and
- The City of Calgary Supplementary Pension Plan.

**Multi-employer registered pension plans**

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. These plans include:

- Local Authorities Pension Plan; and
- Special Forces Pension Plan.

Further details about these pension plans are available in Notes 1 p. and 14.

**Funds held in trust**

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately in Note 33.

**b. Basis of accounting**

- i. Expenses are recognized in the period the goods and services are acquired, and a liability is incurred or transfers are due.
- ii. Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. Cost allocations to and from commonly controlled entities are recorded on a gross basis. Inter-entity transfers, and receipts of assets or liabilities for nominal or no consideration, are recorded at carrying amount. Differences between the exchange amount and carrying amount for asset or liability transfers are recorded as a gain or loss in the Consolidated Statement of Operations and Accumulated Surplus. A value for unallocated costs is not recorded.

**c. Use of estimates**

The preparation of the consolidated financial statements requires Administration to make estimates and use assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Where estimation uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality.

The amounts recorded for valuation of tangible capital assets (including construction work in progress), the useful lives and related amortization of tangible capital assets, Level 3 financial instruments, accrued liabilities, employee benefit obligations, provision for tax appeals, asset retirement obligations, contaminated sites and environmental assessments, and contingent liabilities are areas where Administration makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

These estimates are reviewed periodically. The amounts recorded in the consolidated financial statements are based on the latest reliable information available to Administration at the time the consolidated financial statements were prepared where that information reflects conditions as at the date of the financial statements. However, there is inherent uncertainty about assumptions and estimates which could result in outcomes that require adjustments to the carrying amount of the affected assets and liabilities in the future, and as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the year in which they become known. Actual results could differ from these estimates.

**d. Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and treasury bills with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

**e. Investments**

Investments are recorded at the fair value with the associated unrealized gains or losses reflected in the Consolidated Statement of Remeasurement Gains and Losses. When an investment gain or loss is realized, the accumulated remeasurement gain or loss is reclassified to the Consolidated Statement of Operations and Accumulated Surplus. When there has been a loss in fair value that is determined not to be a temporary decline, the respective investment is written down to recognize the loss.

## f. Financial instruments

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the realized gains and losses are reclassified to the Consolidated Statement of Operations and Accumulated Surplus, except for the gains on externally restricted financial liabilities which are recognized as an increase to the liability.

Financial instruments are classified as Level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

**Level 3** – Inputs for the asset or liability that are not based on observable market data. Assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

The City's financial instruments are measured as follows:

Financial statement component	Measurement
Cash and cash equivalents	Cost
Investments	Fair value
Receivables (excluding taxes)	Amortized cost
Other assets	Amortized cost or fair value
Bank indebtedness	Amortized cost
Accounts payable and accrued liabilities	Amortized cost or fair value
Long-term debt	Amortized cost

For financial instruments measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments that are measured at amortized cost and expensed when measured at fair value.

All financial assets except derivatives are assessed annually for impairment. An impairment of a financial asset is recognized as a decrease in revenue. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

The City evaluates contractual rights and obligations for the existence of embedded derivatives, and elects to either measure the entire contract at fair value or separately measure the value of the derivative component, when the characteristics of the derivative are not closely related to the economic characteristics and risks of the host contract itself.

## g. Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities, and non-monetary items included in the fair value measurement category, reflect the exchange rates at the Consolidated Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Consolidated Statement of Operations and Accumulated Surplus, and the cumulative amount of remeasurement gains and losses is reversed in the Consolidated Statement of Remeasurement Gains and Losses.

## h. Land inventory

Land inventory is carried at the lower of cost and net realizable value. Cost includes amounts for land development expenses. Land inventory is held for sale in the normal course of business.

## i. Loan receivables

Loan receivables are recorded at cost less allowance for doubtful accounts. Allowance for doubtful accounts is recognized when collection is in doubt. Loan receivables are stated at the lower of cost and net recoverable value. No interest is charged on owed amounts.

## j. Bank indebtedness

Bank indebtedness consists of cheques outstanding in excess of deposits in transit with commercial banks and short-term borrowings.

**k. Provision for contaminated sites**

The *Environmental Protection and Enhancement Act* (Alberta) sets out the regulatory requirements pertaining to contaminant releases. Under this Act, there is a requirement for the persons responsible to address a contaminant release that is causing or has caused an adverse effect. A provision in PS 3260 – Liability for Contaminated Sites is provided for sites where contamination exists that exceeds an environmental standard, The City is legally responsible or has accepted responsibility for the contamination, future economic benefits are expected to be given up and a reasonable estimate for the provision can be made.

The provision reflects The City's best estimate of the amount required to remediate sites to a condition that is suitable for the sites' intended use, as at the date of these consolidated financial statements. The provision is determined on a site-by-site basis, and is adjusted to reflect the passage of time, new obligations, regulatory changes, and changes to Administration's intent and actual remediation costs incurred.

The provision for future remediation is an estimate of the minimum costs known for sites where an assessment has been conducted and where there is available information that is sufficient to estimate costs. Where sites require ongoing monitoring or maintenance as part of the remediation plan, the present value of all estimated future costs are discounted using The City's weighted average cost of capital. The provision is included in accounts payable and accrued liabilities.

**l. Environmental provisions**

The City has a formal environmental assessment and management program in place to ensure that it complies with environmental legislation with respect to contamination. The City provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured. The provision is included in accounts payable and accrued liabilities.

**m. Deferred revenue**

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts include deferred government transfers, which are externally restricted until used for the purpose intended. Also included in deferred revenue are private contributions, advance sales of goods and services, and amounts received for licences, permits and application fees, which are recognized as revenue in the period when the related expenses are incurred to reflect the completion of The City's performance obligations.

**n. Capital deposits**

Capital deposits represent amounts received from third parties for specified capital projects. Deposits must be expended on projects for which they are designated and are recognized as revenue when the related expenditures are incurred.

**o. Asset retirement obligations**

An asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities based on information available at the financial reporting date.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally, with use of the asset, are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, The City reviews the carrying amount of the liability and recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to timing, amount of the original estimate of undiscounted cash flows, or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The City continues to recognize the liability until settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**p. Employee benefit obligations**

The cost of City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits are recognized when earned by plan members. These costs are actuarially determined using the projected benefit method prorated on service, applying The City's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Plan obligations are discounted using The City's cost of borrowing based on estimated rates for debt with maturities similar to expected future benefit payments.

Contributions to multi-employer plans are expensed when the contributions are due. No obligations are recorded for multi-employer defined-benefit pension plans administered by external parties as The City's share of those obligations is not readily determinable.

The City records the actuarially determined net fund benefit asset or liability for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that asset or liability. For non-registered defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit liability. Assets are held within The City's cash and investments accounts to fund these obligations.

Actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Adjustments arising from prior service costs due to plan amendments, changes in the valuation allowance, and net actuarial gains and losses for plans closed to new entrants are fully recognized in the year they occur. Long-term unamortized actuarial losses will be recognized in future periods in accordance with the applicable funding and accounting policies.

The vacation and overtime liability represents accrued vacation and banked overtime earned by employees that may be deferred to future years in accordance with administrative policies and contractual agreements, with assets held within The City's investment portfolio and working capital to meet these obligations.

**q. Loan guarantees**

Periodically The City provides loan guarantees on specific debt issued by Related Authorities and other entities not consolidated in The City's consolidated financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of The City until The City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, The City's resulting liability would be recorded in the consolidated financial statements.

**r. Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses before other contributions and transfers, is provided in the Consolidated Statement of Changes in Net Financial Assets for the year.

**s. Tangible capital assets**

Tangible capital assets, including assets held under capital leases, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated and contributed assets are capitalized and recorded at their estimated fair value at the time they are transferred to The City, and their corresponding revenue is recognized. Interest charges are not capitalized.

Work in progress represents assets not yet available for use and are not amortized.

Works of art for display are not recognized as tangible capital assets (Note 26).

Tangible capital assets are reviewed annually for any impairment and written down when conditions indicate that a tangible capital asset no longer contributes to The City's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its book value.

The cost, less residual value, of tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

	<b>Years</b>
Buildings	
Buildings	10-75
Leasehold improvements	5
Vehicles	
Light rail transit	25
Transit buses and fire trucks	5-20
Vehicles	5-10
Land improvements	15-25
Engineered structures	
Drainage, waterworks and wastewater distribution, and collection systems and treatment plants	15-75
Transit network	15-50
Road and transportation network	5-100
Communication networks and landfills	5-40
Electric vehicle infrastructure	15
Machinery and equipment	
Computer equipment	5
Computer software	7
Other equipment and machinery	5-20

**t. Inventories**

Inventories comprising materials and supplies are carried at the lower of cost and replacement cost.

**u. Land held for municipal purposes**

Land held for municipal purposes is comprised of land held for future civic use and is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for civic use. Land held for municipal purposes is included in tangible capital assets for financial statement purposes.

**v. Budget figures**

The 2025 budget is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget consists of the Council approved amounts for the operating budget and the capital budget, modified for capital revenue adjustments, assets capitalized on the Consolidated Statement of Financial Position, Related Authority balances, intercompany eliminations and amortization expense for tax-supported assets. The established capital budgets are for projects in which costs may be incurred over one or more years. The capital budget figures include unspent budget for ongoing projects from the preceding year.

**w. Revenues**

Revenues are recognized in the period in which the transactions or events giving rise to the revenue occur, providing the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are recognized in capital deposits (capital funds) or deferred revenue (operating funds) until used for the purpose specified. Revenue from transactions with performance obligations are recognized in the period when (or as) The City satisfies a performance obligation by providing the promised goods or services to the intended recipient. Until performance obligations are met, funds are recognized in capital deposits (capital funds) or deferred revenue (operating funds). Revenue from transactions with no performance obligations are recognized in the period when The City has the authority to claim or retain an inflow of economic resources, and identifies a past transaction or event that gives rise to an asset.

**i. Tax revenues**

Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as at December 31, 2025.

**ii. Local improvements**

Local improvements are recognized as revenue, and established as a receivable, for the property owners' share of the improvements in the period that the project expenses are incurred.

**iii. Government transfers**

Government transfers are recognized as revenues in the period in which the events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made. Where transfers are received but eligibility criteria or stipulations are not met, government transfers are recognized in capital deposits (capital grants) or deferred revenue (operating grants) until eligibility criteria or stipulations are met.

Authorized transfers from The City are recorded as expenses when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

**x. Expenses**

Expenses are recognized as they are incurred and measurable, as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expenses are recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in The City's non-financial assets on the Consolidated Statement of Financial Position.

**y. Public private partnerships**

A public private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services.

When The City controls the acquired and/or constructed asset(s), P3 costs are accounted for as follows:

- Costs incurred during construction or acquisition are recognized in the work-in-progress and liability balances based on the estimated percentage complete.
- Construction costs, as well as the combined total of future payments, are recognized as a tangible capital asset and amortized over the estimated useful life once the asset is in-service.
- Sources of funds used to finance the tangible capital asset and future payments will be classified based on the nature of the funds, such as debt, grants and/or reserves.

In the event The City does not control the asset(s), then all costs associated with the transaction are expensed in the period in which the costs are incurred.

## z. Future accounting pronouncements

Effective January 1, 2027, The City will adopt the new Conceptual Framework for Financial Reporting in the Public Sector (Conceptual Framework) and PS 1202 – Financial Statement Presentation. Effective January 1, 2030, The City will adopt PS 3251 – Employee Benefits. The City continues to assess the impact on the consolidated financial statements.

### i. Conceptual framework

The Conceptual Framework defines the nature, function, and scope of financial accounting and reporting in the public sector. It serves as the foundation for developing PSAS and applying professional judgment. This framework will replace the conceptual components of PS 1000 – Financial Statement Concepts and PS 1100 – Financial Statement Objectives.

### ii. Financial statement presentation

PS 1202 – Financial Statement Presentation standard establishes the general and specific requirements for presenting information in government consolidated financial statements. Its principles are based on the concepts outlined in the Conceptual Framework, ensuring consistency and transparency in financial reporting.

### iii. Employee benefits

PS 3251 – Employee Benefits establishes a new standard on how to account for and report obligations related to employee benefits. PS 3251 will replace PS 3250 – Retirement Benefits and PS 3255 – Post-employment Benefits.

## 2. Financial risk assessment

### a. The City's financial instruments are subject to certain risks due to its operating environment:

#### Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk is comprised of three types of risk: price risk, interest rate risk and foreign currency risk. In order to earn financial returns at an acceptable level of market risk, The City has policies and procedures in place governing asset mix, asset allocation and performance measurement.

#### i. Price risk

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The City is exposed to price risk associated with its equity investments and the underlying equity investments held in pooled funds. If equity market indices declined by 1 per cent, and all other variables are held constant, the potential loss in fair value to The City would be approximately \$10,193 (2024 – \$9,381) or 0.15 per cent (2024 – 0.15 per cent) of total non-cash investments.

#### ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be affected by a change in market interest rates.

The City is exposed to interest rate risk through its investments in fixed income securities. In general, investment returns for fixed income securities, including bonds and mortgage funds, are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term securities. The City manages the interest rate risk exposure of its fixed income investments by adjusting portfolio durations. A 1 per cent change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$187,541 (2024 – \$200,154).

The fixed income securities have the following average maturity structure:

	2025	2024
0-3 years	40.25%	34.82%
3-7 years	36.92%	33.96%
7-10 years	13.80%	14.29%
Over 10 years	9.03%	16.93%
Total	100%	100%

The City has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates, but the related future cash flows will not change. The City assesses its debt sensitivity by using a 1 per cent increase and decrease in interest rates. As at December 31, 2025, if interest rates had a 1 per cent increase with all other variables held constant, the decrease in the fair value of debt would be approximately \$173,545 (a 5.92 per cent drop without commercial paper) (2024 – \$165,316, 5.98 per cent drop without commercial paper). A 1 per cent decrease to the interest rate assumption would increase the fair value of debt by \$192,528 (a 6.56 per cent increase without commercial paper) (2024 – \$183,947, 6.66 per cent increase without commercial paper).

**iii. Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars on an annual basis using the reporting date exchange rate.

The City is exposed to foreign exchange fluctuations on its cash flows denominated in foreign currencies, and also to changes in the valuation on its assets denominated in foreign currencies attributable to fluctuations in exchanges rates. As at December 31, 2025, investments in non-Canadian assets represented 45.82 per cent (2024 – 33.73 per cent) of non-cash investments by fair value.

The impact of a change in the value of the Canadian dollar against all foreign currencies is as follows:

	2025 Fair Value	2025 2% decrease	2025 1% decrease	2025 1% increase	2025 2% increase
Foreign currency assets	\$3,091,601	\$ 63,094	\$ 31,228	\$ (30,610)	\$ (60,620)

	2024 Fair Value	2024 2% decrease	2024 1% decrease	2024 1% increase	2024 2% increase
Foreign currency assets	\$ 2,171,379	\$ 36,727	\$ 18,178	\$ (17,818)	\$ (35,287)

As at December 31, 2025, The City had zero USD (2024 – 1 USD) exchange fixed contracts in place. The City does not actively hedge the currency risk on its investments.

**Liquidity risk**

Liquidity risk is the risk that The City will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The City is subject to liquidity risk through its accounts payable and debt. To manage its liquidity risk, The City performs extensive budgeting exercises, ongoing monitoring of its short-term cash flows, and has highly liquid securities that can be easily converted to cash to ensure it meets all short-term obligations. The City maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The City maintains an unsecured short-term bank line of credit with a commercial bank to ensure funds are available to meet current and forecasted financial requirements. Furthermore, accounts payable are primarily due and settled within 30 days of receipt of an invoice. The contractual maturities of long-term debt is disclosed in Note 15.

**Credit risk**

The City is exposed to credit risk on investments arising from the potential failure of a counterparty to honour its contractual obligations. To manage the risk, The City has established an investment policy with required minimum credit quality standards and maximum exposures per-issuer and sector. The credit risk from accounts receivable is low as the majority of balances are due from government agencies.

The City is subject to credit risk with respect to tax, trade and other receivables. This operational risk arises from the possibility that taxpayers and counterparties to which The City provides services may not be able to fulfill their obligations to The City. The City mitigates these risks through its processes and by having a vast diversity of taxpayers and customers.

**3. Cash and cash equivalents**

	2025	2024
Cash on deposit	\$ 694,773	\$ 740,728
Treasury bills with original maturities of 90 days or less	3,006	28,674
	\$ 697,779	\$ 769,402

Treasury bills interest rates are approximately 2.58 per cent in 2025 (2024 – 4.39 per cent).

## 4. Investments

The City's investment portfolio is diversified at both the security and portfolio level, holding a range of investment types. The fair value and cost of all investments as at December 31 are as follows:

	2025 Fair Value	2025 Cost	2024 Fair Value	2024 Cost
Canadian fixed income	\$ 1,580,565	\$ 1,578,998	\$ 2,318,716	\$ 2,310,255
Foreign fixed income	76,629	77,723	615,692	605,790
Pooled fixed income	2,541,195	2,559,326	1,137,367	1,158,688
Mortgages	691,722	698,827	634,247	648,620
Global equities	–	–	138,679	113,113
Pooled equities	1,170,658	1,086,260	791,452	656,923
Infrastructure	562,492	462,040	483,073	403,423
Real estate	135,980	134,755	289,645	277,169
	<b>\$ 6,759,241</b>	<b>\$ 6,597,929</b>	<b>\$ 6,408,871</b>	<b>\$ 6,173,981</b>

The average yield earned from investments during the year ended December 31, 2025, was 6.78 per cent (2024 – 4.71 per cent). Investments include \$605,786 (2024 – \$677,535) in cost, and fair value of \$617,067 (2024 – \$687,521) in an internally managed portfolio comprised of money market instruments and bonds.

The following table provides a categorization of investments that are measured at fair value subsequent to initial recognition, grouped into levels (from 1 to 3) based on the degree to which the fair value is observable.

	2025 Level 1	2025 Level 2	2025 Level 3	2025 Total	2024 Level 1	2024 Level 2	2024 Level 3	2024 Total
Canadian fixed income	\$ 33,836	\$ 1,546,729	\$ –	\$ 1,580,565	\$ (17,976)	\$ 2,336,692	\$ –	\$ 2,318,716
Foreign fixed income	–	76,629	–	76,629	149,123	466,569	–	615,692
Pooled fixed income	–	1,996,839	544,356	2,541,195	50	342,441	794,876	1,137,367
Mortgages	–	691,722	–	691,722	11	634,236	–	634,247
Global equities	–	–	–	–	138,679	–	–	138,679
Pooled equities	1,001,806	160,206	8,646	1,170,658	536,001	247,404	8,047	791,452
Infrastructure	–	–	562,492	562,492	–	–	483,073	483,073
Real estate	–	–	135,980	135,980	–	148,795	140,850	289,645
	<b>\$ 1,035,642</b>	<b>\$ 4,472,125</b>	<b>\$ 1,251,474</b>	<b>\$ 6,759,241</b>	<b>\$ 805,888</b>	<b>\$ 4,176,137</b>	<b>\$ 1,426,846</b>	<b>\$ 6,408,871</b>

The following table reconciles the changes in fair value of Level 3 investments:

	2025		2024	
<b>Balance, beginning of year</b>	\$	<b>1,426,846</b>	\$	1,117,463
Remeasurement gains		<b>13,271</b>		96,007
Purchases		<b>422,997</b>		244,821
Sales		<b>(240,596)</b>		(31,445)
Investments transferred from Level 3 to Level 2 <sup>(1)</sup>		<b>(371,044)</b>		–
<b>Balance, end of year</b>	\$	<b>1,251,474</b>	\$	1,426,846

A portion of The City's investments are committed for certain purposes including reserves, capital deposits and employee benefit obligations.

## 5. Receivables

	2025		2024	
Taxes	\$	<b>86,874</b>	\$	74,005
Federal and provincial governments		<b>42,204</b>		43,646
General		<b>343,491</b>		342,021
	\$	<b>472,569</b>	\$	459,672

Included within General is \$64,992 (2024 – \$22,210) receivable from ENMAX (Note 8).

## 6. Land inventory

Land inventory includes acquisition costs of the land and the improvements to prepare the land for sale or servicing. Related development costs incurred to provide infrastructure are recorded as capital assets.

	2025		2024	
Developed land	\$	<b>57,575</b>	\$	54,599
Under development		<b>105,507</b>		106,234
Long-term inventory		<b>81,595</b>		81,903
	\$	<b>244,677</b>	\$	242,736

## 7. Other assets

	2025		2024 (Note 34)	
Long-term receivables	\$	<b>444,124</b>	\$	455,793
Other current assets		<b>12,569</b>		35,742
Loans receivable		<b>5,525</b>		10,147
Derivative assets		<b>–</b>		49
	\$	<b>462,218</b>	\$	501,731

Long-term receivables consist primarily of a receivable of \$375,152 (2024 – \$389,386) from ENMAX (Note 8). This long-term receivable from ENMAX bears interest between 4.54 per cent and 5.19 per cent (2024 – 4.54 per cent and 5.19 per cent). The City issues loans to ENMAX in accordance with a Credit Agreement between The City and ENMAX. Loan principal and interest payments are semi-annual and mature between 2029 and 2049. On a monthly basis, ENMAX is required to pay The City an administration fee of 0.25 per cent (2024 – 0.25 per cent) on the average monthly outstanding balance (Notes 15 a. i. and ii.). Long-term receivables also consist of local improvement levies recognized as revenue on the basis of full or partial completion of the related projects, a receivable from Silvera for Seniors and a receivable from St. Mary's University (Note 15 a. i.).

Other current assets consist of off-site levies billed but not yet received and balances related to townhome developments by Attainable Homes Calgary Corporation (AHCC) expected to be sold upon completion.

Loans receivable primarily consist of interest-free loans offered by AHCC to Calgarians when they purchase their housing units and are secured by The City's encumbrance on the title of each property. The interest portion of the loans is recognized as an expense. In 2025, an allowance for doubtful accounts of \$654 (2024 – \$1,263) related to the loans receivable was recognized. These loans are forgiven once the home owner sells or refinances their housing unit and a shared participation amount is repaid.

(1) \$371,044 has been transferred out of Level 3 into Level 2 due to increased observable market data.

## 8. Investment in ENMAX

- a. ENMAX is a wholly-owned subsidiary and a municipally controlled corporation of The City. ENMAX's core operations are organized into three main business segments: ENMAX Power, Versant Power and ENMAX Energy. In addition, ENMAX has obligations to provincial and US regulators for its regulated business. ENMAX maintains an independent credit rating and holds financial relationships external from The City.
- b. The financial statements of ENMAX are prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board (IASB). There were no new accounting standards effective during the year.

The following table provides condensed supplementary financial information reported separately by ENMAX:

	2025	2024
<b>Financial Position</b>		
Current assets	\$ 1,238,471	\$ 1,198,920
Capital and intangible assets	7,540,051	7,304,114
Other assets	1,387,042	1,525,077
<b>Total assets</b>	<b>\$ 10,165,564</b>	<b>\$ 10,028,111</b>
Current liabilities (including current portion of long-term debt; 2025 – \$114,368; 2024 – \$404,602)	\$ 1,010,289	\$ 1,516,388
Non-current liabilities	1,598,639	1,661,685
Long-term debt	4,028,735	3,645,142
<b>Total liabilities</b>	<b>\$ 6,637,663</b>	<b>\$ 6,823,215</b>
Accumulated other comprehensive income	\$ 57,421	\$ 138,533
Retained earnings	3,470,480	3,066,363
<b>Investment in ENMAX</b>	<b>\$ 3,527,901</b>	<b>\$ 3,204,896</b>

	2025	2024
<b>Results of Operations</b>		
Revenues	\$ 3,227,370	\$ 3,532,119
Expenses	2,720,253	3,350,871
<b>Net income</b>	<b>\$ 507,117</b>	<b>\$ 181,248</b>
<b>Changes in Shareholder's Equity</b>		
Net assets, beginning of year	\$ 3,204,896	\$ 2,951,848
Net income	507,117	181,248
Dividends paid	(103,000)	(95,000)
Other comprehensive (loss) income	(81,112)	166,800
<b>Net assets, end of year</b>	<b>\$ 3,527,901</b>	<b>\$ 3,204,896</b>

- c. The following summarizes The City's related party transactions with ENMAX:

	2025	2024
<b>Received by The City</b>		
Dividends	\$ 103,000	\$ 95,000
Local access fee	147,692	182,175
Sales of services	42,572	36,450
<b>Purchased by The City</b>		
Power and other services	\$ 349,371	\$ 172,242
Capital expenditures paid or payable	13,852	30,087

The City's accounts payable, accrued liabilities and deferred revenue include \$17,353 (2024 – \$13,707) for amounts owed to ENMAX at December 31, 2025. The City's receivables include \$440,144 (2024 – \$434,232) for amounts owing to The City by ENMAX at December 31, 2025 (Notes 5 and 7). Corresponding related-party differences between the payables and receivables for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services, and purchase of power and other services, are transacted at fair market value, which is the amount agreed upon by the parties.

Debentures in the amount of \$1,673,069 (2024 – \$1,569,156) and a municipal bond of \$291,082 (2024 – \$171,082) with an amount payable of \$280,758 (2024 – \$167,405) reported by ENMAX have been issued in the name of The City (Notes 15 a. i. and ii.).

## 9. Bank indebtedness

	2025	2024
Cheques issued in excess of deposits and operating facility <sup>(1)</sup>	\$ 79,561	\$ 100,547
Short-term borrowings <sup>(2)</sup>	416,045	410,282
	<b>\$ 495,606</b>	<b>\$ 510,829</b>

An unsecured short-term bank line of credit with a commercial bank, and a non-revolving credit facility with the Canada Infrastructure Bank, are available to The City up to an amount of \$225,000 (2024 – \$60,000), which as at December 31, 2025, had \$nil (2024 – \$nil) outstanding balance.

The City has the approved authority to issue up to \$600,000 (2024 – \$600,000) of short-term borrowings, through a combination of a bank line of credit and the issue of commercial paper. As at December 31, 2025, The City had \$416,045 (2024 – \$410,282) of short-term borrowings, which consisted of 28 promissory notes held by The City valued at \$397,914 with maturity dates from January 7 to March 27, 2026 and interest rates ranging from 2.33 per cent to 2.57 per cent (2024 – 28 promissory notes valued at \$396,322 with maturity dates from January 3 to March 26, 2025, with interest rates ranging from 3.32 per cent to 4.20 per cent). In addition, there were credit facility balances as at December 31, 2025, held by AHCC of \$18,131 (2024 – AHCC of \$13,960).

## 10. Accounts payable and accrued liabilities

	2025	2024 (Note 34)
Trade	\$ 1,052,518	\$ 927,399
Federal and provincial governments	47,650	41,146
Accrued interest	16,976	17,028
	<b>\$ 1,117,144</b>	<b>\$ 985,573</b>

## 11. Deferred revenue

Advance sales of goods and services are revenues received from operations in advance of the services being provided. Licences, permits and application fees include amounts received for building permits, business and animal licences that are recognized as revenue over the term of the underlying agreements. Government grants are externally restricted amounts that are recognized in revenue when the conditions of use are satisfied. Other contributions relate primarily to private sponsorships and donations received for which the related expenditures have not yet been incurred. These funds are recognized as revenue in the period they are used for the purpose specified.

Deferred revenue is comprised of the following:

	December 31, 2024	Contributions received	Revenue recognized	December 31, 2025
Advance sales of goods and services	\$ 27,909	\$ 183,202	\$ (178,344)	<b>\$ 32,767</b>
Licences, permits and application fees	68,496	44,851	(45,988)	<b>67,359</b>
Government grants	22,978	87,485	(72,217)	<b>38,246</b>
Other contributions	11,006	5,984	(7,159)	<b>9,831</b>
	<b>\$ 130,389</b>	<b>\$ 321,522</b>	<b>\$ (303,708)</b>	<b>\$ 148,203</b>

	December 31, 2023	Contributions received	Revenue recognized	December 31, 2024
Advance sales of goods and services	\$ 25,647	\$ 114,353	\$ (112,091)	\$ 27,909
Licences, permits and application fees	46,850	52,985	(31,339)	68,496
Government grants	20,580	87,949	(85,551)	22,978
Other contributions	13,494	5,962	(8,450)	11,006
	<b>\$ 106,571</b>	<b>\$ 261,249</b>	<b>\$ (237,431)</b>	<b>\$ 130,389</b>

(1) Included in this balance is \$56,728 from Calgary Municipal Land Corporation (CMLC) and \$148 from Attainable Homes Calgary Corporation (AHCC) (2024 – \$44,033 from CMLC and \$7 from AHCC).

(2) Consisted of promissory notes held by The City and credit facilities held by AHCC (2024 – AHCC).

## 12. Capital deposits

Capital deposits are received for various capital projects from land developers, pursuant to development agreements or the *Municipal Government Act*, and from other governments, through grants and provincial tax revenue sharing agreements. Certain deposits are allocated investment income, and some may become refundable with interest should they not be fully utilized for the designated capital projects. Capital deposits are comprised of the following:

	December 31, 2024 (Note 34)	Contributions received <sup>(1)</sup>	Revenue recognized <sup>(2)</sup>	December 31, 2025
Developer contributions	\$ 199,258	\$ 45,070	\$ (21,397)	\$ 222,931
Off-site levies	523,234	228,267	(72,340)	679,161
Centre city levies	11,301	2,550	(1,478)	12,373
Other private contributions	1,428	53,808	(23,588)	31,648
Provincial government grants	326,867	531,657	(492,546)	365,978
Federal government grants	195,980	350,985	(346,369)	200,596
	\$ 1,258,068	\$ 1,212,337	\$ (957,718)	\$ 1,512,687

	December 31, 2023	Contributions received <sup>(1)</sup>	Revenue recognized <sup>(2)</sup>	December 31, 2024 (Note 34)
Developer contributions	\$ 143,812	\$ 68,353	\$ (12,907)	\$ 199,258
Off-site levies	413,611	147,429	(37,806)	523,234
Centre city levies	9,473	1,980	(152)	11,301
Other private contributions	2,615	(550)	(637)	1,428
Provincial government grants	334,625	459,930	(467,688)	326,867
Federal government grants	284,002	132,718	(220,740)	195,980
	\$ 1,188,138	\$ 809,860	\$ (739,930)	\$ 1,258,068

(1) These amounts may include refunds of capital deposits issued due to changes in project scope.

(2) Dependent on the capital deposit agreement or legislation, amounts may be recognized into either operating or capital revenues.

## 13. Asset retirement obligations

The City's asset retirement obligations consist of:

### Landfill sites

Under environmental law, there is a requirement for closure and post-closure care of landfill sites. Closure and post-closure care includes final covering and landscaping of a landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

In 2024, The City reviewed the model supporting the provision of the landfill liability. The model was revised to ensure alignment with Alberta Environment and Protected Areas (AEPA) requirements and to reflect the current economic conditions. The City reviews the model every three years and the next review is due in 2027.

The costs are based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. The landfills have an estimated useful life of 85 to 88 years, of which 28 to 35 years remain. The duration of post-closure care is dependent on the overall activities that are required at each landfill site. A discount rate of 4.10 per cent (2024 – 4.10 per cent) was used for active landfills and 4.02 per cent (2024 – 2.90 per cent) for the closed landfills.

The unfunded liability will be funded through future contributions from the Waste and Recycling Sustainment Reserve. At December 31, 2025, the balance of the Waste and Recycling Sustainment Reserve is \$43,409 (2024 – \$31,675). The landfill asset retirement obligation asset is recorded as part of engineered structures tangible capital asset.

### Buildings

The City owns and operates several buildings that are known to have hazardous materials which are legally required to be removed in a prescribed manner upon demolition. The City has recognized an obligation for the removal of hazardous materials in these buildings, which is adjusted annually (Note 1 o.). The buildings have an estimated or revised useful life of 70-120 years from the year of acquisition or construction. The majority of the buildings will be remediated at intervals during their estimated useful life. Estimated costs have been discounted to December 31, 2025 using a discount rate of 4.10 per cent (2024 – 4.10 per cent).

### Engineered structures

The City owns and operates several engineered structures that are known to have hazardous materials and there is a legal obligation to remove them in a prescribed manner. The City has recognized an obligation for the removal of hazardous materials in these engineered structures, which is adjusted annually (Note 1 o.). The engineered structures range in useful lives from 40-100 years from the year of acquisition or construction. The majority of the engineered structures will be remediated at intervals during their estimated useful life. Estimated costs have been discounted to December 31, 2025 using a discount rate of 4.10 per cent (2024 – 4.10 per cent).

Changes to the asset retirement obligations in the year are as follows:

	December 31, 2024	Change due to TCA additions (disposals)	Settlements	Change in estimate	Accretion expense	December 31, 2025
Landfill	\$ 175,603	\$ –	\$ (1,192)	\$ 4,030	\$ 7,173	\$ 185,614
Buildings	144,630	(14)	(5,939)	(1,470)	3,896	141,103
Engineered structures	9,771	(211)	(326)	–	185	9,419
	\$ 330,004	\$ (225)	\$ (7,457)	\$ 2,560	\$ 11,254	\$ 336,136

	December 31, 2023	Change due to TCA additions (disposals)	Settlements	Change in estimate	Accretion expense	December 31, 2024
Landfill	\$ 168,280	\$ –	\$ (1,195)	\$ 3,550	\$ 4,968	\$ 175,603
Buildings	147,945	(652)	(4,471)	(2,225)	4,033	144,630
Engineered structures	10,241	–	(296)	(376)	202	9,771
	\$ 326,466	\$ (652)	\$ (5,962)	\$ 949	\$ 9,203	\$ 330,004

## 14. Employee benefit obligations

The City participates in multi-employer pension plans, sponsors defined-benefit pension plans, and post-retirement benefit plans for eligible civic employees and elected officials. The employee benefit obligations related to The City-sponsored plans represent liabilities earned but not taken by the plan members as at December 31, 2025.

The City has fully met its current year cash contribution requirements for employee benefit obligations as at December 31, 2025. Employee benefit obligations recognized on The City's Consolidated Statement of Financial Position in respect to employee benefits is as follows:

	2025 Funded <sup>(1)</sup>	2024 Funded <sup>(1)</sup>
a. Registered defined-benefit pension plans	\$ 28,585	\$ 41,559
b. Non-registered defined-benefit pension plans	48,392	46,397
c. Post-retirement benefits	113,340	112,825
d. Vacation and overtime (undiscounted)	342,638	311,191
	<b>\$ 532,955</b>	<b>\$ 511,972</b>

Obligations related to multi-employer pension plans, Local Authorities Pension Plan (LAPP) and Special Forces Pension Plan (SFPP) are not recorded by The City as The City's share is not determinable. Contributions to LAPP and SFPP for current and past service are recorded as expenses in the year in which they become due (Note 14 e. i. and ii.).

### Accounting methodology

Annual valuations for accounting purposes are completed for The City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits, using the projected unit credit actuarial cost method prorated on service. This determines the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The significant actuarial assumptions used for the valuations reflect The City's best estimates as follows:

	December 31, 2025	December 31, 2024
Year-end obligation discount rate (%)	4.73	5.14
Inflation rate (%)	2.00	2.00
Expected rate of return on plan assets (%)		
The City of Calgary Supplementary Pension Plan (SPP)	6.65	6.65
Pension Plan for Elected Officials of The City of Calgary (EOPP)	6.65	6.65
Calgary Firefighters' Supplementary Pension Plan (FSPP)	6.65	6.65

#### a. Registered defined-benefit pension plans

Certain defined-benefit pension plans are registered for Canada Revenue Agency (CRA) purposes. These plans provide benefits up to limits prescribed by the *Income Tax Act* (ITA). The assets of these plans are held in trust and The City records its share of the obligations net of plan assets.

In accordance with regulations, actuarial valuations for funding purposes are performed at least triennially for registered plans, except for the Calgary Police Supplementary Pension Plan (PSPP) (Note 14 a. iv.), to determine The City's required contributions to the plan trusts. The most recent actuarial valuations for the purposes of developing funding requirements were prepared as of the following dates:

Pension plan	Latest valuation date
FSPP	December 31, 2024
SPP	December 31, 2022
EOPP	December 31, 2024
PSPP	Not applicable

(1) The concept of funding refers to employee benefit obligations supported by dedicated assets held within The City's investments and separate trust funds specifically for this purpose.

The following table sets out the results of, and significant assumptions utilized in the most recent valuations for accounting purposes of The City sponsored registered pension plans:

	2025	2024
Fair value of plan assets – beginning of year	\$ 217,189	\$ 184,233
Contributions – employer	11,273	10,851
Contributions – member	157	149
Expected interest on plan assets	14,540	12,354
Less benefits paid	(8,520)	(7,925)
Actuarial gain	12,115	17,527
<b>Fair value of plan assets – end of year</b>	<b>\$ 246,754</b>	<b>\$ 217,189</b>
Accrued benefit obligation – beginning of year	\$ 187,388	\$ 176,293
Current period benefit cost	8,646	7,721
Interest on accrued benefit obligation	9,857	9,255
Less benefits paid	(8,520)	(7,925)
Actuarial loss	17,569	2,044
<b>Accrued benefit obligation – end of year</b>	<b>\$ 214,940</b>	<b>\$ 187,388</b>
Funded status – plan surplus	\$ (31,814)	\$ (29,801)
Unamortized net actuarial gain	60,399	71,360
Accrued benefit liability <sup>(1)</sup>	\$ 28,585	\$ 41,559
Current period benefit cost	\$ 8,646	\$ 7,721
Amortization of actuarial gains	(5,507)	(4,299)
Less member contributions	(157)	(149)
<b>Benefit expense</b>	<b>\$ 2,982</b>	<b>\$ 3,273</b>
Interest on accrued benefit obligation	\$ 9,857	\$ 9,255
Less expected interest on plan assets	(14,540)	(12,354)
<b>Benefit interest income</b>	<b>\$ (4,683)</b>	<b>\$ (3,099)</b>
<b>Total (income) expense</b>	<b>\$ (1,701)</b>	<b>\$ 174</b>

Unamortized net actuarial gains and losses are amortized over the expected average remaining service life (EARSL) of the active employee groups, except sponsored registered pension plans. For the PSPP, which is deemed a closed plan, amortization commences in the period following the determination of the gain or loss. The EARSL for each plan is:

Pension plan	2025	2024
FSPP	14.7	14.7
SPP	8.1	8.1
EOPP	12.4	13.2
PSPP	<b>Not applicable</b>	Not applicable

#### i. Calgary Firefighters' Supplementary Pension Plan

The FSPP was established on June 3, 1975. The plan is jointly administered by The City and the International Association of Firefighters (IAFF) Local 255. The plan is supplemental to the LAPP (Note 14 e. i.) and provides an annual retirement benefit of 1.4 per cent of pensionable earnings up to the year's maximum pensionable earnings (YMPE), 2 per cent of pensionable earnings over YMPE, a bridge benefit of 0.6 per cent of YMPE to age 65, and improved early retirement and death benefits up to maximum pension limits of the ITA. The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities: 55 per cent by The City and 45 per cent by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2025, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2024, as follows:

	2025 Employer	2025 Members	2024 Employer	2024 Members
Current service contributions	\$ 7,166	\$ 6,071	\$ 7,151	\$ 5,921

(1) To satisfy the obligations under these plans, assets in the amount of \$28,585 (2024 – \$41,559) are held within The City's investment portfolio.

## ii. The City of Calgary Supplementary Pension Plan

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan is supplemental to the LAPP (Note 14 e. i.) and provides an annual retirement benefit of 2 per cent of earnings, up to maximum pension limits of the ITA for years of service since the latter of February 1, 2000 and the date of eligibility for membership in the plan, as well as enhanced death benefits. The cost of future service and future additional unfunded liabilities are shared 55 per cent by The City and 45 per cent by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2025, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2022 as follows:

	2025 Employer	2025 Members	2024 Employer	2024 Members
Current service contributions	\$ 3,990	\$ 3,266	\$ 3,545	\$ 2,901

## iii. Pension Plan for Elected Officials of The City of Calgary

The EOPP commenced on October 1, 1989 and provides pension benefits of 2 per cent of taxable salary, up to a maximum pension limit of the ITA per year of service to The City elected officials who choose to participate.

At December 31, 2025, plan assets, held in trust, are invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2024 as follows:

	2025 Employer	2025 Members	2024 Employer	2024 Members
Current service contributions	\$ Nil	\$ 157	\$ Nil	\$ 149

## iv. Calgary Police Supplementary Pension Plan

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. The PSPP is deemed a closed plan as police officers who have retired after September 1, 1979 are covered under the SFPP Plan (Note 14 e. ii.).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007, the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. The liabilities associated with these continued benefits have been accounted for in accordance with PS 3250 – Retirement Benefits.

Sufficient funds are held within The City's investments to cover the liabilities as determined by the actuarial valuation for accounting purposes as at December 31, 2025.

## b. Non-registered defined-benefit pension plans

Certain plans are non-registered for CRA purposes and provide benefits beyond the limits of the ITA supplemental to the registered plans. As such, there is no legislated requirement to pre-fund these plans through external trusts and current income tax rules would impose additional costs on any external pre-funding arrangement.

Actuarial valuations for accounting purposes were performed as follows:

Pension plan	Latest valuation date
The City of Calgary Overcap Pension Plan (OCP)	December 31, 2025
The City of Calgary Police Chief & Deputy Overcap Pension Plan (PCDOPP)	December 31, 2025
The City of Calgary Fire Chief and Deputies Overcap Pension Plan (FCDOPP)	December 31, 2025
Supplementary Pension Plan for Elected Officials of The City of Calgary (EOSP)	December 31, 2025
Executive Pension Plan (EPP)	December 31, 2025
Contractual obligations	December 31, 2025

The following table sets out the results of, and significant assumptions utilized in the December 31, 2025 valuations for accounting purposes for the non-registered pension plans:

	2025	2024
Accrued benefit obligation – beginning of year	\$ 50,004	\$ 47,226
Current period benefit cost	605	529
Interest on accrued benefit obligation	2,525	2,380
Less benefits paid	(2,958)	(2,906)
Actuarial loss	4,696	2,775
Accrued benefit obligation – end of year	\$ 54,872	\$ 50,004
Funded status – plan deficit	\$ 54,872	\$ 50,004
Unamortized net actuarial loss	(6,480)	(3,607)
Accrued benefit liability <sup>(1)</sup>	\$ 48,392	\$ 46,397
Current period benefit cost	\$ 605	\$ 529
Amortization of actuarial losses	1,823	2,355
Interest on accrued benefit obligation	2,525	2,380
Total expense	\$ 4,953	\$ 5,264

Unamortized net actuarial gains and losses of the OCPP and PCDOPP are amortized over the EARSL of the active employee groups, and commence in the period following the determination of the gain or loss. Net actuarial gains and losses for plans closed to new entrants are fully amortized in the year in which they arise. The EARSL for each plan is:

Pension plan	2025	2024
OCPP	10.7	10.2
PCDOPP	6.0	6.1
FCDOPP (closed plan)	Not applicable	Not applicable
EOSP (closed plan)	Not applicable	Not applicable
EPP (closed plan)	Not applicable	Not applicable
Contractual obligations (closed plan)	Not applicable	Not applicable

The following information details the structure and benefits of each of The City's non-registered defined-benefit pension plans:

#### i. The City of Calgary Overcap Pension Plan

The OCPP commenced on February 1, 2000. The plan is sponsored and administered by The City and provides supplementary pension benefits for management employees, the Police Chief and Deputies, and the Fire Chief and Deputies.

The OCPP for management employees provides a coordinated benefit with the LAPP (Note 14 e. i.) and the SPP (Note 14 a. ii.) to provide an annual retirement benefit of 2 per cent of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The OCPP for the Police Chief and Deputies and the OCPP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 14 e. ii.) and the FSPP (Note 14 a. i.) respectively. The OCPP for the Fire Chief and Deputies is deemed a closed plan as new entrants are not eligible to participate. The Plan will continue to provide benefits to existing retirees and to grandfathered members.

#### ii. Supplementary Pension Plan for Elected Officials of The City of Calgary

The EOSSP commenced on October 1, 1999. This plan is sponsored and administered by The City, and provides a coordinated benefit with the EOSSP to provide an annual retirement benefit of 2 per cent of all pensionable earnings for the years of service recognized under the EOSSP (Note 14 a. iii.). The decision made by Council to end service accruals in the EOSSP took effect as of the 2021 election – October 18, 2021. The plan is considered closed to new entrants as of that date.

#### iii. Executive Pension Plan

The EPP was designed to provide pension arrangements for key members of senior management pursuant to individual employment contracts with The City prior to the inception of the OCPP and SPP. The EPP is deemed a closed plan as it provides no benefits to active employees; however, benefits will continue to existing retirees.

#### iv. Contractual obligations

The City has entered into individual compensation arrangements with key members of management that provide defined benefits upon retirement. These contractual obligations were grandfathered to members and have been deemed as closed as no benefits are provided to new employees; however, benefits will continue to retirees. These arrangements are sponsored and administered by The City.

1) To satisfy the obligations under these plans, assets in the amount of \$48,392 (2024 – \$46,397) are held within The City's investment portfolio.

### c. Post-retirement benefits

The post-retirement benefits programs of The City include the Pensioners and Widows/Widowers Benefit Plan (PWB) and the Supplementation of Compensation Plan.

Actuarial valuations for accounting purposes in respect of the post-retirement benefits programs were performed as follows:

	Latest valuation date
PWB	December 31, 2025
Retirement allowance (discontinued in 2024)	December 31, 2024
Supplementation of compensation	December 31, 2025

The following table sets out the results of, and significant assumptions utilized in the December 31, 2025 valuations for accounting purposes for post-retirement benefits:

	2025	2024
Accrued benefit obligation – beginning of year	\$ 76,396	\$ 76,345
Current period benefit cost	4,954	4,755
Interest on accrued benefit obligation	4,111	4,096
Less benefits paid	(2,745)	(2,819)
Curtailment gain	–	(757)
Actuarial (gain)	(1,302)	(5,224)
Accrued benefit obligation – end of year	\$ 81,414	\$ 76,396
Plan assets <sup>(1)</sup>	\$ (3,481)	\$ (3,335)
Funded status – plan deficit	\$ 77,933	\$ 73,061
Unamortized net actuarial gain	35,407	39,764
Accrued benefit liability <sup>(2)</sup>	\$ 113,340	\$ 112,825
Current period benefit cost	\$ 4,954	\$ 4,755
Amortization of actuarial gain	(5,805)	(5,787)
Curtailment gain	–	(757)
Interest on accrued benefit obligation	4,111	4,096
Total expense	\$ 3,260	\$ 2,307
Annual increase in dental and extended health costs	5.3%	5.3%

Unamortized net actuarial gains and losses are amortized as follows:

- For PWB plans where employees are actively accruing benefits, on a straight-line basis over the EARSL of such employees beginning at the times such amounts are determined; and
- For supplementation of compensation plans where employees are not actively accruing benefits, recognized in the year in which they arise.

The EARSL for each plan is:

	2025	2024
PWB	12.5	12.4
Supplemental of Compensation Plan	Not applicable	Not applicable

The following information details the structure and benefits of each of The City's post-retirement benefits:

#### i. Pensioners and Widows/Widowers Benefits (PWB)

The City sponsors optional post-retirement benefits for extended health, dental and life insurance benefits for qualifying retirees and their surviving spouses, from the date of retirement to age 65. After 10 years or age 65, the life insurance policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement. The sponsors and retirees share equally in the cost of benefits. The City's consolidated financial statements show the sponsors' portions only of the expense and the accrued benefit liability.

#### ii. Supplementation of compensation

The City sponsors a supplementation of compensation plan for employees who were disabled, or survivors of employees who were killed in the line of duty. The plan is deemed closed as employees are not actively accruing benefits.

(1) Plan assets in the amount of \$3,481 (2024 – \$3,335) to satisfy future life claims are equal to fair market value.

(2) Assets in the amount of \$113,340 (2024 – \$112,825) to satisfy the obligations under these plans are held within The City's investment portfolio.

**d. Vacation and overtime**

The vacation and overtime liability comprises the vacation and overtime that employees are allowed to defer to future years as defined in administrative policies and/or contractual agreements. Assets in the amount of \$342,638 (2024 – \$311,191) are held within The City’s investments portfolio and working capital to satisfy the obligations under these programs.

**e. Multi-employer pension plans**

Civic employees, with the exception of police officers, are members of the LAPP. Police officers are members of the SFPP. Both plans are multi-employer, defined-benefit pension plans jointly sponsored by employees and employers through the LAPP and SFPP Corporations respectively, and administered by Alberta Pension Services (APS).

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans’ obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City’s current service contributions to the plan as determined by APS for the year and no obligation is recorded in The City’s consolidated financial statements. As at December 31, 2024, the LAPP and SFPP were in surplus positions.

**i. Local Authorities Pension Plan**

The LAPP plan provides an annual retirement benefit of 1.4 per cent of earnings up to the YMPE and 2 per cent of earnings over YMPE. Under the Alberta *Public Sector Pension Plans Act*, The City and members of the LAPP plan made the following contributions:

	<b>2025 Employer</b>	<b>2025 Members</b>	2024 Employer	2024 Members
Current service contributions	<b>\$ 160,309</b>	<b>\$ 143,390</b>	\$ 149,642	\$ 132,578

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2024 of \$19,557,000 (2023 – \$15,057,000). More recent information was not available at the time of preparing these consolidated financial statements.

LAPP consists of 179,517 active members (2023 – 173,459 active members). The City’s active plan membership represents approximately 8.6 per cent (2023 – 8.5 per cent) of the total LAPP active membership as at December 31, 2024.

**ii. Special Forces Pension Plan**

The SFPP provides an annual retirement benefit of 1.4 per cent of pensionable earnings up to YMPE, 2 per cent of pensionable earnings over YMPE, a bridge benefit of 0.6 per cent of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the ITA. Under the Alberta *Public Sector Pension Plans Act*, The City and members of the SFPP made the following contributions:

	<b>2025 Employer</b>	<b>2025 Members</b>	2024 Employer	2024 Members
Current service contributions	<b>\$ 44,795</b>	<b>\$ 41,286</b>	\$ 41,118	\$ 37,737

The SFPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2024 of \$624,092 (2023 – surplus of \$553,089). More recent information was not available at the time of preparing these consolidated financial statements. The City’s 2024 contribution rates did not change as a result of this surplus.

SFPP consists of 4,867 active members (2023 – 4,742 active members). The City’s active plan membership represents approximately 48.01 per cent (2023 – 48.8 per cent) of the total SFPP active membership as at December 31, 2024.

## 15. Long-term debt

- a. Debt payable by and issued in the name of The City includes the following amounts:

	2025 Tax-supported	2025 Self-sufficient tax-supported	2025 Self-supported	2025 Total	2024 Tax-supported	2024 Self-sufficient tax-supported	2024 Self-supported	2024 Total
i. Debentures	\$ 189,039	\$ 291,893	\$ 3,751,092	\$ 4,232,024	\$ 213,255	\$ 301,556	\$ 3,668,076	\$ 4,182,887
ii. Municipal bonds	–	8,918	291,082	300,000	–	8,918	171,082	180,000
iii. Mortgages and other debt	56,848	–	33,884	90,732	58,277	–	8,684	66,961
iv. Capital lease	6,075	–	–	6,075	715	–	–	715
	<b>\$ 251,962</b>	<b>\$ 300,811</b>	<b>\$ 4,076,058</b>	<b>\$ 4,628,831</b>	<b>\$ 272,247</b>	<b>\$ 310,474</b>	<b>\$ 3,847,842</b>	<b>\$ 4,430,563</b>
Less								
Debenture debt attributable to ENMAX <sup>(1)</sup>	\$ –	\$ –	\$ (1,578,086)	\$ (1,578,086)	\$ –	\$ –	\$ (1,467,222)	\$ (1,467,222)
	<b>\$ 251,962</b>	<b>\$ 300,811</b>	<b>\$ 2,497,972</b>	<b>\$ 3,050,745</b>	<b>\$ 272,247</b>	<b>\$ 310,474</b>	<b>\$ 2,380,620</b>	<b>\$ 2,963,341</b>

Tax-supported debt is repaid using tax revenues and is the long-term debt used in tax-supported areas.

Self-sufficient tax-supported debt comprises debt for programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations.

Self-supported debt primarily relates to utility services and debt issued on behalf of ENMAX. This debt is not funded by tax revenues, but by user rates and cash flows generated from operations. ENMAX-related debt is further offset by a long-term receivable from ENMAX reported in other assets.

(1) Only debt with simultaneous payment terms is deducted from The City's long-term debt and is not included within long-term receivables.

- i. Debentures, which are predominantly held by The Province of Alberta, mature in annual amounts to the year 2050.

ENMAX is included within self-supported debt, with outstanding debentures in the amount of \$1,673,069 (2024 – \$1,569,156) of which \$1,578,086 (2024 – \$1,467,222) is not included in The City's outstanding balance. Some of The City's debenture debt has been specifically issued on behalf of ENMAX. For this debt, The City expects to realize the receivable from ENMAX and settle the external debt simultaneously. Borrowing on behalf of ENMAX is undertaken in accordance with the Credit Agreement between The City and ENMAX. The City shall service the existing debentures, which included debt issuance of \$204,545 in 2025 (2024 – \$101,934), through the disbursement of principal and interest payments. The City is liable for the outstanding ENMAX debenture debt to the debenture debt holders. On a monthly basis, ENMAX is required to pay to The City an administration fee of 0.25 per cent (2024 – 0.25 per cent) on the average monthly outstanding debenture and municipal bonds balance held by The City on behalf of ENMAX.

Other components of self-supported debt relate to:

- Local improvements, which includes debentures in the amount of \$60,208 (2024 – \$58,430). This has been issued to fund improvements that are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years.
- The debenture issued in 2014 by The City on behalf of St. Mary's University (SMU) in the amount of \$2,543 (2024 – \$2,787). In accordance with the Credit Agreements between SMU and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. SMU is required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2025, SMU is in compliance with its Credit Agreements.
- The debenture issued in 2022 by The City on behalf of Silvera for Seniors in the amount of \$8,099 (2024 – \$8,099). In accordance with the Credit Agreements between Silvera for Seniors and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. Silvera for Seniors is required to reimburse The City for all principal and interest payments with respect to the debenture on

the same day as The City disburses the payments to the debt holder. As at December 31, 2025, Silvera for Seniors is in compliance with its Credit Agreements.

- ii. The City issued its first municipal bond into the Canadian debt capital markets on March 15, 2024 and was re-opened on February 10, 2025. The bond has a coupon value of 4.20 per cent with interest paid semi-annually and it matures in the year 2034. Of the \$300,000 issued, \$291,082 was initially assigned to ENMAX. As at December 31, 2025, \$280,758 is receivable from ENMAX (Note 8) (2024 – \$167,405). The City charges ENMAX a monthly administration fee of 0.25 per cent (2024 – 0.25 per cent), calculated on the average monthly ENMAX receivable balance.
- iii. Mortgages and other debt are predominantly held by Plenary Infrastructure Calgary LP (Plenary). On September 13, 2016, The City entered into a Public Private Partnerships (P3) agreement with Plenary to design, build, finance and maintain The City's Stoney compressed natural gas bus storage and transit facility. Plenary started operating the new facility on March 12, 2019 and will continue to operate it until 2049. As at December 31, 2025, the total P3 obligation is \$56,848 (2024 – \$58,277). Also included in Mortgages and other debt are mortgages held by Canada Mortgage and Housing Corporation (CMHC), which mature in annual amounts to the year 2036, and a mortgage of AHCC that was entered into on October 22, 2025 and matures in 2075. Capital assets with a carrying value of \$51,354 (2024 – \$51,591) are pledged as collateral against the CMHC mortgages.
- iv. Capital leases include one vehicle lease entered into in 2024 and four vehicle leases entered into in 2025. All leases have a term of 3 years. In 2025, the principal payments totalled \$748 (2024 – \$82).

b. Long-term debt is repayable as follows:

	Tax-supported	Self-sufficient tax-supported	Self-supported	Less: Debenture debt attributable to ENMAX	Total
2026	\$ 26,147	\$ 14,090	\$ 318,615	\$ (98,951)	\$ 259,901
2027	25,157	11,475	321,598	(99,408)	258,822
2028	23,543	8,702	308,819	(97,761)	243,303
2029	20,790	6,443	300,085	(97,586)	229,732
2030	20,535	5,571	272,287	(98,004)	200,389
Thereafter	135,790	254,530	2,554,654	(1,086,376)	1,858,598
	<b>\$ 251,962</b>	<b>\$ 300,811</b>	<b>\$ 4,076,058</b>	<b>\$ (1,578,086)</b>	<b>\$ 3,050,745</b>

c. The maturity dates, interest rates and contractual principals for long-term debt are as follows:

Type	Maturity	Lowest interest rate range	Highest interest rate range	Ending balance
Debentures, including ENMAX	< 1 year	0.96%	4.96%	\$ 15,643
	1-3 years	1.04%	5.05%	105,209
	3-5 years	1.22%	5.22%	274,864
	5-10 years	1.67%	5.17%	1,026,825
	10-20 years	2.04%	5.45%	1,987,597
	> 20 years	2.48%	5.43%	821,887
				<b>\$ 4,232,025</b>
Municipal bonds	5-10 years	3.82%	4.26%	<b>\$ 300,000</b>
Capital leases	1-3 years	0.00%	16.68%	<b>\$ 6,075</b>
Mortgages and other	< 1 year	–	–	\$ –
	1-3 years	4.00%	4.00%	2,364
	10-20 years	1.57%	3.84%	1,012
	> 20 years	2.00%	4.29%	87,355
				<b>\$ 90,731</b>
<b>Total, including ENMAX</b>				<b>\$ 4,628,831</b>
Less: ENMAX debenture				\$ (1,578,086)
<b>Total</b>				<b>\$ 3,050,745</b>

d. Interest charges are as follows:

	2025		2025		2024		2024		
	Tax-supported	Self-sufficient tax-supported	Self-supported	2025 Total	Tax-supported	Self-sufficient tax-supported	Self-supported	2024 Total	
Debenture interest	\$ 6,680	\$ 10,906	\$ 81,286	\$ 98,872	\$ 7,583	\$ 9,522	\$ 74,743	\$ 91,848	
Municipal bonds	-	378	11,252	11,630	-	302	5,795	6,097	
Other interest and charges	21,275	-	487	21,762	27,383	236	290	27,909	
	\$ 27,955	\$ 11,284	\$ 93,025	\$ 132,264	\$ 34,966	\$ 10,060	\$ 80,828	\$ 125,854	

- e. The estimated fair value of The City's long-term debt is \$2,965,668 (2024 – \$2,765,721). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2025, for debentures with comparable maturities from The City's primary lender, The Province of Alberta.
- f. The debt limit is calculated at 1.6 times revenue (as defined in The City's Debt Policy CP2020-05) and the debt service limit is calculated at 0.28 times revenue. Incurring debt beyond these limits requires approval by Council. The calculation, taken alone, does not represent the financial stability of The City as the consolidated financial statements must be interpreted as a whole.

	2025	2024
Total debt limit (1.6 times revenue)	\$ 8,566,813	\$ 7,806,635
Total debt (short- and long-term)	3,113,313	3,134,275
Percentage of debt capacity used	36.34%	40.15%
Total debt service limit (0.28 times revenue)	\$ 1,499,192	\$ 1,366,161
Total debt service	762,031	738,974
Percentage of debt servicing capacity used	50.83%	54.09%

## 16. Tangible capital assets

	December 31, 2024	Additions/ transfers	Disposals	Write-downs	December 31, 2025
<b>Cost</b>					
Land	\$ 3,026,264	\$ 121,247	\$ (1,979)	\$ –	\$ 3,145,532
Land improvements	1,454,176	117,963	(4,167)	–	1,567,972
Engineered structures	19,926,861	1,113,124	(30,331)	–	21,009,654
Buildings	3,938,432	288,632	(24,687)	–	4,202,377
Machinery and equipment	744,089	87,066	(43,024)	–	788,131
Vehicles	1,822,674	155,285	(55,321)	–	1,922,638
	\$ 30,912,496	\$ 1,883,317	\$ (159,509)	\$ –	\$ 32,636,304
<b>Work in progress</b>					
Land	\$ 7,108	\$ 1,372	\$ –	\$ –	\$ 8,480
Construction	2,410,338	558,747	–	–	2,969,085
	\$ 33,329,942	\$ 2,443,436	\$ (159,509)	\$ –	\$ 35,613,869
<b>Accumulated amortization</b>					
Land improvements	\$ 884,075	\$ 54,170	\$ (2,872)	\$ –	\$ 935,373
Engineered structures	7,661,325	427,755	(28,878)	–	8,060,202
Buildings	1,758,816	128,189	(21,481)	–	1,865,524
Machinery and equipment	571,929	46,835	(41,690)	–	577,074
Vehicles	969,805	102,866	(46,292)	902	1,027,281
	\$ 11,845,950	\$ 759,815	\$ (141,213)	\$ 902	\$ 12,465,454
Net book value	\$ 21,483,992	\$ 1,683,621	\$ (18,296)	\$ (902)	\$ 23,148,415

	December 31, 2023	Additions/ transfers	Disposals	Write-downs	December 31, 2024
<b>Cost</b>					
Land	\$ 2,846,703	\$ 183,248	\$ (3,687)	\$ –	\$ 3,026,264
Land improvements	1,409,201	46,191	(1,216)	–	1,454,176
Engineered structures	19,212,258	740,504	(25,901)	–	19,926,861
Buildings	3,875,821	74,529	(11,918)	–	3,938,432
Machinery and equipment	732,321	27,972	(16,204)	–	744,089
Vehicles	1,726,111	142,513	(45,950)	–	1,822,674
	\$ 29,802,415	\$ 1,214,957	\$ (104,876)	\$ –	\$ 30,912,496
<b>Work in progress</b>					
Land	\$ 1,624	\$ 5,484	\$ –	\$ –	\$ 7,108
Construction	1,721,671	688,667	–	–	2,410,338
	\$ 31,525,710	\$ 1,909,108	\$ (104,876)	\$ –	\$ 33,329,942
<b>Accumulated amortization</b>					
Land improvements	\$ 833,454	\$ 51,243	\$ (622)	\$ –	\$ 884,075
Engineered structures	7,269,402	416,709	(24,786)	–	7,661,325
Buildings	1,645,873	122,925	(9,982)	–	1,758,816
Machinery and equipment	542,442	45,367	(15,880)	–	571,929
Vehicles	914,559	93,853	(39,871)	1,264	969,805
	\$ 11,205,730	\$ 730,097	\$ (91,141)	\$ 1,264	\$ 11,845,950
Net book value	\$ 20,319,980	\$ 1,179,011	\$ (13,735)	\$ (1,264)	\$ 21,483,992

In 2025, \$583,487 (2024 – \$345,075) in engineered structures, land improvements and land were contributed to The City. These contributions were represented at their fair value at the time received. Assets recognized at nominal value by The City in 2025 and 2024 consist of certain buildings and land. Work in progress land contains expenses related to the purchase of land parcels related to a tangible capital asset project. The land is being utilized to complete the project but is not ready for its intended purpose. Once the project is complete, the land is transferred out of the work in progress land category into the land category.

Cultural and historical properties and treasures are held by The City in various locations. Due to the subjective nature of the assets, they are not recorded as tangible capital assets in the consolidated financial statements (Note 26).

## 17. 2025 Budget

Budget data presented in these consolidated financial statements are based upon the 2025 operating and capital budgets as approved by Council. Council approved budgets are prepared in accordance with the *Municipal Government Act*, which in some cases is different from budget amounts prepared in accordance with PSAS and reported on the Consolidated Statement of Operations and Accumulated Surplus and Consolidated Statement of Changes in Net Financial Assets. The table below reconciles the Council approved budget to the PSAS budget figures reported in these consolidated financial statements. Actual amounts have been used to approximate budget amounts for certain reconciling items that were not included in the Council budget.

	Revenues	Expenses	Other revenues
<b>Budget as approved by Council</b>			
Operating	\$ 4,688,358	\$ 4,808,225	\$ 119,867
Capital	–	1,386,000	1,386,000
<b>Add</b>			
Operating budget adjustments and revisions	432,331	432,331	–
Capital budget adjustments and revisions	–	1,300,947	1,300,947
Related Authorities	192,997	320,582	110,055
Equity in earnings of ENMAX	300,000	–	–
Transfers between capital and operating	–	–	67,696
	<b>\$ 5,613,686</b>	<b>\$ 8,248,085</b>	<b>\$ 2,984,565</b>
<b>Less</b>			
Intercompany eliminations	\$ (19,024)	\$ (47,321)	\$ (32,163)
Contributions from Water Services and Mobility	(132,017)	(115,630)	–
Contributions from reserves and operations	(326,559)	(875,236)	–
Debt principal repayments	–	(49,769)	–
Tangible capital asset adjustments	–	(2,128,484)	–
Debt issued	–	–	(757,794)
Transfers from reserves	–	–	(1,110,282)
Amortization	–	(157,532)	–
<b>Budget for financial statement purposes</b>	<b>\$ 5,136,086</b>	<b>\$ 4,874,113</b>	<b>\$ 1,084,326</b>

## 18. Net assets

Net assets consist of restricted and unrestricted amounts of equity in non-financial assets as follows:

	2025	2024 (Note 34)
Operating fund	\$ 259,308	\$ 276,278
Capital fund	(33,358)	133,775
Local improvements to be funded in future years	58,332	55,522
Obligation to be funded in future years <sup>(1)</sup>	(234,449)	(227,264)
Reserves (Note 20)	3,883,283	3,898,434
Equity in ENMAX (Note 8) <sup>(2)</sup>	3,470,480	3,066,363
Equity in non-financial assets (Note 19)	20,644,302	18,936,371
Accumulated surplus	\$ 28,047,898	\$ 26,139,479
Accumulated remeasurement gains	218,875	373,463
	<b>\$ 28,266,773</b>	<b>\$ 26,512,942</b>

## 19. Equity in non-financial assets

	2025	2024 (Note 34)
Tangible capital assets (Note 16)	\$ 23,148,415	\$ 21,483,992
Long-term debt (Note 15)	(3,050,745)	(2,963,341)
Long-term debt (non-capital)	399,183	283,902
Inventory	98,475	85,134
Prepaid assets	48,974	46,684
	<b>\$ 20,644,302</b>	<b>\$ 18,936,371</b>

## 20. Reserves

Reserves are established and managed in accordance with the reserve's purpose and any or all conditions and/or restrictions placed on the reserve by Council. Reserve funds are transferred either to operating or capital funds for use.

	2025	2024 (Note 34)
Calgary Housing	\$ 66,063	\$ 57,805
Fiscal Stability Reserve	1,093,256	937,853
Other operating	61,201	59,485
<b>Total operating reserves</b>	<b>\$ 1,220,520</b>	<b>\$ 1,055,143</b>
Community Investment Reserve	\$ 139,701	\$ 156,814
Established Area Investment Fund	23,144	32,391
Green Line Fund	269,680	182,753
Legacy Parks Reserve	81,658	64,555
Major Capital Project Reserve	352,993	430,281
Calgary Police Service Capital Reserve	19,541	25,218
Reserve for Future Capital and Lifecycle Maintenance and Upgrade Reserve (RFC/LMUR) Merged	829,486	962,386
Other capital	89,170	82,514
<b>Total capital reserves</b>	<b>\$ 1,805,373</b>	<b>\$ 1,936,912</b>
Calgary Parking Capital Reserve Fund	\$ 162,539	\$ 158,416
Corporate Housing Reserve	77,517	64,655
General Hospital Legacy Reserve	17,702	17,660
Planning and Development Services Sustainment Reserve	77,660	96,913
Opportunity Calgary Investment Fund	67,885	60,619
Perpetual Care of the Municipal Cemeteries Reserve	26,726	26,860
Land Servicing Reserve	138,434	164,649
Utility Sustainment Reserve	165,667	215,183
Waste and Recycling Sustainment Reserve	43,409	31,675
Other sustainment	79,851	69,749
<b>Total sustainment reserves</b>	<b>\$ 857,390</b>	<b>\$ 906,379</b>
<b>Total reserves</b>	<b>\$ 3,883,283</b>	<b>\$ 3,898,434</b>

(1) Obligation to be funded in future years consists of unfunded liabilities of \$234,449 (2024 - \$227,264) for the asset retirement obligations provision (Note 13).

(2) Excluded from Equity in ENMAX is \$57,421 of accumulated other comprehensive income (2024 - \$138,533) which are reflected within the accumulated remeasurement gains of \$218,875 (2024 - \$373,463).

## 21. Net taxes available for municipal purposes

	2025	2024
Property taxes	\$ 3,454,969	\$ 3,190,867
Community Revitalization Levy	42,547	41,409
Revenue in lieu of taxes	238,385	266,526
Local improvement levies and special taxes	11,448	12,423
	<b>\$ 3,747,349</b>	<b>\$ 3,511,225</b>
Less: Provincial property taxes		
Current year levy	\$ (1,035,896)	\$ (881,550)
Prior year levy	(222)	(1,798)
Net taxes available for municipal use	<b>\$ 2,711,231</b>	<b>\$ 2,627,877</b>

The City is required to collect provincial property taxes under Section 353 of the *Municipal Government Act*. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest.

An amount of provincial property taxes receivable of \$2,221 (2024 – \$222) has been recorded at December 31, 2025 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

## 22. Related Authorities

The assets and liabilities and the operations of the following Related Authorities are included in The City's consolidated financial statements within the following department segments:

### a. Planning and development services

#### i. Calgary Economic Development Ltd.

Calgary Economic Development Ltd. (CED) is a controlled corporation of The City and was incorporated in July 1999 under the *Alberta Business Corporations Act*. CED's mandate is to position Calgary for long-term economic success and shared prosperity for all through the expansion, retention and attraction of companies, capital and talent, which results in business growth and industry development, increased investment and trade activities.

CED includes the Calgary Film Centre Ltd. (CFCL), a not-for-profit organization incorporated under the *Alberta Companies Act* in December 2009. CFCL was formed with the primary purpose of supporting the growth and development of the film, television, media and other creative industries. Inter-organizational transactions and balances are eliminated.

#### ii. Opportunity Calgary Investment Fund Ltd.

Opportunity Calgary Investment Fund Ltd. (OCIF) is a controlled corporation of The City and was incorporated in April 2018 under the *Alberta Business Corporations Act*. OCIF's mandate is to manage its Fund Reserve by creating an environment within Calgary that encourages economic recovery and growth, reduces the impact of economic downturns on citizens and businesses, and capitalizes on new opportunities to support Calgary's economic success into the future. On May 31, 2021, OCIF and The City amended the Operating and Funding Agreement to include the ability to allocate funds up to \$10,000,000 from the Fund Reserve towards investment in Fund Manager. On April 29, 2025, The City approved an additional investment of \$60,000,000 into the Fund's reserve.

**b. Infrastructure services****i. Attainable Homes Calgary Corporation**

Attainable Homes Calgary Corporation (AHCC) is a controlled corporation of The City and was incorporated in November 2009 under the *Alberta Business Corporations Act*. The purpose of AHCC is the implementation and administration of attainable housing in The City. The City has guaranteed certain indebtedness of AHCC related to losses in prior years as disclosed in Note 31 a. ii.

**ii. Calgary Municipal Land Corporation**

Calgary Municipal Land Corporation (CMLC) is a controlled corporation of The City pursuant to Section 73 of the *Municipal Government Act* and the Control of Corporations Regulation. CMLC began operations in 2007, with The City as the sole shareholder of CMLC. CMLC is accountable for the development and sale of land transferred from The City, and the implementation of public infrastructure improvements in The Rivers District, a former industrial and residential area located in downtown Calgary and beyond. On January 15, 2019, through City Bylaw authorization, Council approved an amendment to the Bylaw to extend the Rivers District Community Revitalization Levy an incremental 20 years from the originally planned end date of 2027 through to 2047. On February 13, 2019, the Lieutenant Governor of Alberta approved the amended City Bylaw pursuant to Section 381.2 of the *Municipal Government Act*.

**c. Community services****i. Calgary Arts Development Authority Ltd.**

Calgary Arts Development Authority Ltd. (CADA) is a controlled corporation of The City and was incorporated under the *Alberta Business Corporations Act* in March 2005. The mandate of CADA is to promote and direct investment in the arts to increase the sector's public and artistic impact on behalf of the residents of Calgary. CADA supports artists in the development of their skills, while supporting and strengthening the arts to benefit all Calgarians.

CADA includes cSPACE Projects (cSPACE), a not-for-profit organization incorporated under the *Alberta Companies Act* in October 2011. cSPACE was formed to promote, coordinate and facilitate real estate projects that establish affordable facilities, accommodation and education opportunities for artists and non-profit organizations operating in the arts or community sector. Inter-organizational transactions and balances are eliminated.

**ii. Calgary Housing**

Calhome Properties Ltd. (operating as Calgary Housing) delivers safe and affordable housing to Calgarians. Some of the housing is provided under agreements with The City and the Province of Alberta, which provides subsidies for certain properties. Since its inception, Calgary Housing has assumed ownership and/or management of portfolios under different agreements.

**iii. Calgary Public Library Board**

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 20 branches and the Central Library in Calgary.

**iv. Calgary TELUS Convention Centre**

The Calgary Convention Centre Authority (the Authority) is incorporated under the laws of the Province of Alberta and operates the Calgary TELUS Convention Centre (CTCC) pursuant to an operating agreement between the Authority and The City. The land, building, furniture and equipment are owned by The City, who also contributes a grant towards the operating costs of CTCC. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses to fund any net operating deficits.

# Related Authority's financial information

For the year ended December 31, 2025 (in thousands)

	Calgary Economic Development Ltd.	Opportunity Calgary Investment Fund	Attainable Homes Calgary Corporation	Calgary Municipal Land Corporation	Calgary Arts Development Authority Ltd.	Calgary Housing	Calgary Public Library Board	Calgary TELUS Convention Centre
Segment	Planning and development services	Planning and development services	Infrastructure services	Infrastructure services	Community services	Community services	Community services	Community services
<b>Financial position</b>								
Physical assets	\$ 814	\$ –	\$ 45,167	\$ 358,222	\$ 21,418	\$ 113,649	\$ 39,596	\$ 4,096
Financial assets	9,278	15,225	13,496	459,318	15,186	106,184	15,393	14,629
	\$ 10,092	\$ 15,225	\$ 58,663	\$ 817,540	\$ 36,604	\$ 219,833	\$ 54,989	\$ 18,725
Long-term debt	\$ –	\$ –	\$ 20,533	\$ 300,811	\$ 2,364	\$ 3,322	\$ –	\$ –
Financial liabilities	8,805	15,225	30,157	516,900	11,803	61,692	6,472	14,628
	\$ 8,805	\$ 15,225	\$ 50,690	\$ 817,711	\$ 14,167	\$ 65,014	\$ 6,472	\$ 14,628
Net assets	\$ 1,287	\$ –	\$ 7,973	\$ (171)	\$ 22,437	\$ 154,819	\$ 48,517	\$ 4,097
<b>Results of operations</b>								
<b>Revenues</b>								
Community Revitalization Levy	\$ –	\$ –	\$ –	\$ 41,190	\$ –	\$ –	\$ –	\$ –
Sales of goods and services	–	–	–	–	1,337	64,708	–	38,129
Government transfers, agreements and subsidies	5,418	3,399	–	–	–	82,637	7,221	–
Donated assets	–	–	–	–	–	3,750	–	–
Investment income	160	–	–	–	487	3,874	638	–
Miscellaneous revenue	1,821	–	2,551	1,967	888	4,786	3,700	–
Loss on sale of tangible capital assets	–	–	–	(677)	–	–	(24)	(57)
Internal transfers and contributions	13,164	1,824	–	6,000	24,673	(137)	65,313	3,915
Total revenues	\$ 20,563	\$ 5,223	\$ 2,551	\$ 48,480	\$ 27,385	\$ 159,618	\$ 76,848	\$ 41,987
<b>Expenses</b>								
Salaries, wages and benefits	\$ 9,968	\$ 1,255	\$ 1,556	\$ 7,159	\$ 4,049	\$ 30,376	\$ 47,085	\$ 9,102
Contracted and general services	9,869	1,118	511	9,771	22,485	58,885	18,766	5,332
Materials, equipment and supplies	–	–	–	5,845	310	1,238	7,147	21,404
Interest charges	–	–	161	21,163	147	125	–	–
Transfers	–	2,850	–	–	–	25,304	–	–
Utilities	–	–	25	89	130	12,142	1,197	1,367
Amortization	173	–	123	7,985	1,037	4,837	5,593	1,017
Accretion	–	–	–	–	–	368	–	–
Debt principal repayments	–	–	–	–	–	507	–	–
Total expenses	\$ 20,010	\$ 5,223	\$ 2,376	\$ 52,012	\$ 28,158	\$ 133,782	\$ 79,788	\$ 38,222
(Loss) Income before appropriations	\$ 553	\$ –	\$ 175	\$ (3,532)	\$ (773)	\$ 25,836	\$ (2,940)	\$ 3,765
Internal transfers	(553)	–	(175)	3,532	773	(25,836)	2,940	(3,765)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

# Related Authority's financial information

AC2026-0181  
Attachment 2

For the year ended December 31, 2024 (in thousands)

	Calgary Economic Development Ltd.	Attainable Homes Calgary Corporation	Calgary Municipal Land Corporation	Calgary Arts Development Authority Ltd.	Calgary Housing	Calgary Public Library Board	Calgary TELUS Convention Centre
Segment	Planning and development services	Infrastructure services	Infrastructure services	Community services	Community services	Community services	Community services
<b>Financial position</b>							
Physical assets	\$ 859	\$ –	\$ 324,999	\$ 22,528	\$ 98,588	\$ 40,785	\$ 980
Financial assets	7,841	26,670	444,796	15,624	80,132	16,177	10,647
	\$ 8,700	\$ 26,670	\$ 769,795	\$ 38,152	\$ 178,720	\$ 56,962	\$ 11,627
Long-term debt	\$ –	\$ –	\$ 310,473	\$ 2,353	\$ 3,829	\$ –	\$ –
Financial liabilities	7,965	18,872	449,960	12,589	46,417	5,506	11,295
	\$ 7,965	\$ 18,872	\$ 760,433	\$ 14,942	\$ 50,246	\$ 5,506	\$ 11,295
Net assets	\$ 735	\$ 7,798	\$ 9,362	\$ 23,210	\$ 128,474	\$ 51,456	\$ 332
<b>Results of operations</b>							
<b>Revenues</b>							
Community Revitalization Levy	\$ –	\$ –	\$ 64,325	\$ –	\$ –	\$ –	\$ –
Sales of goods and services	–	675	–	1,230	60,725	–	37,545
Government transfers, agreements and subsidies	5,749	–	–	–	67,592	7,222	–
Developers contributions	–	–	–	–	–	–	–
Donated assets	–	–	–	5	64	–	–
Investment income	230	2	–	590	3,343	1,048	–
Miscellaneous revenue	1,000	2,249	2,176	1,288	4,875	2,958	–
Loss on sale of tangible capital assets	–	–	–	–	7	–	–
Internal transfers and contributions	12,998	–	49,000	25,481	(761)	66,066	3,352
Total revenues	\$ 19,977	\$ 2,926	\$ 115,501	\$ 28,594	\$ 135,845	\$ 77,294	\$ 40,897
<b>Expenses</b>							
Salaries, wages and benefits	\$ 11,002	\$ 1,345	\$ 6,760	\$ 3,580	\$ 26,930	\$ 45,206	\$ 8,136
Contracted and general services	9,088	328	17,597	20,889	53,881	17,307	5,252
Materials, equipment and supplies	241	644	30,183	272	1,380	6,914	25,304
Interest charges	–	18	19,945	146	136	–	–
Transfers	–	–	–	–	22,455	–	–
Utilities	–	–	99	145	12,426	1,249	1,527
Amortization	179	–	8,701	1,004	3,394	5,539	141
Accretion	–	–	–	–	316	–	–
Debt principal repayments	–	–	–	–	613	–	–
Total expenses	\$ 20,510	\$ 2,335	\$ 83,285	\$ 26,036	\$ 121,531	\$ 76,215	\$ 40,360
(Loss) Income before appropriations	\$ (533)	\$ 591	\$ 32,216	\$ 2,558	\$ 14,314	\$ 1,079	\$ 537
Internal transfers	533	(591)	(32,216)	(2,558)	(14,314)	(1,079)	(537)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

## 23. Expenses by object

	2025	2024
Salaries, wages and benefits	\$ 2,775,284	\$ 2,523,359
Contracted and general services	601,930	684,507
Materials, equipment and supplies	611,287	539,526
Utilities	117,557	118,952
Transfers	350,772	243,861
Interest charges (Note 15)	132,264	125,854
Amortization and write-downs (Note 16)	760,717	731,361
Accretion	11,254	9,203
Loss on disposal of tangible capital assets	9,508	8,584
	<b>\$ 5,370,573</b>	<b>\$ 4,985,207</b>

## 24. Government transfers

	2025	2024
<b>Operating</b>		
Province of Alberta	\$ 175,833	\$ 169,756
Government of Canada	36,762	8,857
	<b>\$ 212,595</b>	<b>\$ 178,613</b>
<b>Capital</b>		
Province of Alberta	\$ 487,761	\$ 463,392
Government of Canada	346,369	221,456
	<b>\$ 834,130</b>	<b>\$ 684,848</b>
	<b>\$ 1,046,725</b>	<b>\$ 863,461</b>

In accordance with PSAS, government transfers related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the eligibility criteria and stipulation requirements of the agreements are met.

## 25. Segmented information

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

For each reported segment, revenues and expenses represent amounts directly attributable to each segment:

### a. Planning and development services

Responsible for planning, facilitating and building a great and sustainable Calgary through cross-functional, customer, community and regional collaboration.

### b. Infrastructure services

Responsible for designing, building and optimizing municipal infrastructure investment including the Green Line LRT Project to create inclusive, accessible, connected, resilient communities.

### c. Community services

Responsible for connecting and protecting Calgarians and communities. Working together to create and sustain healthy, safe, caring and socially inclusive communities that people want to call home.

### d. Operational services

Responsible for operating, maintaining and delivering critical services that Calgarians rely on.

### e. General government

- Corporate Planning & Financial Services is responsible for driving value and performance for the organization.
- People, Innovation & Collaboration Services is responsible for empowering and enabling employees.
- Law, Legislative Services & Security is responsible for providing legal services to The City, delivers open, accessible and impartial government services to the public, Council and The City, and secures and protects the people who work and visit our municipal facilities and amenities.
- Chief Administrative Office and Chief Operating Office is responsible for ensuring the policies and programs of the municipality are implemented, advising and informing Council on the operations and affairs of the municipality, and performing the duties and functions assigned by the *Municipal Government Act* and Council.

### f. ENMAX

ENMAX is a wholly-owned subsidiary of The City, accounted for on a modified equity basis as a government business enterprise. Note 8 of these consolidated financial statements provides condensed financial information for ENMAX.

# Schedule of financial activities by segment

For the year ended December 31, 2025 (in thousands)

	Planning and development services	Infrastructure services	Community services	Operational services	General government	ENMAX	Total consolidated 2025
<b>Revenues</b>							
Net taxes available for municipal purposes	\$ 534	\$ 32	\$ –	\$ 1,992	\$ 2,708,673	\$ –	\$ 2,711,231
Sales of goods and services	3,914	43,783	162,883	1,253,136	17,530	–	1,481,246
Government transfers related to operating							
Provincial	5,884	–	163,924	6,024	1	–	175,833
Federal	4,747	–	19,791	11,670	554	–	36,762
Investment income	2,516	37	5,270	14,336	435,173	–	457,332
Fines and penalties	15	–	29,358	27,453	19,056	–	75,882
Licences, permits and fees	121,258	1,040	23,784	24,066	147	–	170,295
Miscellaneous revenue	1,383	4,067	15,788	9,532	3,363	–	34,133
Gain (loss) on sale	(95)	6,697	855	1,828	122	–	9,407
Dividend income from ENMAX	–	–	–	–	103,000	–	103,000
Equity in gain from ENMAX	–	–	–	–	–	404,117	404,117
	\$ 140,156	\$ 55,656	\$ 421,653	\$ 1,350,037	\$ 3,287,619	\$ 404,117	\$ 5,659,238
<b>Expenses</b>							
Salaries, wages and benefits	\$ 171,430	\$ 108,881	\$ 1,148,635	\$ 909,008	\$ 437,330	\$ –	\$ 2,775,284
Contracted and general services	9,346	98,108	261,841	250,036	(17,401)	–	601,930
Materials, equipment and supplies	9,408	36,850	143,049	339,212	82,768	–	611,287
Utilities	53	532	20,435	96,537	–	–	117,557
Transfers	86,036	(2,379)	243,700	12,069	11,346	–	350,772
Interest charges	2,420	5,965	4,841	86,917	32,121	–	132,264
Amortization and write-downs (Note 16)	4,689	8,934	57,725	668,719	20,650	–	760,717
Accretion	–	523	725	10,006	–	–	11,254
Loss on disposal of tangible capital assets	–	695	1,922	6,891	–	–	9,508
	\$ 283,382	\$ 258,109	\$ 1,882,873	\$ 2,379,395	\$ 566,814	\$ –	\$ 5,370,573
<b>Net (loss) revenue before other contributions and transfers</b>	\$ (143,226)	\$ (202,453)	\$ (1,461,220)	\$ (1,029,358)	\$ 2,720,805	\$ 404,117	\$ 288,665
<b>Other contributions and transfers</b>							
Developer contributions	\$ –	\$ 43,089	\$ 11,042	\$ 148,006	\$ –	\$ –	\$ 202,137
Government transfers related to capital	10,165	430,152	163,474	230,339	–	–	834,130
Developer contributions-in-kind related to capital	–	575	8,474	574,438	–	–	583,487
	\$ 10,165	\$ 473,816	\$ 182,990	\$ 952,783	\$ –	\$ –	\$ 1,619,754
<b>Annual (deficit) surplus</b>	\$ (133,061)	\$ 271,363	\$ (1,278,230)	\$ (76,575)	\$ 2,720,805	\$ 404,117	\$ 1,908,419

# Schedule of financial activities by segment

For the year ended December 31, 2024 (in thousands)

	Planning and development services	Infrastructure services	Community services	Operational services	General government	ENMAX	Total consolidated 2024
<b>Revenues</b>							
Net taxes available for municipal purposes	\$ 103	\$ 32	\$ –	\$ 1,967	\$ 2,625,775	\$ –	\$ 2,627,877
Sales of goods and services	763	15,318	154,942	1,156,925	13,509	–	1,341,457
Government transfers related to operating							
Provincial	4,233	33	157,956	7,282	252	–	169,756
Federal	4,286	1	3,472	253	845	–	8,857
Investment income	3,693	79	5,247	15,873	287,181	–	312,073
Fines and penalties	50	–	36,789	21,935	16,957	–	75,731
Licences, permits and fees	107,293	677	20,107	25,470	430	–	153,977
Miscellaneous revenue	1,460	2,648	15,134	8,896	(78)	–	28,060
Gain (loss) on sale	–	15,627	210	683	(529)	–	15,991
Dividend income from ENMAX	–	–	–	–	95,000	–	95,000
Equity in gain from ENMAX	–	–	–	–	–	86,248	86,248
	\$ 121,881	\$ 34,415	\$ 393,857	\$ 1,239,284	\$ 3,039,342	\$ 86,248	\$ 4,915,027
<b>Expenses</b>							
Salaries, wages and benefits	\$ 156,966	\$ 101,931	\$ 1,050,883	\$ 829,152	\$ 384,427	\$ –	\$ 2,523,359
Contracted and general services	59,134	79,065	170,866	355,867	19,575	–	684,507
Materials, equipment and supplies	(919)	36,664	116,650	316,413	70,718	–	539,526
Utilities	68	615	21,384	96,871	14	–	118,952
Transfers	13,996	27	208,798	11,261	9,779	–	243,861
Interest charges	2,355	10,985	1,232	90,408	20,874	–	125,854
Amortization and write-downs (Note 16)	4,489	9,334	55,782	640,868	20,888	–	731,361
Accretion	–	607	767	7,829	–	–	9,203
Loss on disposal of tangible capital assets	–	3,916	581	4,086	1	–	8,584
	\$ 236,089	\$ 243,144	\$ 1,626,943	\$ 2,352,755	\$ 526,276	\$ –	\$ 4,985,207
<b>Net (loss) revenue before other contributions and transfers</b>	\$ (114,208)	\$ (208,729)	\$ (1,233,086)	\$ (1,113,471)	\$ 2,513,066	\$ 86,248	\$ (70,180)
<b>Other contributions and transfers</b>							
Developer contributions	\$ –	\$ 32,575	\$ 7,383	\$ 105,410	\$ –	\$ –	\$ 145,368
Government transfers related to capital	6,483	312,840	94,199	271,326	–	–	684,848
Developer contributions–in–kind related to capital	–	3,303	2,046	339,726	–	–	345,075
	\$ 6,483	\$ 348,718	\$ 103,628	\$ 716,462	\$ –	\$ –	\$ 1,175,291
<b>Annual (deficit) surplus</b>	\$ (107,725)	\$ 139,989	\$ (1,129,458)	\$ (397,009)	\$ 2,513,066	\$ 86,248	\$ 1,105,111

## 26. Unrecognized assets

The City has the following major categories of unrecognized assets:

### a. Art collections

The City has acquired various art collections for the benefit of Calgarians funded by capital infrastructure projects, donated by local artists and heritage art. As at December 31, 2025, the insured value of the various art collections is \$25,180 (2024 – \$25,180).

### b. Antique airplanes

The City has ownership of antique airplanes, which are displayed in the Hangar Flight Museum of Calgary. As at December 31, 2025, the insured value of the antique airplanes is \$6,614 (2024 – \$6,614).

### c. Crown land

The City has assets that reside/intersect on certain crown lands. The City is unable to determine a reasonable value for the crown lands.

### d. Heritage artifacts

The City has a variety of heritage artifacts that are items of cultural significance. The City is unable to determine a reasonable value for the heritage artifacts.

## 27. Related party disclosure

A related party exists when one party has the ability to exercise control or shared control over the other, which could be an individual or an entity. Related party transactions are disclosed if the transaction occurred at a value different from that which would have been arrived at if the parties were unrelated and if the transaction had a material effect on the consolidated financial statements.

Related parties include key management personnel which include members of Council, general managers and their close family members including their spouse and any dependents.

An external entity becomes a related party to The City when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

As at December 31, 2025, there are no significant transactions between related parties that differed in value or terms from those that would have been applied if the parties were unrelated. Refer to Note 8 c. for ENMAX related party disclosures.

## 28. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for various service, long-term lease and rental contracts. Contractual rights arise from the normal course of business, and are not reflected in the consolidated financial statements until revenues or assets are received. The following table summarizes the contractual rights of The City assuming no counter-party default for future assets:

	Service contracts	Long-term lease and rental agreements	Total
2026	\$ 74,481	\$ 9,978	\$ 84,459
2027	13,212	16,035	29,247
2028	12,933	21,790	34,723
2029	4,350	20,139	24,489
2030	2,343	19,508	21,851
Thereafter	6,545	654,535	661,080
	\$ 113,864	\$ 741,985	\$ 855,849

## 29. Contingent assets

In the ordinary course of business, various claims and lawsuits are brought by The City. It is the opinion of Administration that the settlement of these actions will result in The City's favour and the settlement amounts will be available for The City's use. The estimated assets value could not be disclosed due to the nature of the claims and may have an adverse effect on the outcomes. Contingent assets are not recorded in the consolidated financial statements.

### 30. Commitments and contingent liabilities

- a. Capital commitments of \$3,087,042 (2024 – \$2,452,057) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2025, on major projects and estimated obligations under various other agreements. These capital commitments were included in The City's capital budget and will be funded from capital deposits, reserves and debt in future years.
- b. Operating commitments of \$752,509 (2024 – \$504,554) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts as at December 31, 2025, and estimated obligations under various other agreements. The timing of future expenditures is uncertain; however, these operating commitments will be funded from the operating budget, reserves and deferred revenue in future years.
- c. Commitments of \$90,625 (2024 – \$88,540) related to reserves and operating leases for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating budget in the respective future years and are as follows:

2026	\$	30,091
2027		23,545
2028		14,907
2029		7,265
2030		3,410
Thereafter		11,407
	\$	90,625

- d. In the ordinary course of business, various loss claims, expropriation claims and lawsuits are brought against The City. It is the opinion of Administration that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. Where the resulting loss of various claims and lawsuits brought against The City cannot be reasonably estimated, amounts have not been recorded and Administration believes that there will be no material adverse effect on the financial position of The City.

- e. The City is responsible for the remediation of contaminated sites where The City is directly responsible or has accepted responsibility for remediation. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments. As at December 31, 2025, the provision was \$1,564 (2024 – \$1,701) and is classified in accounts payable and accrued liabilities. This provision is based on \$2,005 (2024 – \$2,091) in expenditures expected to be incurred over the next 25 years discounted at 4.50 per cent (2024 – 4.04 per cent) based on The City's weighted average cost of capital.

The liability for contaminated sites is a result of a non-sanctioned activity on a City-owned parcel of land and for a City Operations Workplace Centre. The nature of contamination includes heavy metals and petroleum hydrocarbons.

There may be uncertainty as to whether The City has a legal responsibility or accepts responsibility for a contaminated site or whether economic benefits will be foregone for a given contaminated site. However, it is not expected that the impact of any such sites would have a material impact on the consolidated financial statements at this time. When The City is able to determine that all inclusion criteria have been met, The City will accrue a liability for these future remediation costs.

- f. Where estimated environmental management costs are reasonably determinable, The City has recorded a total provision in the amount of \$2,235 (2024 – \$2,283) for environmental liabilities based on estimates of the costs to manage the sites. Such estimates are subject to adjustment based on changes in laws and regulations, and as additional information becomes available.
- g. As at December 31, 2025, there were various assessment appeals pending with respect to properties. The City makes an annual provision for property taxes that might be impacted by appeals, including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable. The outcome of those appeals would be settled from this already established provision.
- h. Alberta Tax and Revenue Administration is responsible for assessing the income tax returns filed under the payment-in-lieu-of-taxes regulation to the *Electric Utilities Act* which became effective January 1, 2001. ENMAX regularly reviews the potential for adverse outcomes in respect of tax matters and believes it has adequate provisions for these tax matters. The determination of the income tax provision is an inherently complex process, requiring Administration to interpret continually changing regulations and to make certain judgments.

- i. The City has entered into a 20-year contract for power supply from ENMAX Energy, a wholly-owned subsidiary of ENMAX, from 2007 to 2026. Under the terms of the agreement, ENMAX Energy supplies 100 per cent renewable electricity up to contracted volumes. Annual electricity prices are based on a portfolio of energy sources developed for The City by ENMAX Energy. In October 2025, The City entered into a 3-year contract for power supply from ENMAX Energy for 2027 to 2029. The contract also grants The City the right to purchase renewable energy certificates up to the contracted volumes.
- j. The City has entered into four 20-year agreements (commencing 2010, 2011, 2013, 2020) with ENMAX, for the supply of thermal energy. The annual price of the energy supplied by each agreement is a blended rate which includes a fixed charge component. During 2021, ENMAX's district energy system was sold to Calgary District Heating Inc. (CDHI), a wholly-owned subsidiary of Atlantica Sustainable Infrastructure plc, and it was agreed that all existing agreements with The City would be honoured. Additionally, The City has entered into one 25-year agreement (commencing 2024) with CDHI for the supply of thermal energy. As at December 31, 2025, the estimated future obligation for this fixed charge is \$3,018 (2024 – \$3,629).
- k. The City has entered into a 20-year agreement with ENMAX Independent Energy Solutions Inc, a wholly-owned subsidiary of ENMAX, for supply of on-site production of electricity and thermal energy at the Stoney Transit Facility until March 2039. The commitment is estimated to be \$4,368 (2024 – \$4,690).
- l. The City has entered into a 10-year agreement with ENMAX Generation Portfolio Inc, a wholly-owned subsidiary of ENMAX, for supply of on-site production of electricity and thermal energy at the Village Square Leisure Centre until December 2026. The commitment is estimated to be \$502 (2024 – \$994). The City plans to take ownership and operations thereafter.
- m. On September 5, 2020, The City entered into a development management agreement with CMLC and Werklund Centre for the design work of the Werklund Centre transformation project. This agreement was restated and amended on January 31, 2022 to provide for the construction, and further amended on June 6, 2023 to include the Olympic Plaza Transformation project. Council authorized the allocation of \$164,502 (2024 – \$123,400) towards the design and construction of the projects to be funded from the Canada Community Building Fund, Fiscal Stability Reserve and the Major Capital Project Reserve. In addition to the above funding, Council passed a Bylaw authorizing a loan of up to \$165,000 to CMLC with both principal and interest to be repaid with future Community Revitalization Levy starting in 2027 through 2047. In 2025, The City incurred \$43,635 (2024 – \$21,088) of costs which have been capitalized.
- n. On October 5, 2023, agreements were signed between The City, Calgary Sports and Entertainment Corporation, The Province and Calgary Exhibition and Stampede Limited (CESL) to develop and operate a new modern event centre, and make additional infrastructure investments in the Culture + Entertainment District. The City's commitment to the projects is \$1,111,919 (2024 – \$972,192) and will be funded via the Major Capital Project Reserve, Pay-As-You-Go and the RFC/LMUR Merged. The City incurred \$293,803 (2024 – \$104,523) of costs to date. A commitment of \$818,116 (2024 – \$867,668) has been included as a capital commitment in Note 30 a.
- o. On January 30, 2019, The City formalized a grant agreement under the public transit and green infrastructure project with The Province and the Government of Canada to construct The Green Line Light Rail Transit (LRT) project. This agreement secured contributions of up to \$1,530 million from The Province and the Federal Government, delivered through the Investing in Canada Infrastructure Program (ICIP). The agreement has since been amended and revised to address inflation and market conditions, most recently on June 3, 2025. The City has committed \$2,900 million to the project, with \$2,200 million funded from the 2013 and 2017 tax room and \$700 million funded by future tax growth, operational savings and the RFC/LMUR Merged.

## 31. Guarantees

In the normal course of business, The City enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires The City to make payments to the guaranteed party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variables that are related to an asset, liability or an equity security of the counterparty, (b) failure of a guaranteed party to perform under an obligating agreement or, (c) failure of a guaranteed party to pay its indebtedness when due. Significant guarantees The City has provided to third parties include the following:

### a. Third party debt agreements

No amounts have been accrued in the consolidated financial statements of The City with respect to the following agreements:

- i. The City has guaranteed certain indebtedness of CESL. This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CESL in the event CESL cannot fulfill its obligations to a Canadian chartered bank. The terms of these guarantees are equal to the amortization periods of the related credit facilities, which mature between 2023 and 2035. The interest rates on the credit facilities owed by CESL range from 3.58 per cent to 6.30 per cent (2024 – 4.49 per cent to 6.30 per cent). As at December 31, 2025, CESL has drawn a total of \$27,714 (2024 – \$30,004) on the total maximum available facility of \$27,714 (2024 – \$30,004). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$80,000 (2024 – \$80,000) charging certain lands owned by CESL.
- ii. The City has guaranteed certain indebtedness of AHCC. This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of AHCC in the event AHCC cannot fulfill its obligations on a revolving credit facility to a Canadian financial institution. The City guarantee is valid until December 31, 2035, when the related credit facility matures. The interest on the credit facility is Prime minus 0.75 per cent (2024 – Prime minus 0.75 per cent). As at December 31, 2025, the outstanding balance of the facility was \$4,873 (2024 – \$3,664) on the total maximum available facility of \$40,000 (2024 – \$10,000). The City, as an unconditional guarantor, holds as security a fixed and floating debenture in the amount of \$40,000 (2024 – \$10,000).

### b. Other indemnification agreements

In the normal course of business, The City may provide indemnification to counterparties that would require The City to compensate them for costs incurred as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The terms of these indemnification agreements will vary based upon the contract. The nature of the indemnification agreements prevents The City from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Any potential indemnification claims may be claimed against the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

## 32. Executive salaries and benefits

The following executive salaries and benefits are disclosed as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the *Municipal Government Act*. Executive salaries and benefits obligations have been fully funded by The City.

	Salaries	Benefits <sup>(1)</sup>	Transitional allowance <sup>(2)</sup>	2025	Salaries	Benefits <sup>(1)</sup>	Transitional allowance <sup>(2)</sup>	2024
<b>Mayor</b>								
Farkas, J	\$ 36	\$ 2	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ -
Gondek, J	185	9	2	196	212	9	-	221
	<b>\$ 221</b>	<b>\$ 11</b>	<b>\$ 2</b>	<b>\$ 234</b>	<b>\$ 212</b>	<b>\$ 9</b>	<b>\$ -</b>	<b>\$ 221</b>
<b>Councillors</b>								
Atkinson, M	\$ 20	\$ 4	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ -
Chabot, A	125	20	-	145	120	18	-	138
Clark, H	20	3	-	23	-	-	-	-
Dhaliwal, R	125	20	-	145	120	18	-	138
Jamieson, M	20	4	-	24	-	-	-	-
Johnston, L	20	4	-	24	-	-	-	-
Kelly, DJ	20	4	-	24	-	-	-	-
McLean, D	125	16	-	141	120	16	-	136
Pantazopoulos, J	20	4	-	24	-	-	-	-
Schmidt, N	20	4	-	24	-	-	-	-
Tyers, K	20	4	-	24	-	-	-	-
Ward, R	20	4	-	24	-	-	-	-
Wyness, J	125	20	-	145	120	18	-	138
Yule, A	20	4	-	24	-	-	-	-
Carra, G	105	17	62	184	120	18	-	138
Chu, S	105	17	-	122	120	18	-	138
Demong, P	105	17	32	154	120	18	-	138
Mian, J	105	17	19	141	120	18	-	138
Penner, K	105	17	19	141	120	18	-	138
Pootmans, R	-	-	-	-	109	17	14	140
Sharp, S	105	17	19	141	120	18	-	138
Spencer, E	105	17	19	141	120	18	-	138
Walcott, C	105	17	19	141	120	18	-	138
Wong, T	105	17	-	122	120	18	-	138
	<b>\$ 1,645</b>	<b>\$ 268</b>	<b>\$ 189</b>	<b>\$ 2,102</b>	<b>\$ 1,669</b>	<b>\$ 249</b>	<b>\$ 14</b>	<b>\$ 1,932</b>
Chief Administrative Officer	\$ 450	\$ 58	\$ -	\$ 508	\$ 406	\$ 54	\$ -	\$ 460
Designated Officers <sup>(3)</sup>	2,243	343	-	2,586	1,931	318	-	2,249
	<b>\$ 4,559</b>	<b>\$ 680</b>	<b>\$ 191</b>	<b>\$ 5,430</b>	<b>\$ 4,218</b>	<b>\$ 630</b>	<b>\$ 14</b>	<b>\$ 4,862</b>

(1) Benefits include The City's share of all benefits and contributions including pension, medical and dental coverage, flexible spending account, life insurance, Active Living Pass and car allowance. Councillors are also provided a transit pass, a parking stall at the City Hall complex and a special parking permit that allows them to park as required.

(2) Elected officials receive a transition allowance, upon conclusion of their service, equal to two weeks pay for each year in office, up to a maximum of twenty-six years. These allowances may be taken over several years. Transitional allowance to be paid in 2026 of \$66 for J. Gondek, \$57 for S. Chu, \$30 for P. Demong and \$19 for T. Wong.

(3) The City's designated officers are the Chief Financial Officer, City Assessor, City Clerk, City Solicitor, City Treasurer, City Auditor and Deputy Director – Finance. In 2025, there was \$433 (2024 – \$143) in retirement, holiday and vacation paid out of the ordinary course of business and severance payouts for these designated officers.

### 33. Funds held in trust

The City administers the following funds held in trusts (FHIT) on behalf of third parties. As related trust assets are not owned by The City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	December 31, 2024	Receipts	Investment income	Disbursements	December 31, 2025
Acreage Assessment Fund	\$ 538	\$ –	\$ 19	\$ –	\$ 557
Calgary Metropolitan Region Board	–	1,069	16	(99)	986
Candidate Campaign Surplus Fund	2	–	–	–	2
Community and District Parks	2,355	–	62	–	2,417
Developers' cash bonds	2,581	–	69	–	2,650
Joint Use Fund	63,143	1,577	2,040	(21,151)	45,609
Major Road Standard Oversize	1,983	8,255	41	(10,204)	75
Other miscellaneous trusts	2,717	13	67	(853)	1,944
Utility Oversize	4,950	4,163	116	(8,568)	661
	\$ 78,269	\$ 15,077	\$ 2,430	\$ (40,875)	\$ 54,901

	December 31, 2023	Receipts	Investment income	Disbursements	December 31, 2024
Acreage Assessment Fund	\$ 519	\$ –	\$ 19	\$ –	\$ 538
Candidate Campaign Surplus Fund	2	–	–	–	2
Community and District Parks	2,251	–	104	–	2,355
Developers' cash bonds	2,467	–	114	–	2,581
Joint Use Fund	59,603	1,601	1,939	–	63,143
Major Road Standard Oversize	2,452	4,993	56	(5,518)	1,983
Other miscellaneous trusts	1,450	1,512	95	(340)	2,717
Utility Oversize	6,958	2,650	272	(4,930)	4,950
	\$ 75,702	\$ 10,756	\$ 2,599	\$ (10,788)	\$ 78,269

The Acreage Assessment Fund consists of monies received from developers prior to the year 2000 pursuant to a special clause in the Standard Development Agreement whereby each developed hectare is assessed a certain sum to be used for recreational facilities in the designated community. The FHIT will continue to hold the established trusts until the monies are completely disbursed.

The Calgary Metropolitan Region Board (CMRB) was dissolved on April 30, 2025. The City entered into a memorandum of agreement with the CMRB to hold and manage the remaining assets for the benefit of the participating municipalities until a Regional Table is established.

The Candidate Campaign Surplus Fund is administered by The City on behalf of election candidates, with the funds available for use in the next general election.

The Developer Funded Infrastructure Stabilization Funds – Community and District Parks, Utility Oversize and Major Road Standard Oversize are administered by The City on behalf of the development industry, which is represented by BILD – Calgary Region. Developers of new subdivisions pay into the fund in accordance with oversize rates set out in the Standard Development Agreement Terms and Conditions. Developers who install agreed upon oversized infrastructure, which is larger than the infrastructure required to serve the development area, are reimbursed from the applicable FHIT in accordance with the Standard Development Agreement Terms and Conditions. As of 2019, the Community and District Parks Fund is no longer being collected from developers.

The Developers' Cash Bonds Fund holds monies in the form of a cash bond to secure performance by a developer under the terms of the Development Agreement.

The Joint Use Fund consists of monies held in accordance with the Joint Use and Planning Agreement with the Calgary Board of Education, the Calgary Catholic Separate School Board and the Francophone Regional Authority (the school boards). The fund is administered by the Joint Use Coordinating Committee comprised of representatives from The City and the school boards. Use of the fund is in accordance with the agreement with the school boards.

### **34. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

# Climate-Related Financial Disclosure **Unaudited**



# Background and introduction

Climate change presents both risks and opportunities for The City and all Calgarians and businesses, with implications that may affect financial and economic conditions, the environment, community safety and overall wellbeing. Managing these risks and opportunities is a core element of prudent municipal governance and long-term financial sustainability. Guided by our approved corporate strategy, The City has established a framework to integrate climate considerations into decision-making, planning and investment. The Calgary Climate Strategy – Pathways to 2050<sup>(1)</sup> (Climate Strategy) and its supporting 2023-2026 Climate Implementation Plan<sup>(2)</sup> (Implementation Plan) provide a structured approach to identifying, accounting for and coordinating climate actions across departments and business units within our defined budgeting cycle. These actions are intended to reduce climate-related risks, enhance resilience and position The City to respond effectively to emerging opportunities. While the pace and scale of the global transition to a low-carbon economy remain uncertain, the range of possible outcomes introduces material risks and opportunities for municipal operations and finances. Proactively reducing exposure and vulnerability to physical climate risks — such as flooding, drought, wildfire smoke and extreme weather — helps mitigate potential financial, operational and service delivery impacts, supporting The City's long-term sustainability and resilience.

To enhance transparency regarding how climate-related risks could affect our service delivery, assets, infrastructure and operations, for the fifth consecutive year, The City has included this Climate-Related Financial Disclosure (CRFD) in the unaudited section of the Annual Financial Report. This year's disclosure is intended to align with the International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures, demonstrating The City's ongoing commitment to strong governance and long-term resilience.

## Highlight 1: Evolution of the climate-related disclosure landscape

The first IPSASB SRS Standard, the IPSASB SRS 1, Climate-related Disclosures, was approved by IPSASB in December 2025. This Standard will be effective Jan. 1, 2028, with earlier adoption permitted. While this year's CRFD report aims to align with current IFRS standards, as The City's financial accounting and statements align with the Canadian PSAB standards, future CRFD will align with the new IPSASB public sector Climate-related Disclosures standard and future PSAB accounting standards.

## Materiality approach

The City considers climate-related information to be material if its omission or misstatement could reasonably influence decisions related to financial sustainability, service delivery or progress toward climate goals. To determine what is material, The City looks at what information matters most to interested parties and the potential impact the information has on finances and City services. As the financial risks around climate-related impacts become better understood, climate-related decision-making is expected to evolve. The City also recognizes that some data may change over time, as data quality and methodologies improve. In some cases, disclosed information relies on third-party data that may be updated or refined. To manage this, a  $\pm 5$  per cent threshold is applied to all disclosed quantitative metrics. If changes exceed this threshold, The City will restate that information.

(1) The City of Calgary. 'Calgary Climate Strategy – Pathways to 2050'. *The City of Calgary* [website], Dec. 11, 2023. <https://www.calgary.ca/environment/climate.html>

(2) The City of Calgary. 'Climate Implementation Plan 2023-2026'. *The City of Calgary* [website], Feb. 5, 2024. <https://www.calgary.ca/environment/climate/implementation-plan.html>

# Governance

The City strives for accountability, effectiveness and transparency in its climate action through governance processes that are subject to ongoing review and continuous enhancement. These processes align with ISSB expectations for robust and progressively evolving oversight and define the key roles, responsibilities, strategies and priorities that guide the identification and management of climate-related risks. Risks are assessed at multiple organizational levels, including Council, the ELT, business units and cross-corporate committees.

## Governance roles and responsibilities

Climate-action governance aligns with The City’s overall corporate governance systems. Council and its committees set the strategic direction, while the Chief Administrative Officer (CAO) and ELT provide executive leadership and oversight of climate-related risk management. All members of the ELT also support implementation across business units to ensure coordinated, organization-wide climate action (see *Figure 1*).

### Key internal groups

In addition to Council and ELT’s oversight, several key internal groups play essential roles in managing climate-related risk across the organization.

- The Climate & Environment (C&E) business unit provides oversight and technical expertise to integrate The City’s cross-corporate climate and environmental risks into decision-making. C&E collaborates with departments across the corporation to enable targeted integration in land-use planning, development and implementation of capital projects, operational services and ERM.
- The Emergency Management & Community Safety business unit oversees the Calgary Emergency Management Agency, which assesses local disaster risks — including those related to climate events — and coordinates emergency planning, disaster mitigation, community preparedness, business continuity, response and recovery activities on behalf of the local authority.
- Other key contributors support the identification and management of environmental and climate risks across the organization. This includes Water Services, Business Planning, Performance Measurement & Reporting, Capital Planning & Business Services, Asset Management Planning, Risk Management & Claims and Operational Excellence.

**Figure 1: Governance roles and responsibilities**

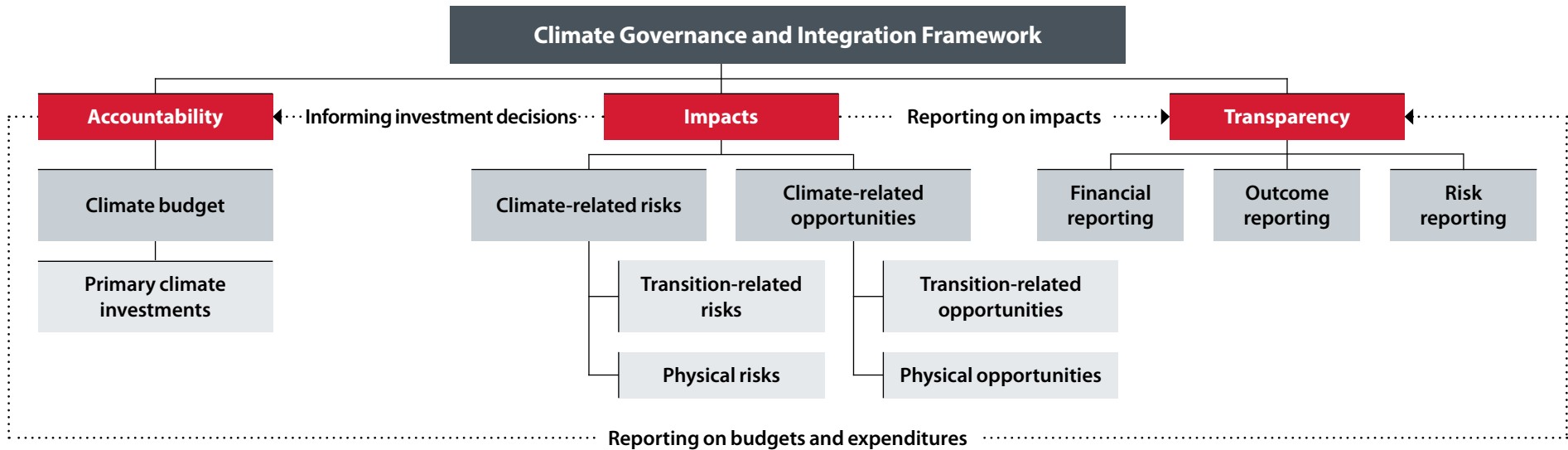


## Operational controls and assurance

At the operational level, environmental and climate risks are identified, monitored and managed through The City’s Corporate Environmental Management System (EnviroSystem). The EnviroSystem is aligned with International Organization for Standardization (ISO) 14001 and provides standards, guidance and tools for identifying, assessing and managing environmental risks and compliance obligations, including the evolving integration of climate-related risks. ISO 14001 is undergoing one of its most climate-focused shifts since its inception with the upcoming 2026 revision that will explicitly embed climate considerations into core EMS requirements. Currently, the EnviroSystem is being implemented in priority business units, with opportunities to further strengthen and expand its use. Mitigation measures, improvement actions and other risk controls are documented, tracked and reported within the EnviroSystem, ensuring consistent records that support accountability, transparency and internal and external assurance processes, including audits.

# Climate Governance and Integration Framework

**Figure 2: Corporate Climate Governance and Integration Framework**



As part of continual improvement of The City’s climate governance, The City began developing its Climate Governance and Integration Framework (The Framework) in 2023. This will help to embed climate considerations into investment, operational and delivery decisions across the organization (see Figure 2).

The Framework advanced through 2024 and 2025 and will continue to evolve as processes and cross-corporate integration strengthen. The Framework is built on three pillars, each supported by tools, processes and standard procedures:

- **Accountability:** Classifying and tracking climate-related investments and documenting responsible parties.
  - The cross-corporate Climate Budget supports this pillar by tracking investments that reduce emissions and physical climate risk, strengthening financial accountability (see Table 6).
- **Impacts:** Assessing proposed projects, programs and initiatives against climate-related risk and opportunity criteria and evaluating outcomes for reporting.
  - Risk assessment tools identify climate hazards and risk exposure of new and existing infrastructure.
  - Energy and emissions modelling tools compare the emissions impacts of investment options and report emissions.

- **Transparency:** Ensuring effective reporting and disclosure of climate-related investment outcomes.
  - The City uses its established reporting and disclosure mechanisms to support this pillar (see Figure 3).

Further enhancements to all three pillars are planned for 2026 and beyond, including deeper integration with business and financial planning processes and continued improvement of tool outputs.

## Highlight 2: Corporate Carbon Budget approach adjustment

Previous disclosures noted that The City was developing a target-based Corporate Carbon Budget as part of The Framework. The Corporate Carbon Budget was intended to identify a planned limit on the greenhouse gas (GHG) emissions The City could produce over a set period, based on The City’s 2050 climate target. To better align with service planning and budgeting, The City is now exploring an adjusted approach that more effectively integrates GHG and carbon considerations into decision-making. Detailed tracking and monitoring of corporate GHG emissions and modelling of future GHG emissions remain key priorities.

## Corporate climate reporting and disclosure mechanisms

The five primary channels for corporate climate reporting and disclosure are shown in *Figure 3* below. These reports and information platforms enhance transparency and strengthen corporate governance and accountability by consistently monitoring and communicating climate-related information to leadership, Council and the public. By integrating climate performance data into financial and operational reporting, these channels enable informed decision-making, align climate actions with strategic objectives and Council priorities and strengthen oversight of The City's progress toward its climate goals.

**Figure 3: The City's corporate climate reporting and disclosure channels**

### Annual Financial Report

*Audit Committee,  
public*

This Annual Financial Report provides a comprehensive view of The City's consolidated financial statements, supporting effective governance, accountability and transparency. The FSDA includes a detailed risk management section and the annual CRFD can be found in the unaudited section. Historical reports are available here:

[calgary.ca/our-finances/annual-reports](https://calgary.ca/our-finances/annual-reports)

### Principal Corporate Risk Report

*Executive Leadership Team,  
Audit Committee*

The Principal Corporate Risk Report is a semi-annual update on The City's risk profile across ten Principal Corporate Risks (PCRs), including the Climate and Environmental Risk. It provides a snapshot of the current risk landscape, highlighting the importance of proactive and coordinated risk management.

### Climate Progress Report

*Community Development Committee*

Biennial report outlining The City's progress on the climate mitigation and adaptation actions presented in the Implementation Plan, and progress toward the long-term goals and targets of the Calgary Climate Strategy. Historical reports are available here:

[calgary.ca/environment/progress/climate-action](https://calgary.ca/environment/progress/climate-action)

### Quarterly reports

*Executive Committee,  
public*

Quarterly reports summarize progress on The City's four-year Service Plans and Budgets, aligned with Council priorities. They include updates on how key climate and environmental projects contribute to priorities and enhanced service experience. Historical reports are available here:

[calgary.ca/our-finances/performance-report](https://calgary.ca/our-finances/performance-report)

### Climate & Environment Dashboard

*Public-facing dashboard*

The Climate & Environment Dashboard enhances transparency by providing a comprehensive view of key climate and environmental performance metrics and community indicators. The Dashboard is backed by the Climate & Environmental Analytics System (CEAS), which is a governance and reporting platform that tracks and supports disclosure of The City's climate performance. In 2025, The City expanded its data warehouse, improved internal dashboards and refined reporting processes. Additionally, the Dashboard is updated as data becomes available and therefore is the source for the most current data. Access the Dashboard here:

[climate-and-environment-dashboard-thecityofcalgary.hub.arcgis.com](https://climate-and-environment-dashboard-thecityofcalgary.hub.arcgis.com).

## Governance assessment and improvement

The City continues to strengthen climate governance across the organization. In alignment with governance categories, key improvements in 2025 included:

Aspect of governance	Key improvements in 2025	Aspect of governance	Key improvements in 2025
<b>Strategic direction and priorities</b>	<ul style="list-style-type: none"> <li>Developed the Capital Prioritization Framework – Climate and Environment, a standard operating procedure that supports assessment and prioritization of capital and infrastructure investments based on climate and environmental criteria.</li> </ul>	<b>Performance reporting</b>	<ul style="list-style-type: none"> <li>Continued to enhance the CEAS and associated dashboard, including the development of a new Climate Resilient Goal landing page and new metrics, including Average Summer Temperature and Calgarians’ Perspectives on Climate Change for public reporting to support performance evaluation and transparency.</li> <li>Integration of climate information, including highlights of the Benchmark YYC<sup>(1)</sup>, ClimateReadyYYC<sup>(2)</sup> program and investments in flood mitigation infrastructure into the 2025 Q1, Q2 and Q3 corporate quarterly reports.</li> </ul>
<b>Organizational structure and accountabilities</b>	<ul style="list-style-type: none"> <li>Water Accountability Committee continued to advance corporate alignment, oversight and accountability on risk management, financial oversight, regulatory assurance, service direction and strategic resource planning related to water. This included the integration of climate-related risks.</li> <li>Completed a portfolio-level Climate Risk and Resilience Assessment for Calgary Transit (see <i>Highlight 4</i>). This assessment delivered a detailed and forward-looking evaluation of how climate change is impacting Calgary Transit’s infrastructure, operations and service delivery. It underscores the need for strengthening existing and future physical infrastructure while enhancing operational resilience.</li> </ul>	<b>Risk management</b>	<ul style="list-style-type: none"> <li>Integrated climate-related risk assessments and energy efficiency measures into long-term capital planning and asset management to support climate-ready investments and address climate risks to City infrastructure.</li> <li>Established a new Principal Corporate Risk focused on climate and environmental risk.</li> </ul>
<b>Collaborative action in operational leadership</b>	<ul style="list-style-type: none"> <li>Began undertaking analysis to understand the financial impact climate-related risks may have on specific service areas and asset components at The City to provide better information for decision-makers. To be completed in 2026.</li> <li>Conducted three systems-thinking and leadership workshops between leaders of core business units and corporate priorities to advance the integration of climate-related risk into City processes, decision-making and budgets.</li> <li>Developed a Facilities Climate Adaptation Investment Guidance Dashboard (see <i>Highlight 5</i>).</li> </ul>		

(1) <https://www.calgary.ca/environment/programs/building-energy-benchmarking-program>

(2) <https://www.calgary.ca/environment/programs/equity>

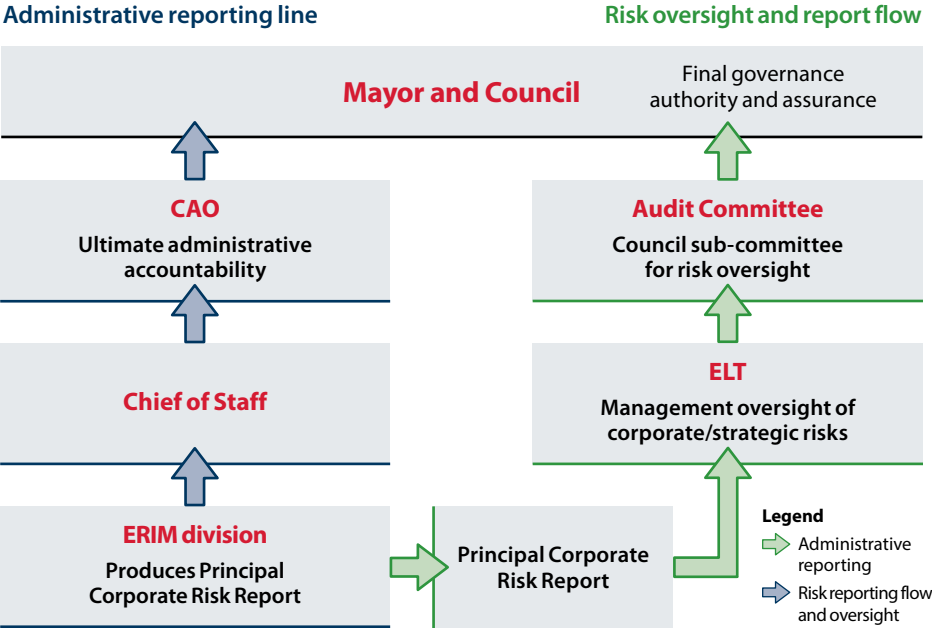
# Risk management and strategy

The City’s climate-related risk management and strategy is integrated into an organization-wide approach to identifying, assessing and managing risks. It connects corporate, business unit and project-level processes — such as the Corporate Risk Profile, Business Unit Risk Registers (BURRs), environmental aspect assessments and climate-specific tools — to create a consistent view of climate risks across all levels of decision-making. This coordinated structure strengthens alignment between ERM and climate strategies, supports evidence-based planning and investment and enables The City to proactively manage both current and emerging climate risks as conditions evolve. A comprehensive overview of The City’s complete and updated PCRs can be found in the FSDA.

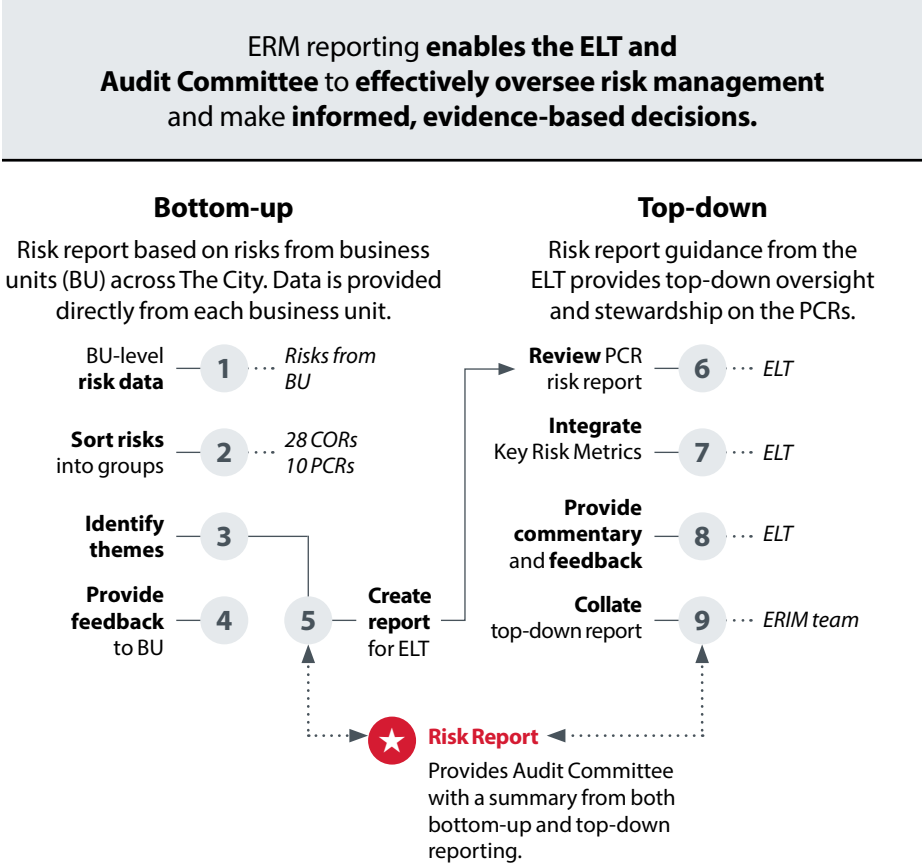
## Enterprise Risk & Issues Management Framework

To ensure risk management is embedded in decision-making across The City, the ERM program was integrated into the Chief Administrative Office and combined with the Issues and Opportunities function, forming the Enterprise Risk & Issues Management (ERIM) division. Under the CAO’s direction, ERIM provides a coordinated, proactive approach to identifying, assessing and managing risks and opportunities that impact The City’s ability to achieve its strategic objectives. This governance structure (see Figure 4) underpins the corporate risk review process and strengthens alignment between ERM and cross-corporate climate-related risk strategies.

**Figure 4:**  
Enterprise risk management (ERM) governance and reporting structure



**Figure 5:**  
The City’s corporate risk review process



## Corporate risk review process

The City's corporate risk review process provides a consistent and systematic approach to identifying, analyzing and reporting risks that may affect The City's ability to achieve its objectives. The primary output of this process is The City's corporate risk profile.

The ERIM team updates The City's corporate risk profile semi-annually (see *Highlight 3*) based on information from the 10 PCR. Each PCR is evaluated based on likelihood and impact and rated on a five-point scale: slight, low, medium, high or extensive. The risk profile also includes information on risk response progress, risk trends and assessment of risk appetite and tolerance.

PCRs are assessed using both bottom-up and top-down approaches (see *Figure 5*) and consider internal and external pressures that may influence risk ratings, trends or response strategies. Climate change is considered a key external pressure affecting multiple PCRs, particularly due to the impact of severe weather events on The City's assets, infrastructure, workforce and residents. ELT monitors and discusses these risks, with a focus on mitigating threats to strategic objectives while identifying opportunities. The Climate and Environmental PCR, which addresses physical climate, environmental and GHG-related Corporate Operating Risks (COR), is one of the ten PCRs that make up The City's corporate risk profile.

### Highlight 3: 2025 Year-End Risk Profile

In the 2025 Year-End Risk Profile, the Climate and Environmental PCR was rated as "high" with a "stable" trend. The City's risk response is "in progress" and the risk response will continue to evolve while being closely monitored.

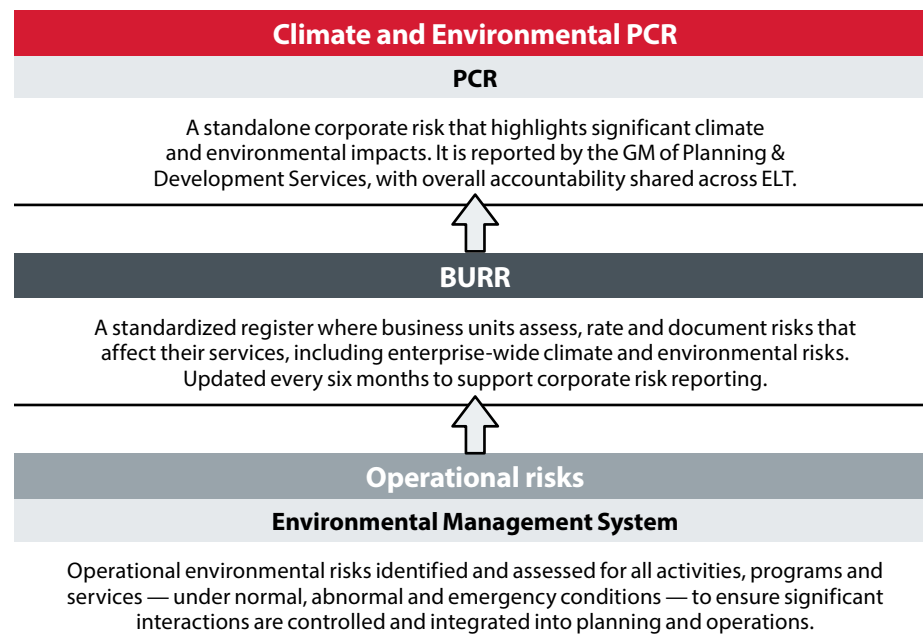
## Coordinating The City's climate and environmental risk management

In 2025, The City established a standalone Climate and Environmental PCR and Accommodating Growth PCR to replace the previous Sustainable City PCR. The Sustainable City PCR was a complex risk that included population growth, development pressures, affordability and climate and environmental impacts. Separating the risks improved clarity in reporting, strengthened focus through better monitoring and prioritization and enhanced accountability for demonstrating risk pressures, response effectiveness and interdependencies. The General Manager of Planning & Development Services reports on the Climate and Environmental PCR and Accommodating Growth PCR and ELT remains accountable for managing all PCRs.

BURRs complement the corporate risk process by providing a system for business units to assess and document risks affecting their services or the wider corporation. BURRs capture key drivers, ratings, impacts and mitigation measures and are updated every six months to inform The City's corporate risk profile.

At the operational level, through The City's Environment Policy and Corporate EnviroSystem standards, business units are required to identify and evaluate environmental aspects, which are activities or conditions that interact with the environment during normal, abnormal or emergency operations. This process ensures significant environmental interactions are recognized, controlled and integrated into strategic decisions surrounding business plans and budgets, project design, service delivery, operations and emergency preparedness. While the requirement applies to all business units, The City is still progressing toward full participation and complete data coverage. Priority business units have submitted their environmental aspects, while some areas remain in progress or under resourced. Efforts are underway to address these gaps, improve consistency and strengthen the integration of climate-related risk into the EnviroSystem. *Figure 6* shows how climate-related operational risks flow into BURRs and ultimately into the Climate and Environmental PCR.

**Figure 6:**  
Climate, environmental and operational risk integration



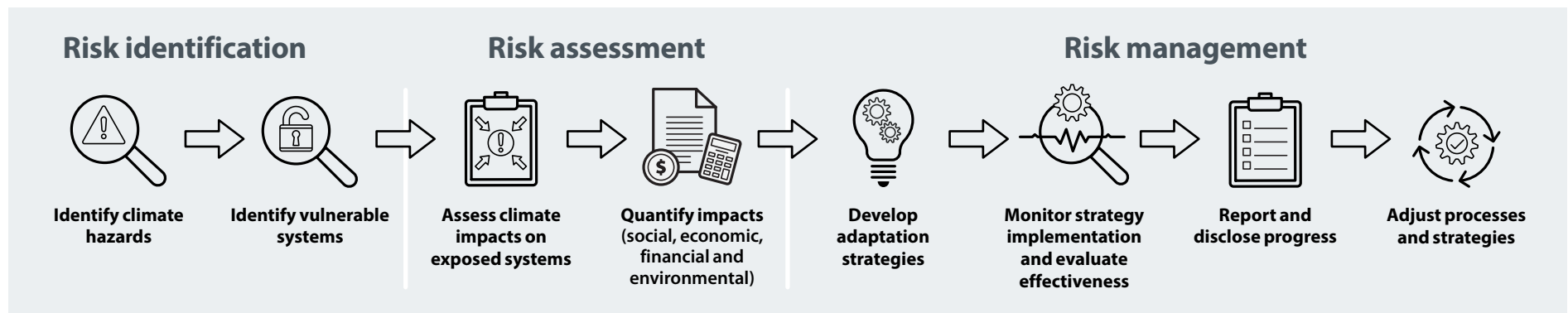
## Climate-related risk and opportunities

The integrated approach described in the Risk management and strategy section enables The City to systematically identify, track and manage climate risks across all levels of decision-making. The following section outlines the key climate-related risks and opportunities identified, the tools used to assess their impacts and the strategies, plans, policies and initiatives in place to address them.

### Climate-related physical risks and opportunities

Climate-related physical risks and opportunities refer to the direct impacts of climate change on the environment, human health and wellbeing, built infrastructure and assets, City operations and service provision and delivery to Calgarians. *Figure 7* below highlights The City's physical risks identification, assessment and management process.

**Figure 7: The City's Climate-related physical risk assessment process**



### Physical risk identification

The City uses climate projections to describe how Calgary is likely to experience climate change based on current global emission trends and scenario analysis best practices. This information is detailed in The City's 2022 Climate Projections Report<sup>(1)</sup> and uses historical (1981-2010), medium-term, 2050s (2041-2070) and long-term, 2080s (2071-2100) time horizons. Using these projections, The City assesses Calgary's specific physical climate risks through various approaches and scenario analyses.

(1) The City of Calgary. 'Climate Projections for Calgary'. *The City of Calgary* [website], Jan. 10, 2025. <https://www.calgary.ca/content/dam/www/uep/esm/documents/climate-projections-calgary-2024.pdf>

## Physical risk assessment

The City uses three tools to assess and manage physical climate risks: the Community Climate Risk Index (CCRI) for community-level risks, the Climate Risk and Resilience Assessment (CRRA) for corporate assets and services and the Climate Risk Screening Assessment (CRSA) for project-level analysis. Together, these tools use climate projections and standardized qualitative and quantitative methods to identify vulnerabilities, assess exposure and inform risk reduction measures. As of 2025, The City has completed 22 CRRAs and 15 CRSAs on a range of initiatives including multi-tenant master planned developments, public spaces, water utility projects and service-line portfolio assessments (see *Highlight 4*). Complementary tools that focus on individual hazards have also been developed, such as the Urban Heat Map that concentrates on the hazard of extreme heat. *Table 1* below summarizes these tools and their applications.

### Highlight 4: Calgary Transit analysis

In 2025, a CRRA and associated financial analysis for the whole of Calgary Transit was completed, helping foster an improved understanding of climate risk to Transit service delivery, staff and assets. The analysis also identifies adaptation measures and investment strategies to reduce risk to Transit's assets in 2025 and beyond.

**Table 1: Physical risk assessment tools**

Assessment tool	Tool type	Tool description	Tool use
<b>CCRI</b>	Composite index	CCRI is an internal tool that evaluates climate hazard exposure and vulnerability for each Calgary community. It supports the development of climate risk profiles, providing evidence-based insights to guide place-based planning and climate adaptation.	Assessing exposure, likelihood and vulnerability help identify where climate adaptation measures are most needed to support Calgarians. The resulting community climate risk profiles are attached to local area plans and guide community-wide adaptation policies. The CCRI also provides climate risk context for infrastructure projects.
<b>CRRA and CRSA processes</b>	Risk assessment processes	<p>The CRRA is a collaborative, detailed assessment of climate risk for City-owned infrastructure and facilities. It identifies specific risks and informs design measures to reduce physical climate impacts and protect service delivery.</p> <p>The CRSA is a streamlined version of the CRRA that uses a screening model on later-stage public infrastructure projects to quickly identify opportunities to reduce physical climate risk.</p>	These processes identify climate hazards and risks, inform project teams and guide design decisions to create more resilient City assets and services. They are applied to both existing and new infrastructure, as well as to service portfolios such as Calgary Transit.
<b>Urban heat mapping and research</b>	Spatial analysis model	The Urban Heat Map is a public tool that identifies neighbourhoods with higher heat exposure and the factors contributing to it, such as vegetation levels and impermeable surfaces. It also shows key social exposure and vulnerability indicators. Urban heat research improves the accuracy of this mapping, identifies effective heat-reduction strategies and models the cooling benefits of increasing Calgary's tree canopy.	<p>The Urban Heat Map informs heat-mitigation policies in planning documents, including local area plans. It supports community planning, urban forestry and infrastructure projects by providing heat-exposure context. Researchers and students also use it for urban design and climate studies.</p> <p>Heat research has guided Urban Forestry investments, including the 2 Billion Trees program and Facilities in selecting tree-planting sites and will be used to track the effectiveness of heat-mitigation strategies.</p>

In addition to physical risk assessments, The City has conducted economic and financial analyses to quantify climate change impacts, supporting evidence-based risk reduction and highlighting the societal costs of inaction and the benefits of proactive adaptation. These insights guide strategic capital planning, budget allocation and long-term fiscal sustainability in climate risk management (see *Highlight 5*). *Table 2* below details the analyses and their applications.

### Highlight 5: Facilities Climate Adaptation Investment Guidance Dashboard

In 2025, a Facilities Climate Adaptation Investment Guidance Dashboard was developed to support evidence-based decision-making on adaptation investments. The Dashboard outlines the recommended scale and timing of investments and provides a clear business case to support budget approvals aimed at managing both current and long-term climate-related risks to facility assets. Applied at both the portfolio and individual-project levels, the tool helps identify where targeted adaptation measures can deliver long-term value by reducing operational disruptions and minimizing repair and asset renewal costs associated with climate-related hazards.

**Table 2: Climate-related financial and economic analysis resources**

Assessment tool	Resource type	Resource description	Resource use
<b>Climate-related financial impact analysis</b> <i>(ongoing)</i>	Report	The City is undergoing a limited scope climate-related financial impact analysis to quantify historical extreme-weather costs, project future financial risks and demonstrate the value of investing in climate adaptation. This is expected to be complete by Q3 2026.	This is foundational work for evaluating climate-related financial risks to better understand current and future costs to key services and assets, including mobility, water, wastewater, stormwater, buildings and natural assets. The results will help inform asset management planning, capital prioritization, budgeting and long-term resilience investments by translating climate risks into financial impacts. It will also establish the methodology for future work expanding the scope of climate-related financial impacts to other City services and assets.
<b>Valuation of natural assets</b>	Spatial analysis model	The natural asset valuation approach measures the ecosystem service value and replacement cost of natural assets, recognizing their intrinsic worth. An update to the natural asset valuation model is underway and expected to be available to City staff as a value calculation interface in late 2026.	This approach recognizes how natural assets help reduce climate risk and supports decisions to better protect, restore and manage them. Key uses include assessing how development affects natural asset services, integrating natural assets into corporate asset management and climate reporting and guiding operational and capital investment decisions across natural City parks. The initial 2021 assessment found Calgary's natural assets provide roughly \$2.5 billion in annual service value <sup>(1)</sup> .
<b>Heat and wildfire smoke economic analysis</b> <i>(ongoing)</i>	Report	Launched at the end of 2025, the Economic Impact Assessment for heat and wildfire smoke will evaluate current and future financial risks and economic impacts on Calgarians, businesses and the broader Calgary community. It will also identify populations that are disproportionately affected by these hazards.	This analysis will strengthen The City's understanding of the economic impacts of heat and wildfire smoke on Calgarians, businesses and institutions. It will help identify where targeted actions can reduce risks, impacts and costs for both the organization and the community. These insights will guide the prioritization of actions in the heat and wildfire smoke plan.
<b>Financial analysis of climate risks and adaptation – City buildings<sup>(2)</sup></b>	Lifecycle cost model	This assessment evaluates the rising climate-related costs to The City's building portfolio and recommends cost-effective strategies to reduce risk to building components. Increasing climate hazards are projected to add \$1.6 billion in lifecycle costs between 2025 and 2095 (2021 dollars).	This tool calculates the lifetime savings of proactive versus reactive climate-adaptation investments for City facilities. It identifies the optimal timing and scale of adaptation measures and pinpoints building components with the highest return on investment. The tool has directly informed the Facilities Energy & Environment Annual Investment Plan and related budget requests and has been used to support climate-adaptation funding for three building renovation projects.

(1) Valuation of Natural Assets. Analysis Summary. Nov. 12, 2021: [https://hdp-ca-prod-app-cgy-engage-files.s3.ca-central-1.amazonaws.com/6616/5369/8199/Natural\\_Asset\\_Valuation\\_Summary.pdf](https://hdp-ca-prod-app-cgy-engage-files.s3.ca-central-1.amazonaws.com/6616/5369/8199/Natural_Asset_Valuation_Summary.pdf)

(2) Boyd, R.1, Kwan, C.1, Iffrig, A.2, Kowalczyk, T.2 and Zukiwsky, J.1, 2023: Financial Analysis of the Climate Resilience Funding Gap for City Facilities: Adapting City Buildings for Climate Change. Technical Report prepared by All One Sky Foundation and Associated Engineering for the City of Calgary.

## Climate-related physical risks

Calgary's geographical location exposes the city to a range of climate-related physical risks, including acute events like floods and severe storms and chronic hazards such as temperature shifts, wildfire smoke and prolonged droughts. These risks place pressure on City infrastructure, operations and natural systems<sup>(1)</sup> (see *Highlight 6*), while also creating opportunities to modernize assets and strengthen emergency preparedness through investments in climate adaptation. Effectively managing these risks is essential to financial planning, reliable service delivery, affordable insurance and long-term resilience and affordability for Calgarians and businesses. Strengthening resilience to climate-related hazards is good business practice, strengthening Calgary's competitiveness and positioning us as a forward-looking city that attracts people, businesses and investors. *Table 3* below highlights Calgary's physical risks, impacts and The City's strategic responses.

### Highlight 6: Hail resilience post 2024 storm

After the catastrophic 2024 hailstorm, The City created a Hail Resilience Program to strengthen both community and corporate resilience to future hail events. The Program includes hail-exposure mapping, a hail-equity impact analysis and a Hail Resilience Improvement Network with residential sectors. With hailstorms causing about \$6 billion in insured losses in Alberta over the past five years, this resilience-focused approach aims to reduce future damage and claims, protect property and support long-term insurance affordability for Calgarians.

**Table 3: Climate-related physical risks, impacts and responses for The City of Calgary**

Climate-related physical risks	Description of risk	Corporate impacts	Strategic response
<p><b>Hazard:</b> shifting seasons</p> <p><b>Risk type:</b> chronic</p> <p><b>Time horizon:</b> mid- to long-term (2041–2100)</p> <p><b>Likelihood:</b> very high</p>	<p>Changes in seasonal patterns affect multiple aspects of Calgary's built and environmental systems.</p> <ul style="list-style-type: none"> <li>• Earlier spring snowmelt changes the timing of annual water availability.</li> <li>• Longer summer and growing season shifts water demand patterns.</li> <li>• Changes in freeze-thaw cycles can damage infrastructure.</li> <li>• Vegetation impacts, invasive species spread and changing disease susceptibility in parks and private gardens.</li> </ul>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>• Changes in freeze-thaw cycles can damage infrastructure.</li> <li>• Increasing need for road repairs.</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>• Increasing annual cost to maintain parks and natural assets stressed by seasonal changes and acute climate hazards (e.g. pest management and urban forest maintenance).</li> <li>• Shifting road maintenance seasons.</li> <li>• Shifting municipal water demand and seasonal source water supply.</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>• Shifting seasonal patterns disrupt tree and vegetation biological timing causing damage and loss of critical ecosystem services provided by natural assets.</li> <li>• Invasive species (e.g. Emerald Ash Borer, Dutch Elm Disease) could cause complete destruction of whole species of trees, resulting in an estimated cost of \$80 million over 10 years to remove and replace the impacted assets.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>• Integrated Pest Management Policy (2020).</li> <li>• Drought Resilience Plan (2023).</li> <li>• Water Efficiency Plan (2026).</li> <li>• Water Security Roadmap (2026).</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>• Federal funding has been secured to increase tree planting in the city.</li> <li>• Hydrologic forecasting and coordinated water reservoir and dam operations.</li> <li>• Climate resilience considerations integrated into the Calgary Plan, which remains underway in 2026.</li> </ul>

(1) Catastrophe Indices and Quantification Inc. CatIQ Discloses Updated Industry Loss for the Calgary Hailstorm of August 5, 2024. CatIQ [website], 12 February 2025. <https://public.catiq.com/2025/02/10/cad-3-253-b-catiq-discloses-updated-industry-loss-for-the-calgary-hailstorm-of-august-5-2024/>

**Table 3: Climate-related physical risks, impacts and responses for The City of Calgary (continued)**

Climate-related physical risks	Description of risk	Corporate impacts	Strategic response
<p><b>Hazard:</b> <b>severe storms (heavy rain, hail, snow/ice)</b></p> <p><b>Risk type:</b> acute</p> <p><b>Time horizon:</b> short- to mid-term (present–2070)</p> <p><b>Likelihood:</b> high</p>	<p>Intense storms can overwhelm city drainage infrastructure, leading to localized flooding. Severe hail, high winds and intense rainfall can damage built and natural assets and create dangerous conditions.</p> <ul style="list-style-type: none"> <li>Hailstorms have damaged billions of dollars worth of private and public assets (built and natural) in Calgary over the past few years (e.g. the 2020 and 2024 hailstorms resulted in a combined \$4.41 billion of insured losses<sup>(1)</sup>).</li> <li>Significant damage and loss of urban tree canopy due to severe storms in 2014, 2020 and 2024.</li> <li>Public and private infrastructure (built and natural) can be damaged and essential services and transportation networks may be temporarily unavailable.</li> </ul>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>Increased closures of public facilities, and impact on access to services and service delivery reliability.</li> <li>Increased life cycle and replacement costs to municipal assets (e.g. stormwater infrastructure, facilities, fleet, etc.).</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>Increasing emergency response, clean-up costs and staff redeployment (e.g. the spring thaw and flood event in March 2023 led to nearly 35,000 service requests at a cost of approx. \$500,000).</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>Significant increase in damage to trees and other natural infrastructure, resulting in ecosystem service loss, costs for response/ clean-up and increased risk to public safety and property (e.g. tree failures).</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>Stormwater Management Strategy (2023).</li> <li>Climate resilience considerations integrated into the Calgary Plan, which remains underway in 2026.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>Emergency response and clean-up to repair public and private property and restore essential services.</li> <li>The Community Drainage Improvement Program reduces local flood risk.</li> <li>The Alberta Climate Ready Homes project is informing climate resilience to severe hail and basement flooding in the residential home sector.</li> <li>The City has designed and is implementing a new hail resilience program (2025/2026).</li> <li>Federal funding through the 2 Billion Trees program has been secured to increase tree planting and offset some of the urban tree canopy loss.</li> </ul>

(1) L. Twidle, Managing Director, CatIQ, personal communication, February 14, 2025.

**Table 3: Climate-related physical risks, impacts and responses for The City of Calgary (continued)**

Climate-related physical risks	Description of risk	Corporate impacts	Strategic response
<p><b>Hazard:</b> <b>drought</b></p> <p><b>Risk type:</b> chronic and acute</p> <p><b>Time horizon:</b> short- to long-term (present–2100)</p> <p><b>Likelihood:</b> high</p>	<p>Natural and seasonal variabilities in the water system will be exacerbated by climate change, with increased risk of drought.</p> <ul style="list-style-type: none"> <li>Municipal, agricultural and industrial water supply impacts.</li> <li>Ecological, social and economic consequences from disruptions in water availability and change in quality.</li> </ul>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>Impacts to natural assets and infrastructure.</li> <li>Irrigated sports fields, public pools, splash parks and landscaping assets may be impacted.</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>Increased operational cost, including staffing, infrastructure, communications, bylaw enforcement, water and wastewater treatment.</li> <li>Increased costs to maintain regulatory compliance for wastewater discharge.</li> <li>Water treatment challenges due to shifting water quality and decreased water supply.</li> <li>Increased variability in water utility revenue projections and pressure on financial reserves.</li> <li>Increasing annual cost to maintain parks and natural assets stressed by seasonal drought (e.g. pest management, habitat restoration and urban forest maintenance).</li> <li>Loss of public recreation opportunities due to recreational asset disruption.</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>Loss of ecosystem services provided by natural assets.</li> <li>Increased stress to aquatic ecosystems and species.</li> <li>Increased incidence and severity of wildfires.</li> <li>Increased susceptibility to disease, pests and invasive species.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>Drought Resilience Plan (2023).</li> <li>Water Utility Bylaw update (2025).</li> <li>Water Efficiency Plan (2026).</li> <li>Climate resilience considerations integrated into the Calgary Plan, which remains underway in 2026.</li> <li>Updates planned to Calgary’s Zoning Bylaw for drought resilient landscaping outcomes.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>Implementation of the Drought Resilience Plan (2023).</li> <li>Implementation of annual Demand Management Program, including operational business units’ Demand Management Response Plans; Voluntary Water Sharing Agreements with other water users in shared watershed.</li> <li>Continued participation in Province-led studies for water supply infrastructure projects.</li> <li>Model long-term climate impacts to water supply through the Water Security Roadmap.</li> <li>Updated Water Utility Bylaw Outdoor Water Use Restrictions (2025).</li> <li>Updated Water Efficiency Plan, including planned implementation of outdoor watering schedules to address peak demand and encourage efficient watering practices, underway for 2026 approval.</li> </ul>

**Table 3: Climate-related physical risks, impacts and responses for The City of Calgary (continued)**

Climate-related physical risks	Description of risk	Corporate impacts	Strategic response
<p><b>Hazard:</b> <b>extreme temperatures</b> <b>Risk type:</b> chronic and acute <b>Time horizon:</b> short- to long-term (present–2100) <b>Likelihood:</b> high</p>	<p>Calgary is increasingly vulnerable to high temperatures and heat waves, as many buildings lack cooling due to historically moderate summers. The urban heat island effect amplifies temperatures in developed areas.</p>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>• Increase in annual building energy and water demand and associated costs for space cooling.</li> <li>• Increased cost to provide public cooling amenities (e.g. indoor cooled spaces, shade structures, water fountains and features etc.).</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>• Decreased worker productivity and adjustment to project schedules.</li> <li>• Increased staff exposure to health impacts from extreme temperatures.</li> <li>• Increased potential for infrastructure failure if materials cannot withstand extreme temperatures.</li> <li>• Increased adaptability in recreational program design required (e.g. redundancy in booking indoor and outdoor spaces).</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>• Increased susceptibility to disease, pests and invasive species.</li> <li>• Increased risk of drought and wildfires.</li> <li>• Water temperature increases and stress to aquatic ecosystems.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>• Climate resilience considerations integrated into the Calgary Plan, which remains underway in 2026.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>• Enhanced public communications leading up to and during heat waves.</li> <li>• Urban heat mapping tool that identifies “hot spots” for planning heat mitigation efforts, including in Local Area Plans.</li> <li>• Enhanced planting, care and protection of trees to reduce urban heat effects.</li> <li>• Additional public water stations during the summer months.</li> <li>• Assessment of economic impacts of rising temperatures and extreme heat to Calgarians, businesses and institutions to support a strategy.</li> </ul>
<p><b>Hazard:</b> <b>wildfire</b> <b>Risk type:</b> chronic and acute <b>Time horizon:</b> short- to long-term (present–2100) <b>Likelihood:</b> medium</p>	<p><b>Impacts on communities</b></p> <ul style="list-style-type: none"> <li>• Fires in wildland-urban interface areas can burn homes, roads and utility infrastructure, causing risks to public safety and property damage. Communities considered to be in wildland-urban interface areas are limited within the city.</li> </ul> <p><b>Impacts to source water quality</b></p> <ul style="list-style-type: none"> <li>• Contaminants from fire retardants or burned areas can impact source waters through runoff and debris flows. Significant impacts to water treatment are only likely if widespread catastrophic wildfires occur in forested areas upstream of Calgary’s water intakes.</li> </ul>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>• Damage to infrastructure due to wildland-urban interface fires.</li> <li>• Sediment, ash and debris can impact water treatment infrastructure.</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>• Short-term deterioration of water quality may increase operational water treatment costs.</li> <li>• Long-term and cumulative impacts may lead to algal blooms over multiple seasons.</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>• Increased erosion, runoff and peak flows to receiving water bodies.</li> <li>• Mobilized pollutants can alter stream chemistry.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>• The City has initiated scoping for a risk-based Wildland-Urban Interface Strategy for communities in the interface area.</li> <li>• Source Water Protection Plan and Drinking Water Safety Plan.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>• Glenmore Water Treatment Plant wildfire pilot (completed).</li> <li>• Fire foam PFAS (per- and poly-fluoroalkyl substances) study and advocacy (completed).</li> </ul>

**Table 3: Climate-related physical risks, impacts and responses for The City of Calgary (continued)**

Climate-related physical risks	Description of risk	Corporate impacts	Strategic response
<p><b>Hazard:</b> <b>wildfire smoke</b></p> <p><b>Risk type:</b> chronic and acute</p> <p><b>Time horizon:</b> short- to mid-term (present–2070)</p> <p><b>Likelihood:</b> high</p>	<p>Wildfire smoke can impact Calgary’s air quality with high particulate matter (PM2.5). Smoke can cause irritation to eyes, nose and throat as well as respiratory challenges or trouble breathing, especially for vulnerable populations.</p>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>Increasing costs to upgrade building HVAC systems for higher temperatures and poor air quality.</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>Decreased labour productivity and adjustment to outdoor work schedules.</li> <li>Cancellations of outdoor events and programming and the need to provide suitable back-up indoor-use spaces.</li> <li>Considerations for providing indoor clean-air spaces.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>Climate resilience considerations integrated into the Calgary Plan, which remains underway in 2026.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>HVAC system upgrades in municipal buildings to improve indoor air quality.</li> <li>Operational adjustments to protect staff’s health and wellbeing.</li> <li>Assessment of economic impacts of wildfire smoke to Calgarians, businesses and institutions to support development of a strategy.</li> </ul>
<p><b>Hazard:</b> <b>river flooding</b></p> <p><b>Risk type:</b> acute</p> <p><b>Time horizon:</b> short- to long-term (present–2100)</p> <p><b>Likelihood:</b> medium</p>	<p>The Bow and Elbow Rivers have the potential to result in severe flooding during spring mountain snowmelt combined with heavy rainfall events (e.g. the 2013 flood caused approx. \$5 billion in damages<sup>(1)</sup>).</p>	<p><b>Assets and infrastructure</b></p> <ul style="list-style-type: none"> <li>Damage and repair costs to municipal infrastructure and maintenance of infrastructure flood protection.</li> <li>Increase in building life-cycle costs.</li> </ul> <p><b>Operations and service delivery</b></p> <ul style="list-style-type: none"> <li>Emergency response, evacuation and clean-up costs.</li> <li>Disruption to City services and associated revenue losses.</li> </ul> <p><b>Natural environment</b></p> <ul style="list-style-type: none"> <li>Potential for bank erosion and loss of riparian area.</li> </ul>	<p><b>Strategies, policies and plans</b></p> <ul style="list-style-type: none"> <li>Flood Resilience Plan (2018).</li> <li>Stormwater Management Strategy (2023).</li> <li>Land-Use Bylaw (2026 update).</li> <li>Updates to the Calgary Plan and Zoning Bylaw planned for flood policy and regulation.</li> </ul> <p><b>Projects, programs and funding</b></p> <ul style="list-style-type: none"> <li>Flood Resilience Program.</li> <li>Over \$1 billion invested in local and upstream flood mitigation infrastructure.</li> <li>Springbank Off-stream Reservoir (SR1) completed in 2025 — protecting Elbow River communities to a 1:200 flood level.</li> <li>Worked with Province to finalize updated flood hazard mapping (2025).</li> <li>Updating regulatory (land-use) framework for flood-resilient development and property-level flood risk reduction.</li> <li>Progressed City studies on related river hazards such as erosion/channel meander and river-driven groundwater.</li> </ul>

(1) The City of Calgary. Flooding in Calgary – Flood of 2013. *City of Calgary* [website], Feb. 18, 2025. <https://www.calgary.ca/water/flooding/history-calgary.html>

The City's 2022 Climate Projections Report indicates that climate-related events are expected to become more frequent and severe. As Calgary grows — and property and infrastructure values rise — exposure to these risks will also increase, leading to higher long-term costs for both The City and Calgarians. Investing in climate adaptation is essential to maintaining a resilient, livable city (see *Highlight 7*).

Climate impacts are not experienced equally across Calgary. Seniors, low-income residents and racialized communities face higher physical climate risks. Using the CCRI (see *Table 1*), The City identifies these vulnerable communities and supports them in reducing and managing their risks (see *Highlight 8*). While these risks can be reduced, they cannot be fully eliminated, so The City continually updates its risk management and emergency response strategies.

### **Highlight 7: Impact of The City's Flood Resilience Program**

Since the 2013 flood, Calgary has significantly strengthened its flood resilience through major community and upstream mitigation investments. Completion of the downtown Bow River flood barrier and the Springbank Off-Stream Reservoir on the Elbow River in 2025 have substantially increased protection. Together, these measures have reduced overall flood-risk exposure by approximately 70 per cent.

### **Highlight 8: Climate Resilient Communities**

The City created the Climate Resilient Communities working group in 2023 to bring diverse perspectives into climate-adaptation planning. The group has provided guidance on addressing climate risks for vulnerable populations and co-developed ClimateReadyYYC, a grant program that funds projects supporting those most affected by climate impacts. As of 2025, ClimateReadyYYC has supported 29 community resilience initiatives.

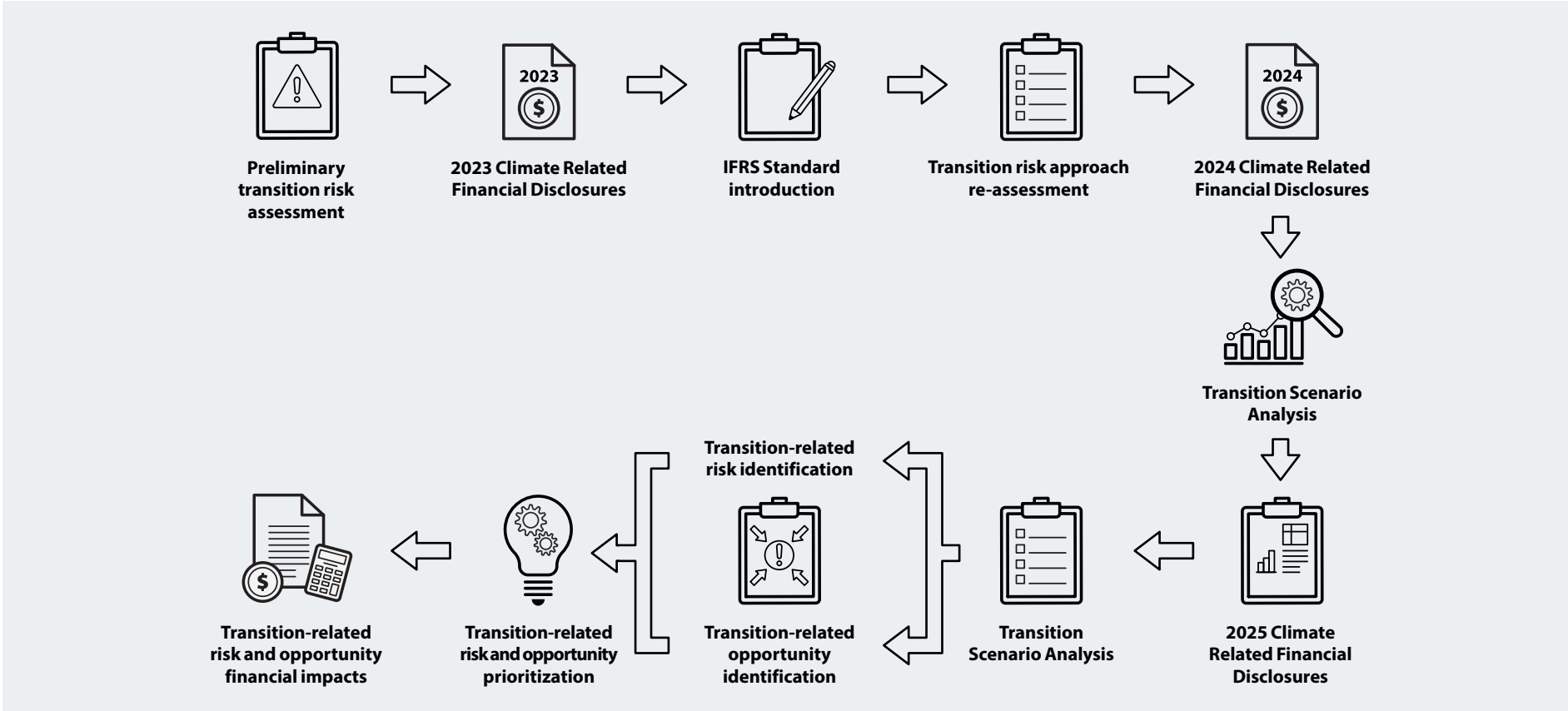
### Climate-related transition risk and opportunities

Climate-related transition risks and opportunities arise from the global shift toward a low-carbon economy. As this transition accelerates, The City may face increased exposure to these risks. The drivers for transition risks and opportunities are:

- **Policy and legal risks:** New or changing regulations, emission limits or carbon pricing schemes.
- **Technology risks:** Replacement of existing systems by low-emission or energy-efficient technologies.
- **Market risks:** Changes in demand for low-carbon services.
- **Reputational risks:** Public perceptions of environmental performance and leadership.

These risks, if not proactively managed, may lead to asset obsolescence, higher compliance and operational costs, financial penalties, reduced revenue and shifts in operational priorities. The City is developing a methodology to identify and assess climate-related transition risks and opportunities. *Figure 8* outlines the key steps in advancing The City's transition risk management approach.

**Figure 8: The City's climate-related transition risk assessment evolution map**



## Climate-related transition risks and opportunities

In 2025, The City advanced its understanding of climate-related transition risks through research and engagement with internal interested parties. Through these preliminary research efforts, three transition risk scenarios have been identified that align with the Canadian context. These scenarios offer an early look at a range of possible global futures—ranging from ambitious decarbonization to slow policy advancement. They are not predictions of The City’s future, but rather global examples that help illustrate potential risks The City could face in the short, medium and long term. *Table 4* below provides an overview of the transition risk scenarios being considered in the preliminary analysis.

Next steps will include further investigation of potential transition-related scenarios, with the intention to formally adopt three to four scenarios to inform detailed assessment of transition-related risks and opportunities for The City. Future efforts will include assessing the likelihood and impact of these risks and opportunities across the different scenarios and time horizons to guide prioritization for evaluating financial impacts. The City will also identify the strategies, policies and initiatives needed to mitigate high-priority risks.

**Table 4: Transition risk scenarios**

Scenario	Description
<p><b>Net Zero by 2050</b></p> <p><b>Source:</b> Canada’s federal climate policy<sup>(1)</sup>; IEA Net Zero<sup>(2)</sup></p>	<p>The Net Zero by 2050 scenario reflects a transition pathway in which Canada, alongside other major global economies, implements progressively more stringent climate policies aligned with achieving net-zero GHG emissions by 2050. This scenario assumes strong government intervention, rising carbon prices and rapid deployment of clean and low-carbon technologies, leading to a fundamental transformation of energy systems, markets and business models. This scenario is informed by the Government of Canada’s Net-Zero Emissions Accountability Act (2021) and the IEA’s Net Zero by 2050 Roadmap (2023), which together assume accelerated decarbonization of global energy systems, economy-wide emissions reductions and large-scale adoption of clean technologies across all sectors.</p> <p>Under this scenario, transition risks are systemic and increase as the pace of decarbonization accelerates. Organizations are expected to face heightened policy, market, technology and legal risks and will need to adapt their strategies, asset portfolios and operations to remain resilient and aligned with the speed and scale of the transition.</p>
<p><b>Delayed Transition (“Middle of the Road”)</b></p> <p><b>Source:</b> NGFS<sup>(3)</sup>/IPCC Delayed Action<sup>(4)</sup></p>	<p>The Delayed Transition scenario reflects a pathway in which Canada and other major global economies undertake insufficient climate action in the near term, resulting in continued growth in GHG emissions through the 2020s. Climate policies remain fragmented, carbon pricing signals are weak or inconsistent and investment in low-carbon technologies progresses more slowly than required to align with long-term climate goals.</p> <p>This scenario is informed by the Network for Greening the Financial System (NGFS) Delayed Transition scenario and the Intergovernmental Panel on Climate Change’s (IPCC) delayed mitigation pathways, which assume that stronger climate action is postponed until after 2030. As physical climate impacts intensify and international climate commitments become unavoidable, governments are forced to implement abrupt, stringent and uncoordinated policy measures later in the transition period. These late interventions drive rapid increases in carbon prices, accelerated regulatory tightening and sudden shifts in market and technology adoption.</p>
<p><b>Current Policies/ Business-as-Usual (BAU)</b></p> <p><b>Source:</b> IPCC SSP2-4.5; NGFS Current Policies</p>	<p>The Current Policies or BAU scenario reflects a pathway in which Canada and other global economies continue to implement only existing climate policies, with limited additional ambition or new mitigation measures over time. Climate action progresses incrementally, carbon pricing remains relatively modest and policy implementation gaps persist, resulting in GHG emissions remaining high or declining too slowly to meet long-term climate targets.</p> <p>This scenario is informed by the IPCC’s SSP2-4.5 pathway and the NGFS Current Policies scenario, which assume that governments largely maintain today’s policy frameworks, with occasional rollbacks or delays in implementation. As a result, global warming is projected to reach approximately 3°C by the end of the century, reflecting insufficient mitigation and continued reliance on carbon-intensive energy systems and technologies. Under this scenario, transition risks are comparatively moderate in the near- to medium-term due to limited policy and market pressure to decarbonize. However, physical climate risks increase significantly over time as the frequency and severity of climate-related hazards intensify.</p>

(1) Government of Canada. Net-zero emissions by 2050. Available at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050.html>

(2) International Energy Agency. World Energy Outlook – Sustainable Development Scenario. Available at: <https://www.iea.org/reports/world-energy-outlook-2020>

(3) NGFS. NGFS Scenarios for central banks and supervisors – Phase IV. Available at: [https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs\\_climate\\_scenarios\\_for\\_central\\_banks\\_and\\_supervisors\\_phase\\_iv.pdf](https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_phase_iv.pdf)

(4) IPCC. Shared Socioeconomic Pathways (SSP2: Middle of the Road). Available at: [https://en.wikipedia.org/wiki/Shared\\_Socioeconomic\\_Pathways](https://en.wikipedia.org/wiki/Shared_Socioeconomic_Pathways)

## Integrating climate into financial planning and service delivery

The cross-corporate Climate Budget is a core element of the Climate Governance & Integration Framework. It tracks The City's financial commitments toward climate action, specifically Primary Climate Investments (PCI). During the 2023-2026 Service Plans and Budgets process, investments were reviewed and assigned the designation as a PCI, if the investment had a clear primary outcome aligned with The City's climate goals. Identification of PCIs within The City's entire four-year budget was The City's first step toward considering climate-related risks and opportunities during the financial planning process and the ongoing monitoring and reporting of the PCIs supports accountability and transparency. More information about The City's 2023-2026 Service Plans and Budgets, and impacts of recent adjustments made in 2026, can be found in the FSDA and *Table 5*.

PCIs for 2023-2026 were identified using high-level assessments of emissions and climate risk reduction. To improve future investment decisions and tracking, assessment tools will need to advance toward more detailed, quantitative analysis, and categorization of primary climate investments may need to evolve. Additionally, The City is developing an Environmental Commodities Management Policy that will enhance the oversight of environmental commodities at The City. It will also inform the management of The City's participation in the environmental commodities markets, including Technology Innovation and Emissions Reduction (TIER) credits, Renewable Energy Certificates (REC) and Clean Fuels Regulations (CFR) Credits. Integration and disclosure of environmental commodities in the cross-corporate Climate Budget and in corporate GHG emissions reporting may be explored in the future.

The City is currently tracking PCIs for the 2023-2026 business cycle and *Table 5* presents the 2023-2026 cross-corporate Climate Budget as of December 31, 2025.

**Table 5: 2023-2026 cross-corporate Climate Budget**

	One-time Operating (\$000s)	Capital (\$000s)	Total (\$000s)
<b>Primary Climate Investments</b>			
2023-2026 Service Plans & Budgets	45,503	218,708	264,211
Budget adjustments in 2023	–	165,000 <sup>(b)</sup>	165,000
Budget adjustments in 2024	(602)	(47,842) <sup>(c)</sup>	(48,444)
Budget adjustments in 2025	(10,677) <sup>(a)</sup>	(46,599) <sup>(c)</sup>	(57,276)
Adjusted 2023-2026 budget (as of December 31, 2025)	34,224	289,267	323,491
2023-2025 expenditures	15,269	88,347	103,616
2026 budget <sup>(d)</sup>	18,984	155,184	174,168

Budget adjustments each year could include relinquishments, reprioritization of budgets, additional budget allocations, recasts of budget into future years and Council-directed budget adjustments. Further context on these adjustments is referenced below:

- (a) \$9 million of one-time operating budget was eliminated from C&E business unit through the 2026 Budget Adjustments to the 2023-2026 Service Plans and Budgets, with an additional \$1.6 million relinquished.
- (b) \$165 million in debt-financing from the Canada Infrastructure Bank was approved in 2023 for the electric bus program.
- (c) Across 2024 and 2025, approximately \$69 million in capital was recast into 2027+ across various projects to align with the spend forecasts and \$26.8 million was relinquished.
- (d) The 2026 budget represents the reported budget as of December 31, 2025. Carry-forward amounts from 2025 into 2026 may not be fully represented in the 2026 budget as these amounts were finalized in quarter 1 2026.

## Resilient climate-related risk management

The City takes a cross-corporate approach to climate resilience, guided by the Climate Strategy and aligned with The City's Environment Policy. The Climate Strategy sets the long-term direction for building a net-zero, climate-resilient city, including building governance foundations, accelerating retrofits and protecting infrastructure — scaling clean energy and technology, enhancing nature-based solutions and strengthening community preparedness. The Strategy provides long-range vision, while the Climate Implementation Plan — updated every four years and adapted through annual budget adjustments — serves as an adaptive, corporation-wide tool that responds to evolving risks, new technologies and changing economic conditions. Administration collaborates across departments and with external partners to ensure actions are practical and evidence-based, while Council sets the scale and pace of investment in alignment with their priorities for the four-year business cycle. Together, this cross-corporate approach supports practical, coordinated action that reduces climate-related risks, protects public infrastructure and services and delivers long-term value by supporting a safe, affordable and economically competitive city for Calgarians and businesses.

# Metrics and targets

The City has established metrics and targets to measure and track performance, community indicator trends and governance and disclosure progress. As this work advances, we are refining these metrics and strengthening monitoring and measurement so they more effectively inform decision-making. In 2025, The City Auditor audited climate-related metrics in the 2024 Climate-related Financial Disclosure report (see *Highlight 9*).

## Highlight 9: Climate-related metrics audit

In 2025, the City Auditor audited the climate metrics reported in the 2024 Climate-related Financial Disclosure report to verify their reliability. The audit confirmed the metrics were accurate ( $\pm 5$  per cent) and not misleading. It recommended stronger oversight and communication practices to maintain this standard. The City has already applied initial improvements to the 2025 disclosure process, with further enhancements to be implemented by June 2026 for the 2026 disclosure process.

## Climate goals and targets

The City has set key GHG emissions reduction targets, along with specific climate mitigation and adaptation goals and actions, to guide its progress. These initiatives align with international standards, Government of Canada targets and best practices of other major Canadian cities. *Figure 9* below highlights The City's climate related goals and targets.

**Figure 9: The City's climate-related goals and target**



### Goals

- Improve energy use and reduce greenhouse gas emissions
- Reduce climate risk resulting from climate hazards



### Targets

- Net-zero GHG emissions by 2050

## Climate-related performance metrics

The following metrics track and highlight The City's performance in progressing toward its goals and targets.

### Corporate GHG emissions

The corporate GHG emissions metric measures total emissions from City owned buildings, assets, projects and operations, and tracks progress toward net-zero by 2050. The City is implementing measures that lower emissions from electricity use, natural gas and transportation fuels, and is reducing electricity related emissions by purchasing Renewable Energy Certificates (REC). Both market-based emissions and location-based emissions are reported under the corporate GHG emissions metric to capture the impacts of these different emission reduction tactics (see *Highlight 10*).

The corporate GHG emissions metric is a lagging 2024 metric in this report, because full and accurate emissions data for a reporting year is not finalized until four to five months after year end, reflecting post year end energy data reconciliation and the timing of annual regulatory emissions reporting from key services.

In 2024, The City had higher energy and fuel consumption across most sources, including natural gas, diesel, gasoline, compressed natural gas (CNG) and propane as well as increased waste and wastewater related emissions. Despite this higher energy and fuel consumption, the decrease in Alberta's grid emissions factor (driven by a reduction in high-carbon electricity generation) more than offset this rise, resulting in The City's location-based emissions falling 14 per cent from the 2019 baseline and 1 per cent from 2023. The City's market-based emissions increased by 1 per cent from the 2019 baseline and 8 per cent from 2023, due to the increase in energy and fuel consumption described above.

As part of the 2024 inventory, The City updated its 2014-2023 emissions data (see *Highlight 11*). *Table 6* provides details of The City's Corporate GHG Emissions at year-end relative to the 2019 baseline and year-end metric included in the 2024 disclosure.

### Highlight 10: Market-based vs. location-based emissions

#### Market-based emissions

GHG emissions calculated using emission factors that reflect procurement choices, such as The City's purchase of RECs to offset its annual electricity consumption.

#### Location-based emissions

GHG emissions calculated using the average emissions intensity of the local electricity or natural gas grid where the energy is consumed.

### Highlight 11: 2024 GHG Review

The City restated its emissions from 2014-2023 due to improved accuracy of emissions factors for wastewater. These factors, based on recent site-level studies, replaced previous generic estimates and resulted in a material decrease in reported emissions ( $\pm 5$  per cent). As a result, emissions for all years from 2014 to 2023 have been restated lower than previously reported.

**Table 6: Corporate GHG emissions relative to 2019 baseline year**

GHG emissions	2019 (baseline year)	2023	2023 (restated)	2024
<b>Corporate market-based GHG emissions</b>				
Scope 1 and 2 market-based emissions (ktCO <sub>2</sub> e)	391.3	404.6	367.7	395.5
Scope 1 emissions	388.9	402.4	365.5	392.9
Scope 2 emissions	2.4	2.2	2.2	2.6
Market-based emissions relative to 2019 baseline		▲ 3%	▼ 6%	▲ 1%
Market-based emissions relative to previous year			0%	▲ 8%
<b>Corporate location-based GHG emissions</b>				
Scope 1 and 2 Location-based emissions (ktCO <sub>2</sub> e)	673.6	627.0	590.1	581.0
Scope 1 emissions	388.9	402.4	365.5	392.9
Scope 2 emissions	284.7	224.6	224.6	188.1
Location-based emissions relative to a 2019 baseline		▼ 7%	▼ 12%	▼ 14%
Location-based emissions relative to previous year			0%	▼ 2%

**Note:** Figures are rounded.

## Flood risk assessment

The City's Flood Resilience Strategy, and annual flood preparedness and response activities manage climate-related flood risks. As extreme floods become more likely, reservoirs, flood barriers, drainage system improvements, forecasting/response enhancements and land-use or building regulations help limit potential damages. The City has invested \$295 million and secured \$1.02 billion from other levels of government for flood mitigation projects. These investments protect \$68 billion in infrastructure and property, have reduced flood damage exposure by 70 per cent since 2013 and have achieved The City's 2025 resilience target. Major milestones achieved in 2025 included substantial completion of the Sunnyside Flood Barrier and Springbank Off-stream Reservoir. Public engagement and updated draft policies for refined flood-hazard areas were completed in 2025 for finalization in 2026. As river flood risk evolves due to changing climate, an adaptive risk-management approach is intended to lower exposure and potential impacts; however, residual flood risk cannot be fully eliminated, particularly under extreme events. Focus in 2026 will include supporting The Province's advancement of the Relocated Ghost Dam, which would offer incremental flood and water supply resilience for Calgary and other communities along the Bow River. *Table 7* below presents Calgary's flood-risk assessment, including property flood-exposure levels and estimated annual damages across flood events.

**Table 7: Calgary flood risk assessment relative to baseline**

Flood Risk	2013 (baseline year)	2024	2025
<b>Calgary's river flood risk</b>			
Number of properties within 1:100 river flood extent – flood exposure risk	7,241	3,360	<b>1,367</b>
Risk relative to 2013 Baseline		▼ 54%	▼ 81%
<b>Calgary's average annual damages river flood risk</b>			
Potential flood damage (\$)	168 M	75 M	<b>50 M</b>
Damages relative to 2013 baseline		▼ 55%	▼ 70%

## Water management

The City monitors water supply and demand to promote responsible use, protect downstream users and support basin-wide stewardship. As population growth and climate conditions change, pressure on water resources increases. While per capita water demand in 2025 increased to 334 liters per capita per day (LPCD), from 322 LPCD in 2024, 2024 demand is not considered representative as it was influenced by water

restrictions due to the first Bearspaw South Feeder Main break and associated repairs. Varying levels of outdoor water restrictions were in effect for a total of 109 days in 2024. Overall, per capita water use declined from 356 LPCD in 2023 to 334 LPCD in 2025, with 2023 considered a more representative year for typical per capita water use, as it was not affected by major system disruptions or extended restrictions. In 2025, annual river withdrawal was 212,245 megaliters, The City also returned about 87 per cent of used water as treated effluent to the Bow River. In December 2025, Calgary experienced another significant water main break (see *Highlight 12*), further underscoring the importance of system resilience and adaptive water management. *Table 8* summarizes key metrics that guide current water supply, demand and effluent management decisions.

### Highlight 12: Calgary's critical water infrastructure risks

Calgary's 2025 Bearspaw South Feeder Main break exposed an ongoing vulnerability in the city's water system, with the aging pipe still at risk of unexpected failure until system redundancy is in place. Although repairs have helped stabilized sections of the line, The City warns that further breaks remain possible. In response, The City has accelerated construction of a new parallel feeder main — advancing completion to December 2026 — to remove this single point of failure and strengthen long-term water system resilience.

**Table 8: Calgary water use relative to 2003 baseline**

Water use	2003 (baseline year)	2023	2024 <sup>(4)</sup>	2025
<b>Water average day demand</b>				
Calgary daily water demand, averaged per person: liters per capita per day (LPCD <sup>(1)</sup> )	518	356	322	<b>334<sup>(2)</sup></b>
Demand relative to 2003 Baseline		▼ 31%	▼ 38%	▼ 36%
<b>Water usage and conservation</b>				
Annual river withdrawals <sup>(3)</sup> (ML/Year)	212,471	201,904	196,003	<b>212,245</b>
Annual withdrawals relative to baseline		▼ 5%	▼ 8%	<b>0%</b>
Annual water (effluent) returns (ML/Year)		154,115	167,738	<b>181,333</b>
Number of days in water restrictions <sup>(5)</sup>	–	78	109	<b>1</b>

**Note:** Figures are rounded.

(1) LPCD shows water used by residential, business and institutional customers, as well as water lost through leaks or water that is unaccounted for or not billed. This total is then divided by the number of people living in Calgary.

(2) 2025 LPCD calculation is based on forecasted population from corporate economics. An updated version of 2025 LPCD will be calculated once the final population number is estimated for 2025.

(3) Annual River Withdrawal from the Bow and Elbow rivers represents water supply withdrawals for Calgary, Airdrie, Chestermere, Strathmore and Tsuut'ina Nation.

(4) In 2024, strict water conservation measures were implemented due to infrastructure issues, resulting in water savings.

(5) Number of days in water restrictions are informational only and have no targets; they are operational responses to weather, infrastructure and water availability conditions.

## Natural environment

Conserving and restoring Calgary’s natural environment is vital for thriving ecosystems. Conserved natural areas help reduce climate risk through the provision of ecosystem services, such as managing stormwater, providing cooling, storing carbon and supporting Calgarians’ health and wellbeing. *Table 9* highlights key metrics that support the preservation, conservation and restoration of the natural environment in Calgary. The percentage of Environmentally Significant Area (ESA) retained or added was 50 per cent. Average performance from 2019-2025 was 57 per cent, slightly below target. Amount of ESA protected will vary year-over-year as it depends on the annual number of approvals and pre-development landscape habitat types within those areas. Designating land as Environmental Reserve is a key tool for protecting lands in greenfield development, however, it is limited to lands meeting the definition of Environmental Reserve under the Municipal Government Act and does not apply to all ESAs such as naturally occurring tree stands, native grasslands, the full extent of riparian areas and river valleys and certain wetland types.

The habitat restoration metric has been removed from the 2025 report as part of a planned transition to outcome based reporting. The prior metric was activity based and did not measure ecological condition or outcomes. It is being replaced with a condition based metric that more directly reflects habitat health and ecological function. Development of the replacement metric is underway, and it will be included in future reporting once available.

**Table 9: Calgary natural areas conservation and restoration**

Conserving and restoring natural areas	Target	2024	2025
<b>ESA protected and conserved</b>			
ESA protected or conserved calculated at land use amendment/outline plan approval (%)	60	63	<b>50</b>
Protection and conservation relative to 2026 target		▲ 5%	▼ 17%

## Climate-related community indicators

Climate-related community indicators measure community scale progress on climate action and can highlight areas of success and challenges. Although The City cannot directly control these metrics, it can influence them by leading through corporate action, community awareness efforts and supportive programs and policies.

### Calgary community-wide GHG emissions

Community-wide GHG emissions measure all GHG emissions produced in Calgary across major sectors: transportation, residential buildings, non-residential buildings and waste. This includes Scope 1, Scope 2 and selected Scope 3 emissions (inbound and outbound transportation). The metric tracks progress toward The City’s interim goal of a 65 per cent reduction from 2019 levels by 2030 and achieving the target of net zero by 2050. In 2024, Calgary’s community-wide GHG emissions were 17 per cent lower than in 2019 and 4 per cent lower than in 2023. The largest year-over-year reductions came from the building sector; although, buildings remain the largest source of emissions overall. Key drivers of the 2024 decrease include a lower electricity grid emissions factor and reduced natural gas consumption.

## Calgary community-wide GHG emissions per capita

Calgary’s population grew by 17 per cent from 2019 to 2024. Community-wide GHG emissions per capita help assess whether emissions are decreasing relative to this growth. A decline from the base year signals positive progress. In 2024, Calgary’s per capita GHG emissions were 30 per cent lower than in 2019 and 12 per cent lower than in 2023. While the population has increased, emissions have not risen proportionally — an encouraging trend. However, much steeper reductions in total emissions are still required to reach net zero by 2050. *Table 10* below provides details of Calgary’s community-wide GHG emissions relative to 2019 baseline.

**Table 10: Community-wide GHG emissions relative to 2019 baseline year**

GHG emissions	2019 (baseline year)	2022	2023	2024
<b>Community-wide GHG emissions</b>				
GHG emissions (MtCO <sub>2</sub> e)	18.2	16.4	15.7	15.1
Emissions relative to 2019 baseline		▼ 10%	▼ 14%	▼ 17%
Emissions relative to previous year			▼ 4%	▼ 4%
<b>Community-wide GHG emissions per capita</b>				
GHG emissions per capita (tCO <sub>2</sub> e/person)	14.2	12.2	11.3	10.0
Emissions per capita relative to 2019 baseline		▼ 14%	▼ 20%	▼ 30%
Emissions per capita relative to previous year			▼ 7%	▼ 12%

**Note:** Figures are rounded.

## Community Climate Risk Index (CCRI)

The CCRI tool provides an average climate risk score for each community based on physical, social and economic factors (see *Figure 10*). It assesses the degree of climate risk and highlights the drivers of vulnerability within each Calgary community. The CCRI compares every community to the Calgary average and shows how they rank against one another. While all Calgary communities face climate risks, the CCRI highlights which ones are above or below the city average to help identify those at higher risk. There are currently eight communities at moderate projected climate risk. The CCRI projects that without implementing risk mitigation and adaptation strategies, this will increase to 88 communities at moderate or high risk by 2050.

This information helps The City develop strategies to support those vulnerable communities in mitigating and managing their physical climate risks. The CCRI is updated every five years, and the latest assessment was completed in 2025 with refreshed Statistics Canada census, infrastructure, land cover and tree canopy data.

**Figure 10: Projected climate risk for Calgary communities (number of communities)**



## Summary and next steps

### Climate-related governance and disclosure metrics

Climate-related governance and disclosure metrics provide a snapshot of The City's performance in climate transparency, strategy and institutional readiness.

#### Carbon Disclosure Project (CDP)

The CDP is a leading global disclosure platform used by cities, companies, states and regions to report and manage climate and environmental impacts. The City has disclosed impacts annually through the CDP since 2016, reporting on climate mitigation and adaptation actions, and performance. In 2025, The City achieved an "A" score, reflecting best-practice climate disclosure and action.

#### Tracking Adaptation and Measuring Development (TAMD) score

The TAMD framework is a self-assessment tool used to evaluate institutional readiness for climate adaptation across eight indicators, including integration into planning, institutional coordination, budgeting and finance, organizational capacity, use of climate information, adaptation planning under uncertainty and partner participation and awareness. In 2025, The City achieved a TAMD score of 73 per cent (58/80), demonstrating continued improvement from 70 per cent in 2024 and indicating positive progress in adaptation readiness.

In 2025, The City strengthened climate governance, advanced risk-assessment practices and improved transparency across decision-making processes. Key achievements included the establishment of a standalone Climate and Environmental PCR, along with the following advancements:

- Expanded physical and transition climate risk assessments
- Enhanced the Climate Governance and Integration Framework
- Advanced flood and extreme heat resilience initiatives and natural asset restoration
- Improved the accuracy of corporate GHG emissions reporting and overall climate data quality through continued enhancements to the Climate and Environmental Analytics System

Together, these advances support more informed and disciplined decision-making that reduces climate-related risks, protects essential infrastructure and services and helps manage long-term costs for The City, Calgarians and businesses. In doing so, this work aligns with The City's vision of Calgary being a great place to make a living, a great place to make a life.

Looking ahead, The City will continue to evolve its climate governance, disclosures and risk-management processes — including aligning future reporting to the IPSASB climate-disclosure standard released in January 2026. This work will also include the advancement of transition-risk assessment (phase 2), climate-financial impact analysis, refinement of the cross-corporate Climate Budget and deeper integration of climate considerations into asset management, capital planning, business unit risk registers and operational decision-making. Further enhancements to the Environmental Management System, hazard-consequence scoring, CEAS data quality and metrics will support stronger evidence-based planning, while the development of the 2027-2030 Climate Implementation Plan will guide the next phase of climate action.

# Financial and Statistical Schedules Unaudited

AC2026-0181  
Attachment 2

(2021-2025)



# Revenue by source unaudited

2021-2025 (in thousands)

	2025 Operating	2025 Capital	2025 Total	2024 Operating	2024 Capital	2024 Total
Property taxes	\$ 3,454,969	\$ –	\$ 3,454,969	\$ 3,190,867	\$ –	\$ 3,190,867
Community Revitalization Levy	42,547	–	42,547	41,409	–	41,409
Business improvement area relief	–	–	–	–	–	–
Revenue in lieu of taxes	238,385	–	238,385	266,526	–	266,526
Local improvement levies and special taxes	11,448	–	11,448	12,423	–	12,423
	\$ 3,747,349	\$ –	\$ 3,747,349	\$ 3,511,225	\$ –	\$ 3,511,225
Less: Provincial property taxes	(1,036,118)	–	(1,036,118)	(883,348)	–	(883,348)
<b>Net taxes available for municipal purposes</b>	<b>\$ 2,711,231</b>	<b>\$ –</b>	<b>\$ 2,711,231</b>	<b>\$ 2,627,877</b>	<b>\$ –</b>	<b>\$ 2,627,877</b>
<b>Sales of goods and services</b>	<b>1,481,246</b>	<b>–</b>	<b>1,481,246</b>	<b>1,341,457</b>	<b>–</b>	<b>1,341,457</b>
<b>Government transfers</b>						
Federal						
Debenture interest rebates	–	–	–	–	–	–
Revenue, cost sharing agreements and grants	36,762	346,369	383,131	8,857	221,456	230,313
Provincial						
Grants, entitlements, revenue and cost sharing agreements	175,833	487,761	663,594	169,756	463,392	633,148
	\$ 212,595	\$ 834,130	\$ 1,046,725	\$ 178,613	\$ 684,848	\$ 863,461
<b>Other revenue</b>						
Dividends from ENMAX	\$ 103,000	\$ –	\$ 103,000	\$ 95,000	\$ –	\$ 95,000
Other equity (loss) earnings in ENMAX	404,117	–	404,117	86,248	–	86,248
Developer contributions	–	202,137	202,137	–	145,368	145,368
Developer contributions-in-kind related to capital	–	583,487	583,487	–	345,075	345,075
Investment income	457,332	–	457,332	312,073	–	312,073
Fines and penalties	75,882	–	75,882	75,731	–	75,731
Licences, permits and fees	170,295	–	170,295	153,977	–	153,977
Miscellaneous revenue	43,540	–	43,540	44,051	–	44,051
	\$ 1,254,166	\$ 785,624	\$ 2,039,790	\$ 767,080	\$ 490,443	\$ 1,257,523
<b>Total revenue</b>	<b>\$ 5,659,238</b>	<b>\$ 1,619,754</b>	<b>\$ 7,278,992</b>	<b>\$ 4,915,027</b>	<b>\$ 1,175,291</b>	<b>\$ 6,090,318</b>

# Revenue by source unaudited

2021-2025 (in thousands)

2023 Operating		2023 Capital		2023 Total		2022 Operating		2022 Capital		2022 Total		2021 Operating		2021 Capital (Restated) <sup>(1)</sup>		2021 Total	
\$	2,945,083	\$	–	\$	2,945,083	\$	2,804,643	\$	–	\$	2,804,643	\$	2,685,513	\$	–	\$	2,685,513
	39,790		–		39,790		36,034		–		36,034		38,100		–		38,100
	–		–		–		(64)		–		(64)		(4,295)		–		(4,295)
	403,535		–		403,535		338,972		–		338,972		251,571		–		251,571
	8,588		–		8,588		7,699		–		7,699		9,235		–		9,235
\$	3,396,996	\$	–	\$	3,396,996	\$	3,187,284	\$	–	\$	3,187,284	\$	2,980,124	\$	–	\$	2,980,124
	(789,392)		–		(789,392)		(780,928)		–		(780,928)		(771,111)		–		(711,111)
\$	2,607,604	\$	–	\$	2,607,604		2,406,356	\$	–	\$	2,406,356	\$	2,209,013	\$	–	\$	2,209,013
	1,359,983		–		1,359,983		1,384,471		–		1,384,471		1,235,238		–		1,235,238
	–		–		–		–		–		–		–		14		14
	9,793		162,747		172,540		5,749		162,083		167,832		4,229		167,859		172,088
	169,513		299,569		469,082		222,081		197,560		419,641		150,551		248,520		399,071
\$	179,306	\$	462,316	\$	641,622	\$	227,830	\$	359,643	\$	587,473	\$	154,780	\$	416,393	\$	571,173
\$	82,000	\$	–	\$	82,000	\$	62,000	\$	–	\$	62,000	\$	58,000	\$	–	\$	58,000
	(97,608)		–		(97,608)		233,628		–		233,628		237,777		–		237,777
	–		188,830		188,830		–		242,498		242,498		–		158,763		158,763
	–		288,695		288,695		–		240,901		240,901		–		212,169		212,169
	219,934		–		219,934		141,530		–		141,530		131,393		–		131,393
	77,650		–		77,650		74,089		–		74,089		64,421		–		64,421
	134,083		–		134,083		118,511		–		118,511		106,405		–		106,405
	43,243		–		43,243		56,291		–		56,291		51,798		–		51,798
\$	459,302	\$	477,525	\$	936,827	\$	686,049	\$	483,399	\$	1,169,448	\$	649,794	\$	370,932	\$	1,020,726
\$	4,606,195	\$	939,841	\$	5,546,036	\$	4,704,706	\$	843,042	\$	5,547,748	\$	4,248,825	\$	787,325	\$	5,036,150

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022.

# Favourable operating variance reconciliation unaudited

2022-2025 (in thousands)

	2025	2023 <sup>(1)</sup>	2022 <sup>(1)</sup>
Favourable operating variance <sup>(2)</sup>	\$ 259,308	\$ 237,756	\$ 258,088
Timing differences	–	(1,348)	644
Tax-supported operating surplus	\$ 259,308	\$ 236,408	\$ 258,732
Adjustments <sup>(3)</sup>			
Capital adjustments	\$ (604,458)	\$ (600,227)	\$ (508,788)
PSAS adjustments	(161,153)	–	–
Consolidation adjustments	23,858	3,353	18,475
ENMAX adjustments	404,117	(120,612)	233,628
Gross debt charges	204,415	76,984	78,865
Reserve transfers	771,956	993,712	882,957
Tax-supported amortization and write-downs	(609,378)	(586,907)	(587,852)
Unrealized losses	–	(40,830)	–
Other	–	(13,433)	(14,935)
Net revenue (loss) before other contributions and transfers	\$ 288,665	\$ (51,552)	\$ 361,082
Other contributions and transfers	1,619,754	939,841	843,042
<b>Annual surplus</b>	<b>\$ 1,908,419</b>	<b>\$ 888,289</b>	<b>\$ 1,204,124</b>

(1) The favourable operating variance reconciliation was not disclosed in 2024 as the favourable operating variance was presented to Council after the 2024 Annual Financial Report. Comparatives are included only for years previously disclosed.

(2) 2025: The City's Quarterly Report EC2026-0089; 2023: Progress Update Report EC2024-0291; 2022: Performance Report EC2023-0065

(3) The consolidated financial statements include The City and its subsidiaries for the year ended December 31. Other reports to Committees of Council and Council exclude subsidiaries and are prepared in accordance with the MGA, whereas these statements are prepared in accordance with PSAS. Accordingly, adjustments are required.

# Expenses by function unaudited

2021-2025 (in thousands)

	2025	2024	2023	2022 (Restated) <sup>(1)</sup>	2021 (Restated) <sup>(2)(3)</sup>
Planning and development services	\$ 283,382	\$ 236,089	\$ 200,982	\$ 169,090	\$ 139,037
Infrastructure services	258,109	243,144	377,687	394,227	305,924
Community services	1,882,873	1,626,943	1,565,365	1,389,104	1,321,442
Operational services	2,379,395	2,352,755	2,146,059	2,015,534	1,841,594
General government	566,814	526,276	367,654	375,669	372,172
<b>Total expenses</b>	<b>\$ 5,370,573</b>	<b>\$ 4,985,207</b>	<b>\$ 4,657,747</b>	<b>\$ 4,343,624</b>	<b>\$ 3,980,169</b>

# Expenses by object unaudited

2021-2025 (in thousands)

	2025	2024	2023	2022 (Restated) <sup>(1)</sup>	2021 (Restated) <sup>(2)(3)</sup>
Salaries, wages and benefits	\$ 2,775,284	\$ 2,523,359	\$ 2,237,853	\$ 2,056,226	\$ 1,973,073
Contracted and general services	601,930	684,507	597,112	628,315	495,941
Materials, equipment and supplies	611,287	539,526	592,803	499,660	373,623
Interest charges					
Tax-supported	39,239	45,026	42,124	27,575	21,848
Self-supported	93,025	80,828	74,761	76,000	78,347
Accretion	11,254	9,203	7,675	7,454	–
Utilities	117,557	118,952	125,774	123,681	106,309
Transfers	350,772	243,861	238,615	195,123	188,045
Amortization and write-downs	760,717	731,361	724,479	718,196	707,113
Loss on disposal of tangible capital assets	9,508	8,584	16,551	11,394	35,870
<b>Total expenses</b>	<b>\$ 5,370,573</b>	<b>\$ 4,985,207</b>	<b>\$ 4,657,747</b>	<b>\$ 4,343,624</b>	<b>\$ 3,980,169</b>

(1) Figures for 2022 have been restated for the adoption of PS 3280 Asset Retirement Obligations.

(2) The City underwent an organization re-alignment in 2022, with 2021 comparative figures restated.

(3) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022.

# Financial position and annual surplus unaudited

2021-2025 (in thousands)

	2025	2024	2023	2023 (Restated) <sup>(1)</sup>	2021 (Restated) <sup>(2)</sup>
Financial assets	\$ 12,164,385	\$ 11,587,308	\$ 10,621,576	\$ 10,401,718	\$ 9,423,987
Financial liabilities	7,193,476	6,690,176	6,098,275	6,118,793	5,874,125
Net financial assets	\$ 4,970,909	\$ 4,897,132	\$ 4,523,301	\$ 4,282,925	\$ 3,549,862
Non-financial assets	23,295,864	21,615,810	20,441,970	19,857,891	19,418,040
Net assets	\$ 28,266,773	\$ 26,512,942	\$ 24,965,271	\$ 24,140,816	\$ 22,967,902
Annual surplus	1,908,419	1,105,111	888,289	1,328,494	1,116,194

## Acquisition of tangible capital assets unaudited

2021-2025 (in thousands)

	2025	2024	2023	2022	2021
Capital additions	\$ 1,859,949	\$ 1,546,033	\$ 1,064,908	\$ 875,668	\$ 900,000

## Net assets unaudited

2021-2025 (in thousands)

	2025	2024	2023	2022 (Restated) <sup>(1)</sup>	2021 (Restated) <sup>(2)</sup>
Operating fund	\$ 259,308	\$ 276,278	\$ 236,408	\$ 258,732	\$ 143,422
Capital fund	(33,358)	133,775	234,414	170,440	141,009
Local improvements to be funded in future years	58,332	55,522	52,780	54,415	56,411
Obligation to be funded in future years <sup>(3)</sup>	(234,449)	(227,264)	(225,106)	(225,165)	(19,383)
Reserves	3,883,283	3,898,434	4,003,003	3,635,785	3,281,056
Equity in ENMAX	3,470,480	3,066,363	2,980,115	3,072,460	2,714,462
Equity in non-financial assets	20,644,302	18,936,371	17,752,754	17,174,149	16,650,925
Accumulated surplus	\$ 28,047,898	\$ 26,139,479	\$ 25,034,368	\$ 24,140,816	\$ 22,967,902
Accumulated remeasurement gains (losses)	218,875	373,463	(69,097)	–	–
	\$ 28,266,773	\$ 26,512,942	\$ 24,965,271	\$ 24,140,816	\$ 22,967,902

(1) Figures for 2022 have been restated for the adoption of PS 3280 Asset Retirement Obligations.

(2) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022.

(3) Obligation to be funded in future years consists of unfunded liabilities of \$234,449 (2024 – \$227,264) for the asset retirement obligations provision.

# Net remeasurement gains (losses) for the year unaudited

2023-2025 (in thousands)

	2025 <sup>(1)</sup>	2024 <sup>(1)</sup>	2023 <sup>(1)</sup>
Accumulated remeasurement gains (losses), beginning of year	\$ 373,463	\$ (69,097)	\$ –
Adjustment to beginning of year balance	–	–	(287,994)
Adjusted accumulated remeasurement gains (losses), beginning of year	\$ 373,463	\$ (69,097)	\$ (287,994)
Net remeasurement gains (losses) for the year	(154,588)	442,560	218,897
Accumulated remeasurement gains (losses), end of year	\$ 218,875	\$ 373,463	\$ (69,097)

## Consolidated investments unaudited

2023-2025 (in thousands)

	2025 <sup>(2)</sup>	2024 <sup>(2)</sup>	2023 <sup>(2)</sup>
<b>Fair Value</b>			
Canadian fixed income	\$ 1,580,565	\$ 2,318,716	\$ 2,344,688
Foreign fixed Income	76,629	615,692	416,013
Pooled fixed Income	2,541,195	1,137,367	1,154,266
Mortgages	691,722	634,247	615,637
Canadian equities	–	–	56
Global equities	–	138,679	115,269
Pooled equities	1,170,658	791,452	713,787
Infrastructure	562,492	483,073	399,987
Real estate	135,980	289,645	–
	\$ 6,759,241	\$ 6,408,871	\$ 5,759,703
<b>Cost</b>			
Canadian fixed income	\$ 1,578,998	\$ 2,310,255	\$ 2,371,423
Foreign fixed Income	77,723	605,790	423,308
Pooled fixed Income	2,559,326	1,158,688	1,194,758
Mortgages	698,827	648,620	636,877
Canadian equities	–	–	56
Global equities	–	113,113	103,801
Pooled equities	1,086,260	656,923	670,415
Infrastructure	462,040	403,423	399,987
Real estate	134,755	277,169	–
	\$ 6,597,929	\$ 6,173,981	\$ 5,800,625

(1) Comparative figures for 2022-2021 cannot be provided in the same format due to the adoption of PS 3450 Financial Instruments in 2023.

(2) Comparative figures for 2022-2021 cannot be provided in the same format due to the adoption of PS 3450 Financial Instruments in 2023. The total consolidated investments for those periods are as follows:

- a. 2022 – Fair Value: \$4,922,284, Cost: \$5,206,794
- b. 2021 – Fair Value: \$4,923,251, Cost: \$4,804,797

# Continuity of long-term debt unaudited

2021-2025 (in thousands unless otherwise stated)

	2025	2024	2023	2022	2021 (Restated) <sup>(1)</sup>
<b>Tax-supported</b>					
Opening	\$ 272,247	\$ 299,179	\$ 331,601	\$ 367,268	\$ 401,122
New issues	6,109	798	–	–	1,256
Repaid	(26,394)	(27,730)	(32,422)	(35,667)	(35,110)
Ending	\$ 251,962	\$ 272,247	\$ 299,179	\$ 331,601	\$ 367,268
Tax-supported (% of total)	8.26%	9.19%	11.08%	12.30%	13.30%
Per capita (tax-supported)	\$ 162	\$ 182	\$ 215	\$ 247	\$ 278
<b>Self-supported</b>					
Opening	\$ 2,380,620	\$ 2,123,443	\$ 2,116,149	\$ 2,183,523	\$ 2,229,754
New issues	319,851	443,308	186,973	131,422	148,819
Repaid	(202,499)	(186,131)	(179,679)	(198,796)	(195,050)
Ending	\$ 2,497,972	\$ 2,380,620	\$ 2,123,443	\$ 2,116,149	\$ 2,183,523
Self-supported (% of total)	81.88%	80.34%	78.64%	78.52%	78.80%
Per capita (self-supported)	\$ 1,603	\$ 1,596	\$ 1,529	\$ 1,575	\$ 1,649
<b>Self-sufficient tax-supported</b>					
Opening	\$ 310,474	\$ 277,715	\$ 247,343	\$ 219,799	\$ 214,268
New issues	6,000	49,000	46,500	44,500	22,500
Repaid	(15,663)	(16,241)	(16,128)	(16,956)	(16,969)
Ending	\$ 300,811	\$ 310,474	\$ 277,715	\$ 247,343	\$ 219,799
Self-sufficient tax-supported (% of total)	9.86%	10.48%	10.28%	9.18%	7.90%
Per capita (self-sufficient tax-supported)	\$ 193	\$ 208	\$ 200	\$ 184	\$ 166
<b>Total City Debt</b>	\$ 3,050,745	\$ 2,963,341	\$ 2,700,337	\$ 2,695,093	\$ 2,770,590
ENMAX debt	1,578,086	1,467,222	1,722,502	1,606,493	1,455,813
<b>Closing balance</b>	\$ 4,628,831	\$ 4,430,563	\$ 4,422,839	\$ 4,301,586	\$ 4,226,403
Debt servicing as a per cent of operating expenditures (net of recoveries) (tax-supported)	0.64%	0.85%	1.00%	1.03%	1.40%
Percentage of debt limit as per City Policy CP2020-05 (Note 15 f.)	36.34%	40.15%	39.96%	41.03%	47.80%
Per capita, total City debt	\$ 2,970	\$ 1,986	\$ 1,944	\$ 2,006	\$ 2,093

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022.

# Financial capacity unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
Cash and cash equivalents	\$ 698	\$ 769	\$ 1,106	\$ 1,311	\$ 1,149
Investments	6,759	6,409	5,760	5,207	4,805
Receivables and other current assets	480	481	467	486	403
<b>Financial assets</b>	<b>\$ 7,937</b>	<b>\$ 7,659</b>	<b>\$ 7,333</b>	<b>\$ 7,004</b>	<b>\$ 6,357</b>
Bank indebtedness and short-term borrowing	\$ (496)	\$ (511)	\$ (348)	\$ (348)	\$ (355)
Accounts payable and accrued liabilities	(1,117)	(1,029)	(930)	(965)	(828)
Deferred revenue	(148)	(130)	(107)	(107)	(99)
Capital deposits	(1,513)	(1,214)	(1,188)	(1,186)	(1,203)
Employee benefit obligations	(533)	(512)	(498)	(511)	(516)
<b>Financial liabilities</b>	<b>\$ (3,807)</b>	<b>\$ (3,396)</b>	<b>\$ (3,071)</b>	<b>\$ (3,117)</b>	<b>\$ (3,001)</b>
Reserves	\$ (3,883)	\$ (3,898)	\$ (4,003)	\$ (3,636)	\$ (3,281)
<b>Financial capacity</b>	<b>\$ 247</b>	<b>\$ 365</b>	<b>\$ 259</b>	<b>\$ 251</b>	<b>\$ 75</b>
Add: Remaining capacity on Short-Term Borrowing Bylaw <sup>(1)</sup>	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
<b>Available financial capacity</b>	<b>\$ 847</b>	<b>\$ 965</b>	<b>\$ 859</b>	<b>\$ 851</b>	<b>\$ 675</b>

(1) The City has a \$400 million limit on commercial paper and a \$60 million limit on its line of credit, leaving \$340 million unutilized under the Short-Term Borrowing Bylaw.

# Short-term liquidity unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
<b>Cash</b>					
Cash and cash equivalents	\$ 698	\$ 769	\$ 1,106	\$ 1,311	\$ 1,149
Less: Cheques issued in excess of deposits and operating facility	(80)	(101)	(49)	(48)	(48)
	\$ 618	\$ 668	\$ 1,057	\$ 1,263	\$ 1,101
<b>Assets readily available for sale<sup>(1)(2)</sup></b>					
Within five business days <sup>(3)</sup>	\$ 3,641	\$ 4,158	\$ 3,792	\$ 3,208	\$ 3,336
In more than five business days, but less than one month <sup>(4)</sup>	1,076	428	347	308	352
	\$ 4,717	\$ 4,586	\$ 4,139	\$ 3,516	\$ 3,688
<b>Liquid borrowing</b>					
Capacity of short-term borrowing bylaw	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Less: Commercial paper issued (\$400 million limit) <sup>(5)</sup>	(400)	(400)	(300)	(300)	(300)
Less: Line of credit utilized (\$60 million limit)	-	-	-	-	-
	\$ 200	\$ 200	\$ 300	\$ 300	\$ 300
<b>Total</b>	\$ 5,535	\$ 5,454	\$ 5,496	\$ 5,079	\$ 5,089

(1) The liquidity schedule has been updated to reflect changes in The City's investment structure, including a transition from separately managed accounts with directly-owned securities to pooled investment funds. The revised presentation classifies liquidity based on expected time to access cash, rather than by underlying asset type, to better align with current portfolio structure and liquidity management practices.

(2) Investment presented at fair value that can be sold or redeemed with minimal impact to their current fair value and settled in less than one month.

(3) This includes investments that trade in liquid public markets and can be converted to cash within five business days under normal market conditions, as well as pooled investments where liquidity is available within five business days through market settlement or fund redemption mechanisms.

(4) This includes investments held in pooled funds that may not trade daily in liquid public markets but provide access to cash through defined redemption and settlement timelines, which may exceed five business days but generally do not exceed 30 days. Liquidity is determined by fund-level redemption provisions rather than the underlying assets.

(5) In 2024, The City increased its limit on commercial paper issuance to \$400 million.



# Other financial and statistical schedules

## Consolidated reserves unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021 <sup>(1)</sup>
Calgary Housing	\$ 66,063	\$ 57,805	\$ 45,451	\$ 38,306	\$ 30,419
ENMAX Dividend Stabilization Reserve	–	–	–	18,000	18,000
Fiscal Stability Reserve	1,093,256	937,853	876,390	853,510	731,952
Other operating <sup>(2)</sup>	61,201	59,485	68,626	78,023	78,518
<b>Total operating reserves</b>	<b>\$ 1,220,520</b>	<b>\$ 1,055,143</b>	<b>\$ 990,467</b>	<b>\$ 987,839</b>	<b>\$ 858,889</b>
Community Investment Reserve	\$ 139,701	\$ 156,814	\$ 147,820	\$ 130,265	\$ 107,497
Debt Servicing Reserve	–	–	52,570	52,570	52,570
Established Area Investment Fund	23,144	32,391	36,007	44,899	51,200
Green Line Fund	269,680	182,753	172,799	183,539	152,310
Legacy Parks Reserve	81,658	64,555	61,625	34,039	19,695
Major Capital Project Reserve	352,993	430,281	412,687	282,189	380,991
Calgary Police Service Capital Reserve	19,541	25,218	30,194	37,985	41,195
Reserve for Future Capital and Lifecycle Maintenance and Upgrade Reserve (RFC/LMUR) Merged	829,486	962,386	977,167	792,182	633,449
Other capital <sup>(2)</sup>	89,170	82,514	82,563	80,484	85,376
<b>Total capital reserves</b>	<b>\$ 1,805,373</b>	<b>\$ 1,936,912</b>	<b>\$ 1,973,432</b>	<b>\$ 1,638,152</b>	<b>\$ 1,524,283</b>
Calgary Parking Capital Reserve Fund	\$ 162,539	\$ 158,416	\$ 169,955	\$ 159,374	\$ 159,374
Cash-in-Lieu Lifecycle Sustainment	–	–	37,376	36,220	37,435
Corporate Housing Reserve <sup>(3)</sup>	77,517	64,655	42,076	43,054	43,442
General Hospital Legacy Reserve	17,702	17,660	17,733	17,184	18,298
Planning and Development Services Sustainment	77,660	96,913	105,144	103,545	97,120
Opportunity Calgary Investment Fund	67,885	60,619	71,247	82,179	91,102
Perpetual Care of the Municipal Cemeteries Reserve	26,726	26,860	27,205	28,030	24,901
Land Servicing Reserve <sup>(3)</sup>	138,434	164,649	215,072	218,798	131,027
Utility Sustainment Reserve	165,667	215,183	245,719	202,589	164,201
Waste and Recycling Sustainment Reserve	43,409	31,675	53,340	69,148	83,565
Other sustainment	79,851	69,749	54,237	49,673	47,419
<b>Total sustainment reserves</b>	<b>\$ 857,390</b>	<b>\$ 906,379</b>	<b>\$ 1,039,104</b>	<b>\$ 1,009,794</b>	<b>\$ 897,884</b>
<b>Total reserves</b>	<b>\$ 3,883,283</b>	<b>\$ 3,898,434</b>	<b>\$ 4,003,003</b>	<b>\$ 3,635,785</b>	<b>\$ 3,281,056</b>

(1) In 2021, the Fiscal Stability Reserve and the Budget Savings Account merged. In addition, the RFC/LMUR merged with the Green Line Fund portion of the LMUR being segregated. General Hospital Legacy Reserve was segregated from Land Servicing Reserve and made its own reserve.

(2) In 2025, the Parking Revenues Reinvestment Reserve was reclassified from capital reserves to operating reserves in the consolidated financial statements. Balances in years prior to 2025 have been reclassified to conform to current year presentation.

(3) Certain prior year balances were reclassified from the Land Servicing Reserve to the Corporate Housing Reserve.

## Green Line financial position unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
Financial assets	\$ 4,579	\$ 139	\$ 59	\$ –	\$ –
Financial liabilities	180,389	90,910	35,582	19,211	10,282
Net financial assets	\$ (175,810)	\$ (90,771)	\$ (35,523)	\$ (19,211)	\$ (10,282)
Non-financial assets	1,535,202	1,274,239	961,228	726,134	633,226
<b>Net assets</b>	<b>\$ 1,359,392</b>	<b>\$ 1,183,468</b>	<b>\$ 925,705</b>	<b>\$ 706,923</b>	<b>\$ 622,944</b>

## Green Line reserve unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
<b>Green Line Fund</b>	<b>\$ 269,680</b>	<b>\$ 182,753</b>	<b>\$ 172,799</b>	<b>\$ 183,539</b>	<b>\$ 152,310</b>

## Green Line acquisition of tangible capital assets unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
Capital additions	\$ 260,963	\$ 313,011	\$ 235,094	\$ 92,908	\$ 77,757
<b>Capital balance</b>	<b>\$ 1,102,744</b>	<b>\$ 841,781</b>	<b>\$ 528,770</b>	<b>\$ 293,676</b>	<b>\$ 200,768</b>

## Green Line budget unaudited

2021-2025 (in millions)

	2025	2024	2023	2022	2021
Total budget	\$ 6,248,000	\$ 6,248,000	\$ 5,543,000	\$ 5,543,000	\$ 5,543,000
Total cost to date	1,664,463	1,377,462	1,058,244	808,871	707,541
<b>Remaining budget</b>	<b>\$ 4,583,537</b>	<b>\$ 4,870,538</b>	<b>\$ 4,484,756</b>	<b>\$ 4,734,129</b>	<b>\$ 4,835,459</b>

# Taxation and assessments unaudited

2021-2025 (in thousands unless otherwise stated)

	2025	2024	2023	2022	2021
<b>Tax rates</b>					
Residential					
Municipal and library (Mills)	3.87	4.20	4.33	4.70	4.83
Provincial property (Mills)	2.31	2.28	2.24	2.46	2.58
Non-residential					
Municipal and library (Mills)	17.97	18.36	18.43	17.88	16.51
Provincial property (Mills)	3.86	3.63	3.64	4.05	4.10
<b>Assessed values</b>					
Residential	\$ 342,101,647	\$ 290,656,794	\$ 258,699,495	\$ 225,913,559	\$ 208,942,946
Percentage of total	84.62%	82.97%	82.00%	80.43%	78.60%
Commercial (industrial and farm)	\$ 62,160,606	\$ 59,674,630	\$ 56,883,120	\$ 54,962,713	\$ 57,012,414
Percentage of total	15.38%	17.03%	18.02%	19.60%	21.44%
<b>Total assessment</b>	<b>\$ 404,262,253</b>	<b>\$ 350,331,424</b>	<b>\$ 315,582,615</b>	<b>\$ 280,876,272</b>	<b>\$ 265,955,360</b>
<b>Tax levies</b>					
Municipal property taxes					
Residential	\$ 1,321,495	\$ 1,224,830	\$ 1,119,868	\$ 1,054,942	\$ 996,465
Non-residential	1,108,442	1,092,484	1,043,015	976,462	925,535
Community Revitalization Levy	42,547	41,409	39,790	36,034	38,100
Business improvement area relief	-	-	-	(64)	(4,295)
Revenue in lieu of taxes	227,299	256,731	396,343	331,283	243,973
Local improvement levies and special levies	11,448	12,423	8,588	7,699	9,235
	\$ 2,711,231	\$ 2,627,877	\$ 2,607,604	\$ 2,406,356	\$ 2,209,013
Provincial property taxes					
Residential	\$ 789,292	\$ 656,501	\$ 576,031	\$ 547,974	\$ 535,364
Non-residential	235,740	217,052	206,168	225,265	228,149
Revenue in lieu of taxes	11,086	9,795	7,193	7,689	7,598
	\$ 1,036,118	\$ 883,348	\$ 789,392	\$ 780,928	\$ 771,111
<b>Total taxes levied</b>	<b>\$ 3,747,349</b>	<b>\$ 3,511,225</b>	<b>\$ 3,396,996</b>	<b>\$ 3,187,284</b>	<b>\$ 2,980,124</b>
<b>Percentage of total levies</b>					
Property tax					
Residential property	56.33%	53.58%	49.93%	50.29%	51.40%
Non-residential property	35.87%	37.30%	36.77%	37.70%	38.71%
Local improvement levies	0.30%	0.35%	0.25%	0.24%	0.31%
Community Revitalization Levy	1.14%	1.18%	1.17%	1.13%	1.28%
Business improvement area relief	0.00%	0.00%	0.00%	0.00%	(0.14)%
Revenue in lieu of taxes	6.36%	7.59%	11.88%	10.64%	8.44%

# Taxation and assessments unaudited

2021-2025 (in thousands unless otherwise stated)

	2025	2024	2023	2022	2021
<b>Property tax – continuity</b>					
Taxes receivable (January 1)	\$ 74,192	\$ 67,281	\$ 66,856	\$ 74,655	\$ 72,131
Current levies – Property taxes	3,526,571	3,253,386	3,002,173	2,856,684	2,745,711
Non-tax items for collection	1,518	749	1,239	760	822
Penalties	14,614	16,969	15,770	14,506	8,081
Cancellation of tax arrears	(2,956)	(523)	(662)	(4,726)	(1,671)
Write-off of taxes	(455)	(29)	(320)	(384)	(510)
Total to be collected	\$ 3,613,484	\$ 3,337,833	\$ 3,085,056	\$ 2,941,495	\$ 2,824,564
Collections during the year					
Current levies	(3,469,838)	(3,207,445)	(2,959,463)	(2,812,396)	(2,690,158)
Arrears	(61,246)	(56,196)	(58,312)	(62,243)	(59,751)
Subtotal	\$ 82,400	\$ 74,192	\$ 67,281	\$ 66,856	\$ 74,655
Allowance for doubtful accounts	–	–	–	(2,621)	(2,621)
Taxes receivable (December 31)	\$ 82,400	\$ 74,192	\$ 67,281	\$ 64,235	\$ 72,034
Percentage of current taxes collected	96.02%	96.09%	95.93%	95.61%	95.24%
Taxes outstanding as a percentage of the current year levy	2.34%	2.28%	2.24%	2.34%	2.72%
<b>Other major tax levies</b>					
Revenue in lieu of taxes					
Municipal consent and access fees	\$ 147,692	\$ 182,175	\$ 308,499	\$ 225,804	\$ 165,339
Franchise fees	64,246	58,865	72,742	91,229	65,394
Other franchise fees	14,848	13,730	11,168	11,380	10,691
Governments					
Provincial	7,999	8,382	7,541	7,105	6,858
Federal	3,600	3,374	3,585	3,454	3,289
	\$ 238,385	\$ 266,526	\$ 403,535	\$ 338,972	\$ 251,571
<b>Net taxes available for municipal purposes</b>					
Property taxes	\$ 3,454,969	\$ 3,190,867	\$ 2,945,083	\$ 2,804,643	\$ 2,685,513
Community Revitalization Levy	42,547	41,409	39,790	36,034	38,100
Business improvement area relief	–	–	–	(64)	(4,295)
Revenue in lieu of taxes	238,385	266,526	403,535	338,972	251,571
Local improvement levies and special taxes	11,448	12,423	8,588	7,699	9,235
	\$ 3,747,349	\$ 3,511,225	\$ 3,396,996	\$ 3,187,284	\$ 2,980,124
<b>Less: Provincial property taxes</b>					
Current year levy	\$ (1,035,896)	\$ (881,550)	\$ (785,920)	\$ (781,729)	\$ (767,498)
Prior year adjustment (levy)	(222)	(1,798)	(3,472)	801	(3,613)
<b>Net taxes available for municipal use</b>	<b>\$ 2,711,231</b>	<b>\$ 2,627,877</b>	<b>\$ 2,607,604</b>	<b>\$ 2,406,356</b>	<b>\$ 2,209,013</b>

# Demographic and other information unaudited

2021-2025

	2025	2024	2023	2022	2021
<b>Population<sup>(1)</sup></b>	<b>1,558,700</b>	1,509,800	1,422,200	1,347,800	1,321,600
Change due to natural increase	<b>8,400</b>	7,500	7,700	7,200	8,400
Change due to net migration	<b>40,500</b>	80,200	66,600	19,100	6,100
<b>Housing activity</b>					
Annual applications for residential units					
Total residential <sup>(2)</sup>	<b>25,116</b>	21,298	17,751	15,733	16,426
Change	<b>17.93%</b>	19.98%	12.83%	(4.22)%	8.39%
Single family housing permits issued	<b>4,584</b>	5,343	4,552	4,133	4,140
Change	<b>(14.21)%</b>	17.38%	10.14%	(0.17)%	52.43%
MLS average selling price (\$) <sup>(3)</sup>	<b>\$ 625,859</b>	\$ 606,052	\$ 536,805	\$ 516,878	\$ 490,027
New housing price inflation <sup>(4)</sup>	<b>(2.70)%</b>	0.10%	(0.90)%	7.70%	8.00%
<b>Building permits, applied for</b>					
Number of applications	<b>23,291</b>	25,081	20,594	18,566	21,113
Change	<b>(7.14)%</b>	21.79%	10.92%	(12.06)%	20.81%
Value, in thousands	<b>\$ 7,713,876</b>	\$ 9,333,956	\$ 5,978,800	\$ 5,740,316	\$ 5,687,998
Change	<b>(17.36)%</b>	56.12%	4.15%	0.92%	65.37%
<b>Inflation, CPI annual increases<sup>(5)</sup></b>					
Calgary	<b>2.04%</b>	3.37%	3.80%	7.20%	3.18%
Alberta	<b>1.95%</b>	2.93%	3.30%	6.40%	3.18%
Canada	<b>2.05%</b>	2.42%	3.90%	6.80%	3.36%
<b>Unemployment rate<sup>(6)</sup></b>					
Calgary	<b>7.40%</b>	7.40%	6.00%	6.10%	9.10%
Alberta	<b>7.20%</b>	7.00%	5.90%	5.80%	8.70%
Canada	<b>6.80%</b>	6.40%	5.40%	5.30%	7.50%

## Top ten industries in Calgary (by the number of residents employed)<sup>(7)</sup>

- |  |   |
|--|---|
| 1. Professional, scientific and technical services     | 6. Transportation and warehousing                     |
| 2. Wholesale and retail trade                          | 7. Educational services                               |
| 3. Health care and social assistance                   | 8. Accommodation and food services                    |
| 4. Construction  | 9. Manufacturing                                      |
| 5. Finance, insurance, real estate, rental and leasing | 10. Forestry, fishing, mining, quarrying, oil and gas |

(1) The population figures are estimates from Spring Calgary and Region Economic Outlook (Spring 2026) using alternative demographic data from Statistics Canada and the Alberta Government.

(2) The methodology for annual applications for residential units was updated in 2025 to a unit-based approach that includes secondary suites; results are not directly comparable to prior year figures.

(3) Calgary Real Estate Board

(4) Statistics Canada. New Housing Price Index: Interactive Dashboard

(5) Statistics Canada. Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted

(6) Statistics Canada. Table 14-10-0464-01 Labour force characteristics by province, territory and economic region, annual

(7) Statistics Canada. Table 14-10-0466-02 Employment by industry and economic region, annual.

# Demographic and other information unaudited

2021-2025

	2025	2024	2023	2022	2021 (Restated) <sup>(1)</sup>
<b>Revenue sources – City general<sup>(2)</sup></b>	<b>\$ 4,009,360</b>	\$ 3,626,538	\$ 3,352,290	\$ 3,143,764	\$ 2,710,848
As a % of revenue					
Taxes and revenue in lieu of taxes	<b>60.33%</b>	63.63%	64.23%	64.37%	70.62%
General	<b>33.77%</b>	30.66%	30.14%	28.53%	27.21%
Government transfers	<b>3.33%</b>	3.09%	3.19%	5.13%	0.03%
Dividends from ENMAX	<b>2.57%</b>	2.62%	2.44%	1.97%	2.14%
<b>Interest charges – City general</b>					
As a % of operating expenses					
Before subsidy	<b>3.23%</b>	3.30%	4.03%	3.20%	3.37%
After subsidy	<b>3.23%</b>	3.30%	4.03%	3.20%	3.37%
<b>Interest charges – consolidated</b>					
Before subsidy (000s)	<b>\$ 117,557</b>	\$ 125,854	\$ 116,885	\$ 103,575	\$ 100,542
Share of operating expenses	<b>2.93%</b>	3.39%	3.00%	3.20%	3.10%
After subsidy (000s)	<b>\$ 117,557</b>	\$ 125,854	\$ 116,885	\$ 103,575	\$ 100,528
Share of operating expenses (net of subsidy)	<b>2.93%</b>	3.39%	3.00%	3.20%	3.10%
<b>Debt service limit (principal + interest)</b>					
Total debt service limit (000s)	<b>\$ 1,499,192</b>	\$ 1,366,161	\$ 1,346,977	\$ 1,302,441	\$ 1,151,307
Total debt service (000s)	<b>762,031</b>	738,974	617,440	625,510	650,614
Percentage used	<b>50.83%</b>	54.09%	45.80%	48.00%	56.50%
<b>Debt limit</b>					
Total debt limit (000s)	<b>8,566,813</b>	7,806,635	7,697,013	7,442,520	6,578,898
Total debt (000s)	<b>3,113,313</b>	3,134,275	3,075,366	3,053,548	3,141,306
Percentage used	<b>36.34%</b>	40.15%	40.00%	41.00%	47.80%
<b>Municipal full-time equivalents</b> (excluding ENMAX)					
Total full-time equivalents – City	<b>18,620</b>	17,645	17,256	16,373	15,894
Total full-time equivalents – Related Authorities	<b>1,103</b>	1,079	1,071	1,191	1,197
Full-time equivalents per 1,000 population – City	<b>11.95</b>	11.83	12.42	12.19	12.01
Full-time equivalents per 1,000 population – Related Authorities	<b>0.71</b>	0.72	0.77	0.89	0.90
Area, square kilometres	<b>852</b>	852	852	848	848
Km of roads (lane km)	<b>22,488</b>	22,161	21,952	21,732	21,440
Km of roads (centreline km)	<b>8,766</b>	8,639	8,555	8,475	8,371
Transit passenger trips, annual (000s)	<b>93,077</b>	101,150	89,966	56,910	41,175
Km of wastewater mains	<b>5,502</b>	5,346	5,208	5,160	5,107
Km of water mains	<b>5,590</b>	5,485	5,359	5,360	5,338
Km of storm drainage mains	<b>4,995</b>	4,862	4,753	5,493	5,465

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022.

(2) Figures are in thousands and before consolidation eliminations.

(3) In 2025, the methodology for transit passenger trips was updated to reflect improvements to CTrain data with the onboard Automatic Passenger Counter system providing better data. Years prior to 2025 have not been restated.





# The City of Calgary 2025 Annual Financial Report

AC2026-0181

2026 April 23

# Recommendations

That the Audit Committee:

1. Consider this report in conjunction with report AC2026-0327 External Auditor 2025 Year-End Report;
2. Recommend Council approval of The City of Calgary 2025 Annual Financial Report; and
3. Forward this report to the 2026 April 28 Regular Meeting of Council.

# 2025 Financial Results Context



Third year of the 2023–2026 Service Plans and Budgets, shaped by population growth, inflationary pressures and a resilient local economy.



Financial results reflect stewardship of public funds while advancing Council-approved priorities.



Significant capital investment continued, supported by transfers, developer contributions, reserves and debt within policy limits.



Infrastructure resilience and risk management remained key considerations in 2025.



Major multi-year projects continued to advance, including Green Line, the Culture + Entertainment District, Werklund Centre and Olympic Plaza transformations.

## Sustainability

- Strong asset and financial asset coverage of liabilities.
- Net debt relative to revenues remained manageable.

## Flexibility

- Debt-servicing costs remained low and stable.
- Capital assets continued to be maintained at a consistent level.

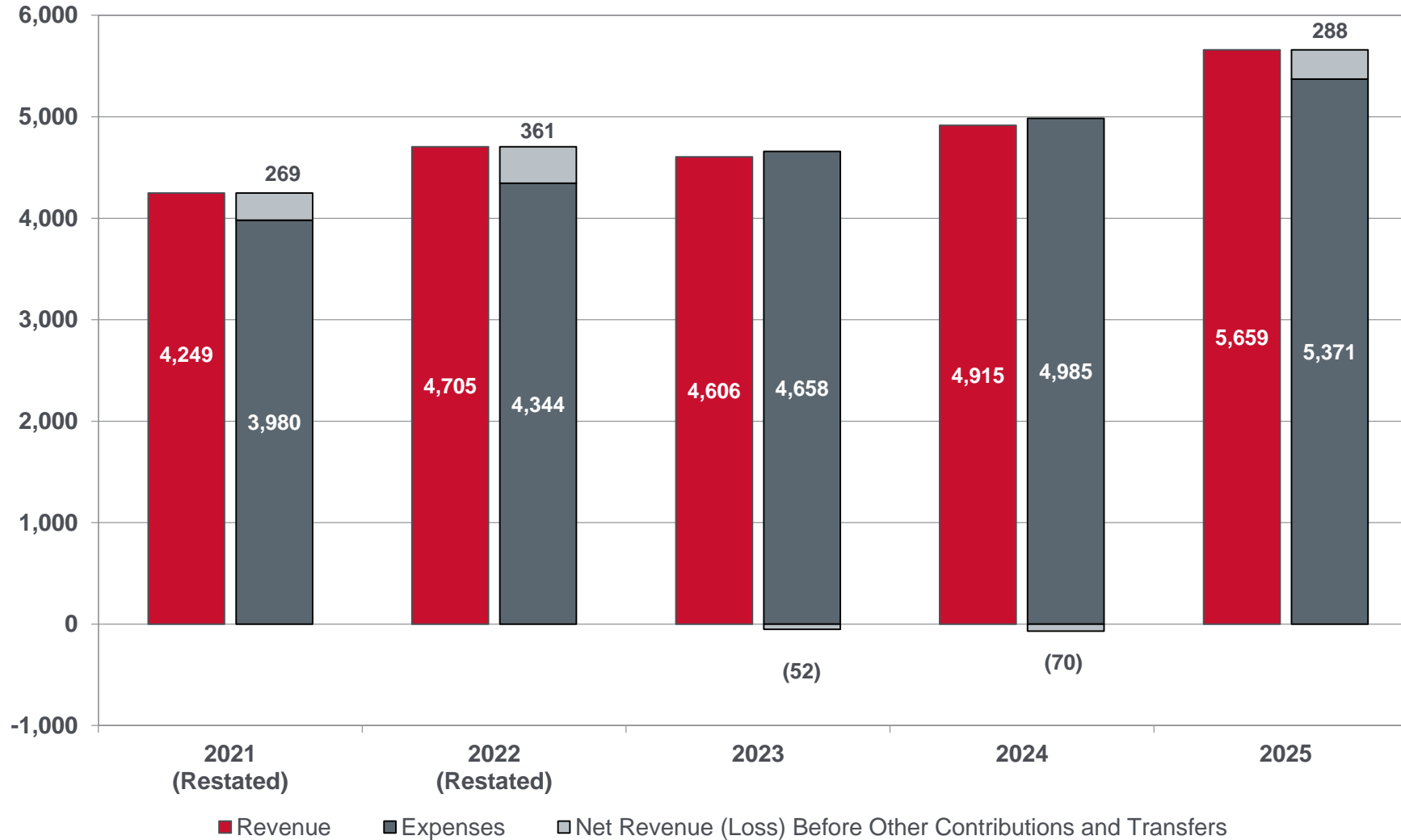
## Vulnerability

- Reliance on government transfers remained stable year over year.

- Enterprise Risk Management (ERM) framework used to identify, assess and monitor risks.
- Financial Sustainability remains a Principal Corporate Risk.
- 2025 risk pressures included infrastructure, workforce, economic, political, population growth, social and technological factors.
- Operational, technological and climate-related risks are monitored for their potential financial and service impacts as well.
- Risk considerations are integrated into budgeting, capital planning and financial decision-making.

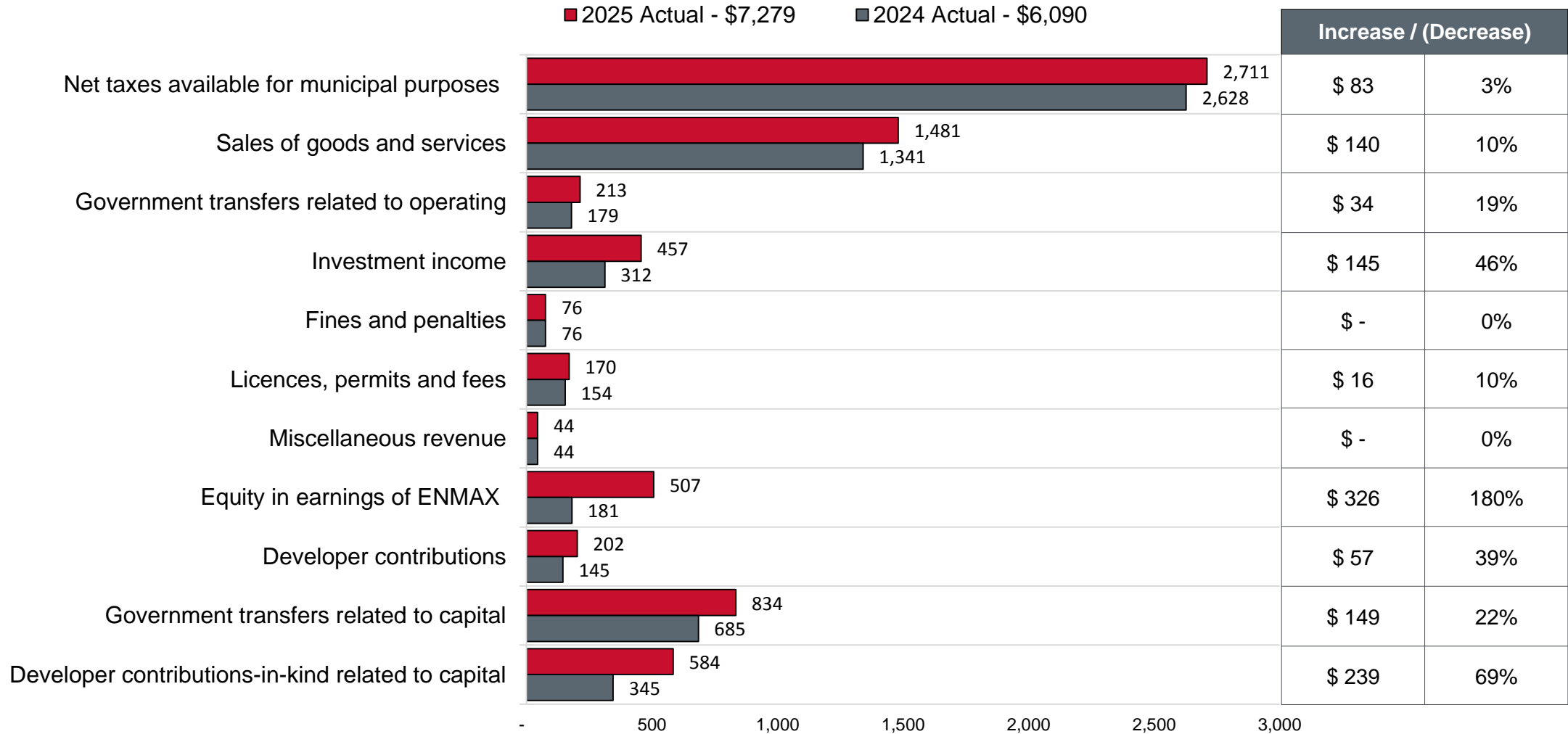


# Revenues, Expenses and Net Revenue (Loss) Before Capital Transfers (\$ millions)





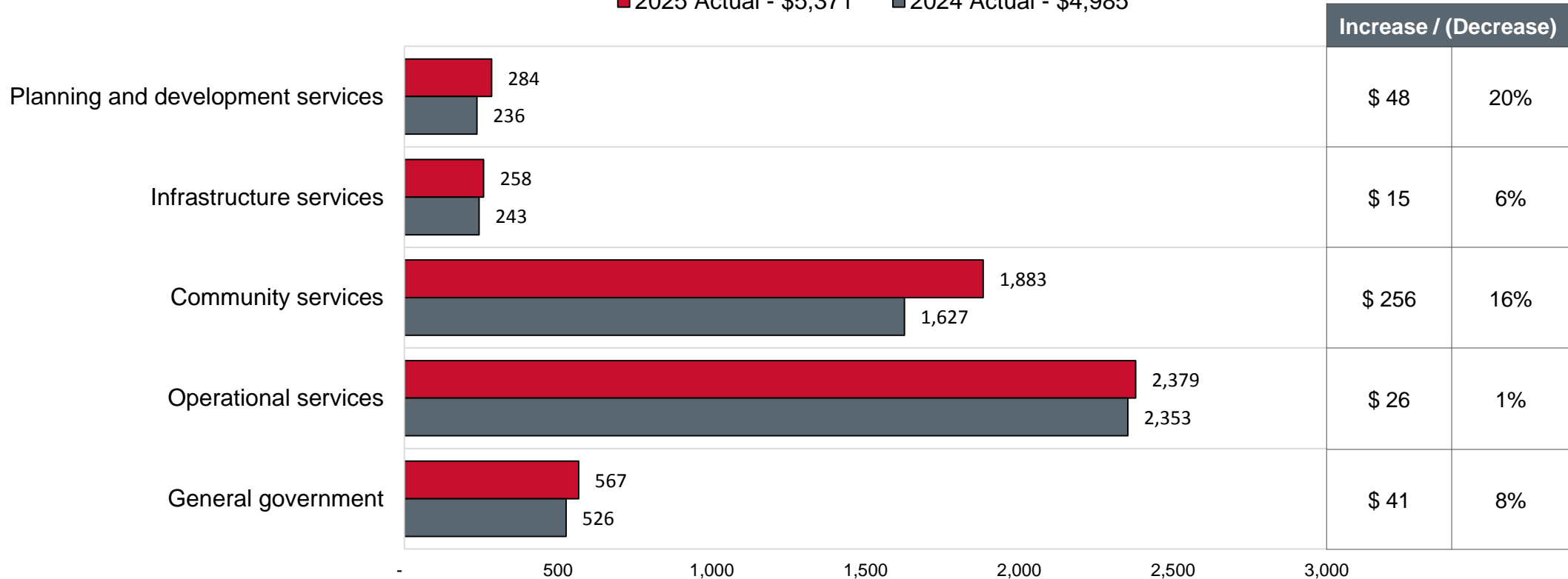
# Revenues for the Year Ended December 31 (\$ millions)





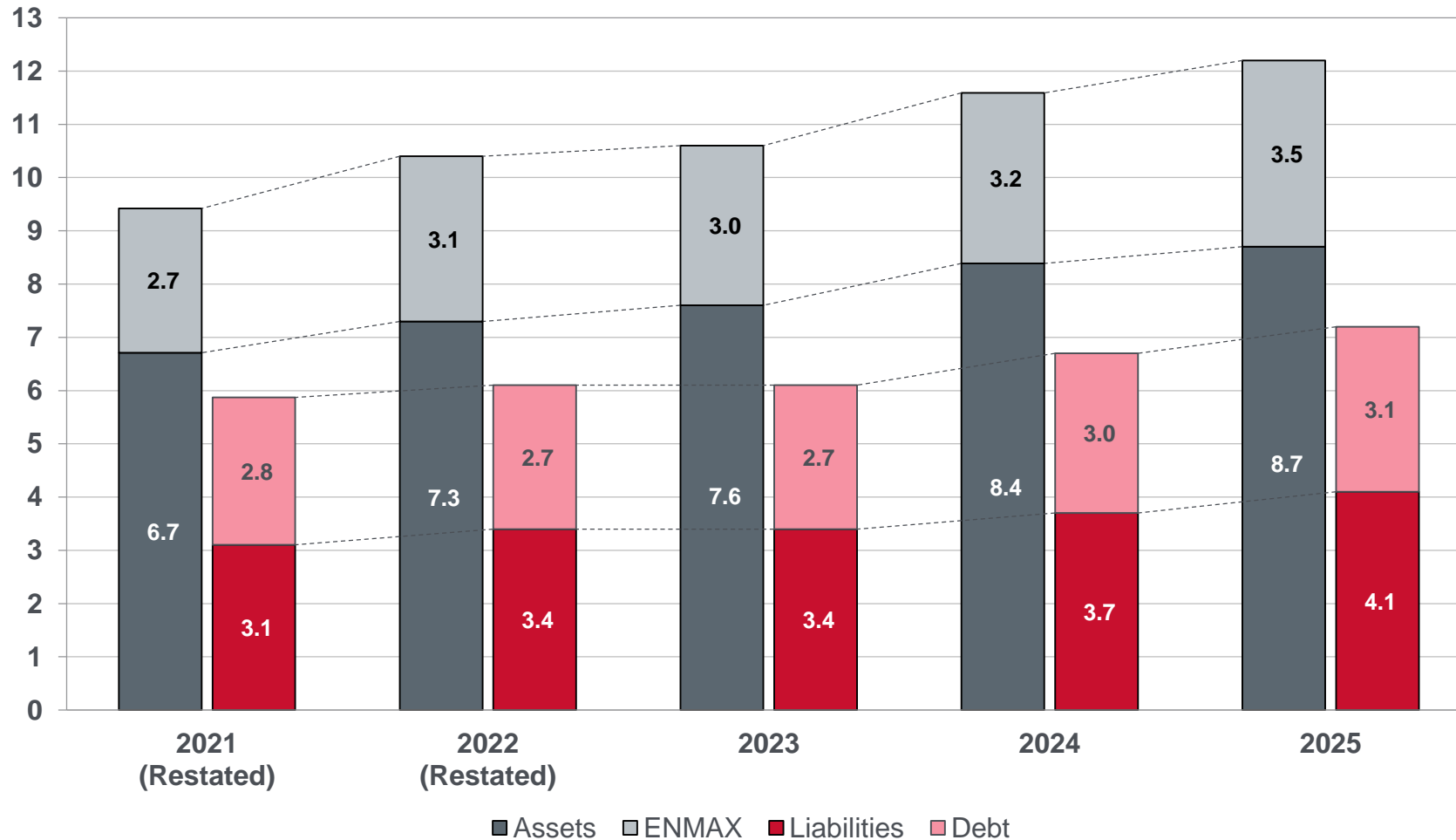
# Expenses for the Year Ended December 31 (\$ millions)

■ 2025 Actual - \$5,371   ■ 2024 Actual - \$4,985





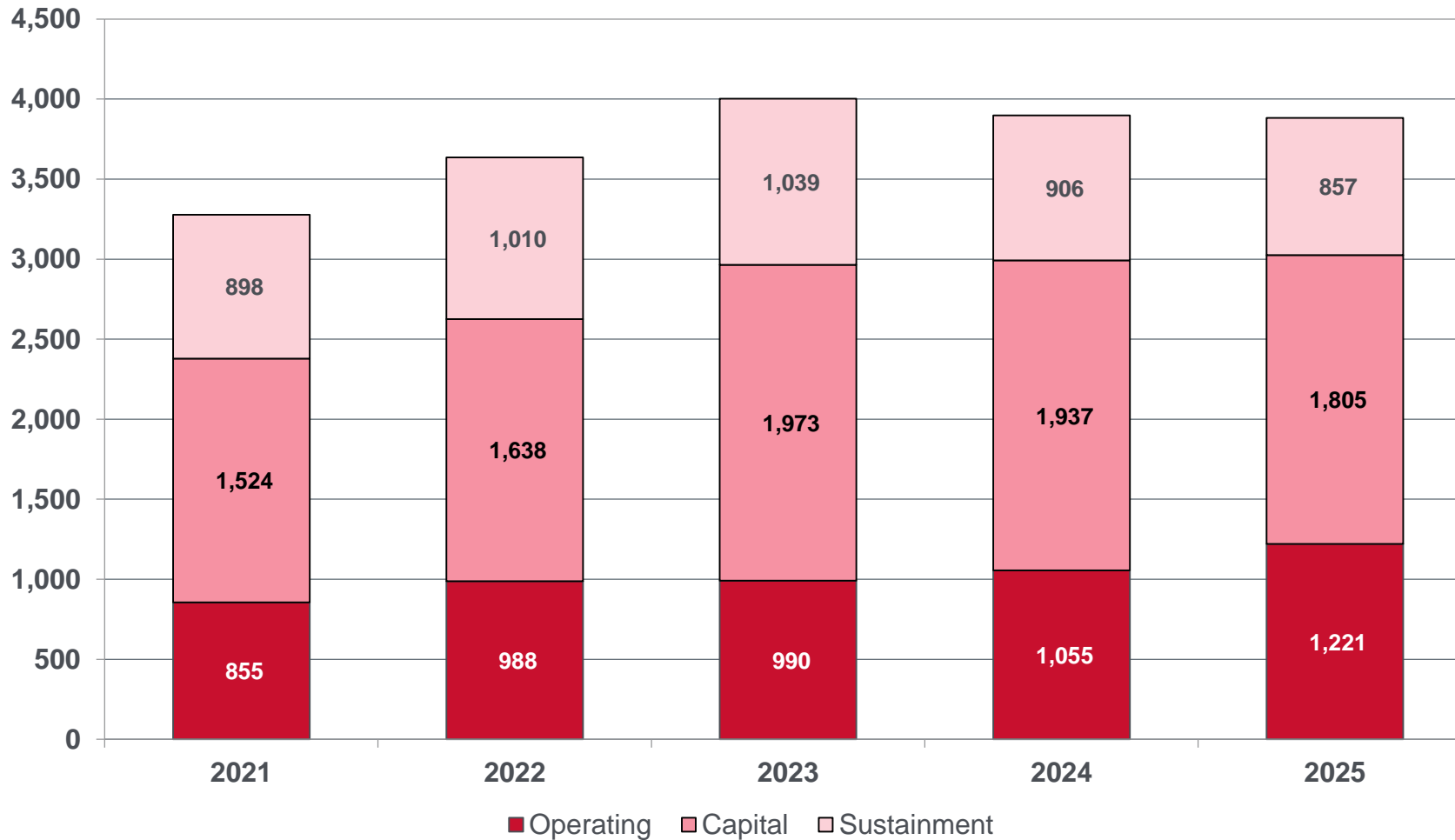
# Financial Assets and Liabilities (\$ billions)





# Reserves as at December 31

(\$ millions)



# Recommendations

That the Audit Committee:

1. Consider this report in conjunction with report AC2026-0327 External Auditor's 2025 Year-End Report;
2. Recommend Council approval of The City of Calgary 2025 Annual Financial Report, and
3. Forward this report to the 2026 April 28 Regular Meeting of Council.



# Supplementary Information



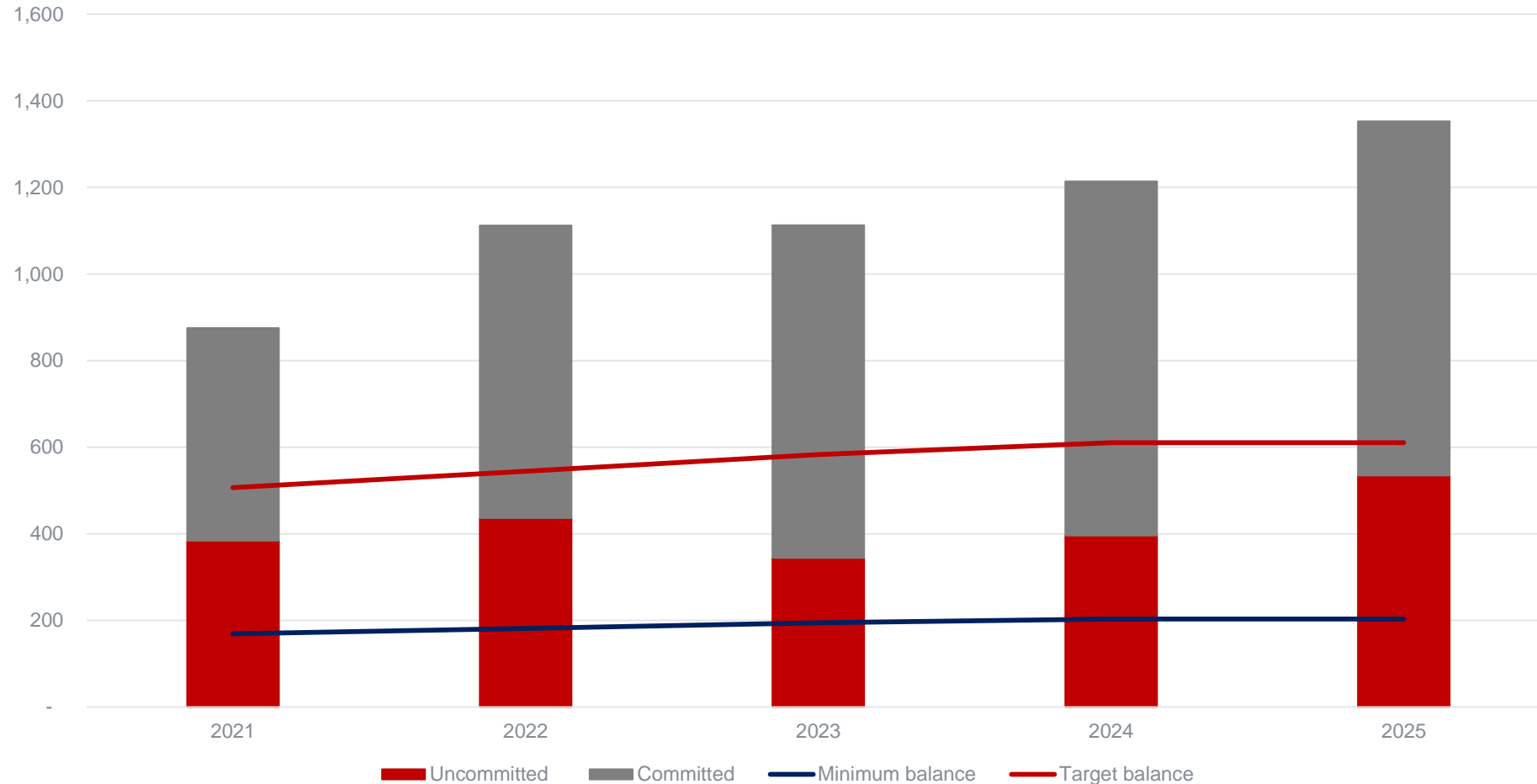
# Capital Deposits as at December 31

(\$ Thousands)

	December 31, 2024	Contributions Received	Revenue Recognized	December 31, 2025
Developers contributions	\$ 199,258	\$ 45,070	\$ (21,397)	\$ 222,931
Off-site	523,234	228,267	(72,340)	679,161
Centre city levies	11,301	2,550	(1,478)	12,373
Other private contributions	1,428	53,808	(23,588)	31,648
Provincial government grants	326,867	531,657	(492,546)	365,978
Federal government grants	195,980	350,985	(346,369)	200,596
	<b>\$ 1,258,068</b>	<b>\$ 1,212,337</b>	<b>\$ (957,718)</b>	<b>\$ 1,512,687</b>



# Fiscal Stability Reserve (\$ Millions)





# Upcoming Accounting Standards

## 2027 Implementation

**Conceptual Framework**— defines the purpose, scope, and principles of public sector financial accounting and reporting. It serves as the foundation for developing Public Sector Accounting Standards (PSAS) and the applying of professional judgment, replacing PS 1000 - Financial Statement concepts and PS 1100 - Financial Statement Objectives.

**PS 1202 – Financial Statement Presentation** – establishes general and specific requirements for presenting government consolidated financial statements, based on the Conceptual Framework to ensure consistency and transparency.



**Audit Resource Management Report to  
Audit Committee  
2026 April 23**

**ISC: UNRESTRICTED  
AC2026-0327**

## **External Auditor 2025 Year-End Report**

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### **PURPOSE**

In accordance with the approved External Auditor's 2025 Audit Service Plan, AC2025-0678, presented at the 2025 July 24 meeting of Audit Committee, Deloitte LLP has completed their independent audit of the consolidated financial statements of The City of Calgary for the year ended 2025 December 31.

### **PREVIOUS COUNCIL DIRECTION**

The Audit Committee Bylaw 33M2020, as amended, states in Schedule B, Section 1 that Audit Committee:

- “(b) in conjunction with Administration’s presentation of the annual financial statements, receives and reviews the External Auditor’s year end audit results report. This report is to be forwarded to Council for information;
  
- (c) requires the External auditor to express an opinion on The City’s finance statements, in accordance with professional standards;”

### **RECOMMENDATIONS:**

That Audit Committee:

1. Receive this Report and Attachment for the Corporate Record and consider them in conjunction with Report AC2026-0181, The City of Calgary 2025 Annual Financial Report;
2. Forward the External Auditor 2025 Year-End Report, AC2026-0327, and the Attachment to the 2026 April 28 Regular Meeting of Council;
3. Conduct a Closed Meeting discussion with the External Auditor and keep that discussion confidential pursuant to Sections 29 (Advice from officials) and 30 (Disclosure harmful to economic interests) of the *Access to Information Act*; and

That Audit Committee recommend that Council:

4. Receives Report AC2026-0327, External Auditor 2025 Year-End Report, and the Attachment, for information and the Corporate Record.

### **HIGHLIGHTS**

The Audit Committee is responsible to ensure the integrity of The City’s annual financial statements and the External Auditor provides independent assurance that the financial statements are free from material misstatement, whether due to fraud or error.

**Audit Resource Management Report to  
Audit Committee  
2026 April 23**

**ISC: UNRESTRICTED  
AC2026-0327**

### **External Auditor 2025 Year-End Report**

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The external audit of The City's financial statements provides Calgarians with assurance that the financial statements present fairly, in all material respects, the financial position of The City as at 2025 December 31 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

The external auditor will return to Audit Committee at the 2026 June 11 meeting with their management letter which reflects their observations during the 2025 audit.

The Attachment to this report has been provided by the External Auditor and contains their 2025 Year-End Report to the Audit Committee.

### **ATTACHMENTS**

The City of Calgary, Report on the 2025 Audit

Department Circulation

Councillor J. Wyness	Chair of Audit Committee	Approve
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Author: C. Smillie, EA to Audit Committee



**The City of Calgary**  
Report on the 2025 Audit

Presented to the Audit Committee April 23, 2026

**Dear Audit Committee members:**

We are pleased to submit this report on the status of our audit of The City of Calgary (“The City”) for the 2025 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with Administration on the outstanding matters summarized in the Executive Summary.

As agreed in our Engagement Letter (“EL”) dated July 24, 2025, we have performed an audit of the consolidated financial statements of The City as at and for the year ended December 31, 2025, in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”) and expect to issue our audit report thereon dated April 28, 2026.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on July 24, 2025.

This report is intended solely for the information and use of the Audit Committee, Administration and others within The City and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

*Deloitte LLP*

Chartered Professional Accountants

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  - Significant risks – Revenue recognition of capital deposits
  - Significant risks – Tangible capital assets
-  **Internal Control Matters**
-  **Significant Accounting Policies, Judgements and Estimates**
-  **Appendices**
  - Appendix 1 – Communication requirements and other reportable matters
  - Appendix 2 – Group audit
  - Appendix 3 – Draft version of our auditor's report
  - Appendix 4 – Draft Administration representation letter
  - Appendix 5 – Draft independence letter
  - Appendix 6 – Audit Committee terms of reference

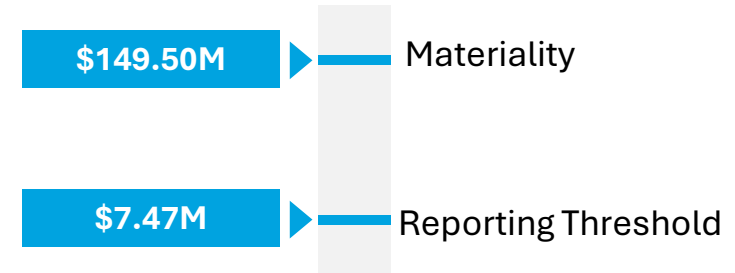


# Executive Summary

## Audit Scope and Terms of Engagement

We have been asked to perform an audit of The City’s consolidated financial statements prepared in accordance with Canadian public sector accounting standards (“PSAS”) as at and for the year ending December 31, 2025.

## Group Materiality



Materiality levels are determined on the basis of total consolidated operating expenditures. Our materiality for the year ended December 31, 2025 was \$149.50M (2024, \$115M).

## Significant Risks

Status

1 Administration override of controls



2 Revenue recognition of capital deposits



3 Tangible Capital Assets



Continued from prior Year



## Outstanding Matters & Next Steps

**Receipt** of signed Administration representation letter and legal department’s confirmation letter.

**Completion** of our subsequent events review and Engagement Quality Control review.

**Approval** of the consolidated financial statements by City Council at the recommendation of the Audit Committee.

**Review** of final version of the consolidated financial statements and Financial Statement Discussion and Analysis for changes, if any.

## Executive Summary (cont'd)



### **Going Concerns**

Administration has completed its assessment of the ability of The City to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon The City's ability to continue as a going concern. We agree with Administration's assessment.

### **Results**

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the consolidated financial statements of The City for the year ended December 31, 2025, once the outstanding items referred to above are completed satisfactorily and the consolidated financial statements are approved by the Audit Committee and City Council.

# Significant Audit Risks and Areas of Focus

Risk	Audit response consistent with plan	Administration Judgement	Control testing planned	Analysis of Risk	Audit Response and Results
Administration override of controls			<b>D+I</b>	<ul style="list-style-type: none"> <li>Canadian auditing standards include the presumption of a significant risk of fraud which can be committed through Administration override of controls.</li> <li>Administration is in a unique position to perpetrate fraud because of its ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be designed and implemented effectively.</li> </ul>	<ul style="list-style-type: none"> <li>We reviewed accounting estimates for biases and evaluated whether the circumstances demonstrate bias, if any, or represent a risk of material misstatement due to fraud.</li> <li>We tested, using data interrogation techniques, journal entries recorded that exhibit characteristics of possible Administration override of controls for the month of December 2025 and material manual consolidation entries recorded at the end of the reporting period.</li> <li>We engaged in periodic fraud discussions with certain members of Administration and others, including Chief Financial Officer, City Auditor, Chief Administrative Officer, and the Audit Committee Chair.</li> <li>We evaluated The City's fraud risk assessment and considered entity-level internal controls and internal controls over the financial closing and reporting process.</li> <li>We obtained an understanding of the business rationale for significant transactions that are outside the normal course of business or that appear unusual given our understanding of The City and its environment.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>



## Legend



Significant level of Administration judgement involved

**D+I:** Planned testing of the design and implementation of key controls

# Significant Audit Risks and Areas of Focus

Risk	Audit response consistent with plan	Administration Judgement	Control testing planned	Analysis of Risk	Audit Response and Results
Revenue recognition of capital deposits			<b>D+I</b>	<ul style="list-style-type: none"> <li>Capital deposit revenue relating to government funding and private contributions is not recognized in the correct period.</li> </ul>	<ul style="list-style-type: none"> <li>We assessed the design and implementation of relevant controls.</li> <li>We applied audit procedures to the revenue recognition of capital deposits relating to both government funding and private contributions. Our testing included, on a sample basis, reviewing amounts included in the current year transactions to ensure revenue is recognized only when the PSAS revenue recognition criteria is met.</li> <li>We obtained capital deposit contracts to ensure that the revenue recorded aligns with the stipulations in the contract.</li> <li>We applied audit procedures to test the completeness of revenue by reviewing the carry-forward forms for financing deficits as at December 31 to determine if grant funding has been applied in the appropriate period.</li> <li>We applied audit procedures to off-site levies, on a sample basis, on the following areas:               <ul style="list-style-type: none"> <li>Signed agreements in the year;</li> <li>Debt acquired for off-site levy projects;</li> <li>Amounts recognized into revenue in the year;</li> <li>Deferred revenue recognized into revenue in the year.</li> </ul> </li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>



## Legend



Significant level of Administration judgement involved

**D+I:** Planned testing of the design and implementation of key controls

# Significant Audit Risks and Areas of Focus

Risk	Audit response consistent with plan	Administration Judgement	Control testing planned	Analysis of Risk	Audit Response and Results
Tangible Capital Assets			<b>D+I</b>	<ul style="list-style-type: none"> <li>Completeness, existence and valuation of Tangible Capital Assets (“TCA”), work in progress (“WIP”) and capital (Fund 40) expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>We assessed the design and implementation of relevant controls.</li> <li>On a sample basis, we tested TCA WIP additions to ensure these WIP additions were appropriately capitalized and accounted for as WIP.</li> <li>On a sample basis, we tested TCA WIP transfers to ensure these WIP projects were appropriately transferred out of WIP and into the correct asset class at project completion.</li> <li>On a sample basis, we tested the year end WIP balance to ensure amounts included in WIP are appropriate.</li> <li>On a sample basis, we tested capital (Fund 40) expenditures to ensure these costs were appropriately expensed or capitalized to TCA.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

## Legend



Significant level of Administration judgement involved



**D+I:** Planned testing of the design and implementation of key controls

# Significant Audit Risks and Areas of Focus (cont'd)

## Areas of focus

### Related Parties (related authorities/subsidiaries/civic partners)

- We reviewed The City's accounting policies, and any changes therein related to its related parties.
- We verified that the related parties have been accounted for and disclosed in accordance with The City's accounting policies and PSAS.
- We audited all material balances relating to the related parties.
- We applied audit procedures to any entities identified by Administration in 2025 as meeting the criteria for consolidation under PSAS guidance, if any. No new entities identified in 2025.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Litigation Accruals and Contingencies

- We enquired with The City's legal department and The City Solicitor to determine the status of outstanding legal matters.
- We reviewed legal correspondence from The City Solicitor and external legal counsel (if applicable) and discussed the status of outstanding legal matters with Administration and others, as necessary.
- We assessed the appropriateness of any contingent liabilities and financial statement disclosures.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Government Grants and Transfers

- We tested a sample of funding agreements to determine if the contract required financial statement disclosure.
- We tested a sample of federal and provincial transfer payments received during the year to fund specific projects.
- We reviewed the related funding agreements to ensure funds were used for their intended purpose and that revenue was recognized in the appropriate period, including the deferred revenue.
- We reviewed deferred revenue for compliance with the applicable PSAS guidance.
- We tested expenditures and ensure that the corresponding revenue has been recognized.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Property Tax Revenue

- We performed reasonability tests on property tax revenue balances.
- We reviewed and tested the property tax revenue business cycle process controls.
- We completed data analytics testing on the property tax revenues for the year ending December 31, 2025.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Reserves

- We tested expenditures charged to each reserve and agreed a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by City Council.
- We also tested a sample of transfers between reserves, if any, to verify that the transfer was approved by City Council.
- We reviewed the completeness and accuracy of the financial statement disclosures relating to reserves.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Commitments and Contractual Obligations

- We reviewed the completeness and accuracy of the financial statement disclosures relating to The City's commitments and contractual obligations.
- We ensured that these disclosures are in accordance with PSAS guidance.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

### Valuation of registered defined benefit pension plans

- We reviewed the various inputs and assumptions used in the calculation of the pension obligation and assessed their reasonableness.
- We reviewed and tested the pension asset and obligation business cycle process controls to ensure the controls surrounding the review of the inputs and assumptions are designed and implemented properly.
- We sent and received confirmations from the external actuary.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

# Appendices



## Appendix 1 – Required communications with Those Charged with Governance

Canadian GAAS standards require that we communicate to Those Charged with Governance (Audit Committee) on the following matters:

Required communication	Refer to this report or document described below
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Engagement Letter (“EL”) dated July 24, 2025.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	Audit plan communicated on July 24, 2025.
3. Significant transactions outside of the normal course of business, including related party transactions	<p>Related party transactions are disclosed in Note 27 to the consolidated financial statements.</p> <p>Refer to Significant audit risks and areas of focus section for further details on significant transactions outside the normal course of business.</p>
4. How those charged with governance exercise oversight over management’s process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	<p>We believe adequate internal controls exist to sufficiently mitigate the risk of management override of controls.</p> <p>Those charged with governance exercise (Audit Committee) oversight over Administration’s process for identification and response to the risk of fraud by establishing and enforcing a code of conduct, establishing committees to govern various aspects of operations and engaging frequently with key Administration personnel.</p>
5. Whether The City is in compliance with laws and regulations	<p>Administration is responsible for ensuring that The City’s operations are conducted in accordance with the laws and regulations applicable to The City in the jurisdictions in which it operates. The responsibility for preventing and detecting non-compliance rests with Administration. The auditor is not and cannot be held responsible for preventing noncompliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material non-compliance with laws and regulations by The City.</p>

## Appendix 1 – Required communications with Those Charged with Governance (cont'd)

Canadian GAAS standards require that we communicate to Those Charged with Governance (Audit Committee) on the following matters:

Required communication	Refer to this report or document described below	
6. Fraud or possible fraud identified through the audit process	We are not aware of any actual or suspected fraudulent events which are material to The City's consolidated financial statements.	
7. Significant accounting policies, practices, unusual transactions, and our related conclusions	No significant departures for inappropriate accounting policies noted.	
8. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	None noted.	
9. Matters related to going concern	Executive summary section of this report.	
10. Use of the work of specialists and experts	As planned, Deloitte and external specialists and experts assisted in the audit to the extent we considered necessary:	
	<table border="0"> <tr> <td data-bbox="1059 829 1735 915"><b>Actuarial experts:</b> (External)</td> <td data-bbox="1760 815 2448 915">AON Solutions Canada Inc. assisted in the assessment of the valuation of The City's pension liability.</td> </tr> </table>	<b>Actuarial experts:</b> (External)
<b>Actuarial experts:</b> (External)	AON Solutions Canada Inc. assisted in the assessment of the valuation of The City's pension liability.	
11. Consultation with other accountants	Administration has informed us that The City has not consulted other accountants about auditing or accounting matters.	

## Appendix 1 – Required communications with Those Charged with Governance (cont'd)

Canadian GAAS standards require that we communicate to Those Charged with Governance (Audit Committee) on the following matters:

Required communication	Refer to this report or document described below
12. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with Administration related to the performance of the audit.
13. Material written communications between Administration and us, including Administration representation letters	Draft Administration representation letter - Appendix 4.
14. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report - Appendix 3.
15. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
16. Modifications to our opinion(s)	Executive summary section of this report.
17. Other significant matters discussed with Administration	Significant audit risks and areas of focus section of this report.
18. Matters involving noncompliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
19. Litigation	No litigation matters to report.
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No significant deficiencies to report.
21. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. Refer to Draft Administration representation letter - Appendix 4 for all uncorrected misstatements impacting the current and prior year.
22. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee on July 24, 2025. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
23. Concerns regarding Administration competence and integrity	We do not have any concerns regarding Administration's competency and integrity.
24. Disagreements with Administration	During the current audit, we did not have any disagreements with Administration.
25. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.

## Appendix 2 – Group Audit

The audit of The City is considered to be a group audit and therefore, we are also required to determine the scope of work required for each component audit (related authority/subsidiary) in relation to The City’s consolidated audit and group materiality.

We are auditors of all components (related authorities/subsidiaries) and issue an audit opinion on the standalone financial statements of each entity based on the component (standalone) materiality.

No restrictions have been placed on the scope of our audits of the related authorities. In performing the audits, we were given full and complete access to the accounting records, supporting documentation and other information requested.



## Appendix 3 – Draft version of our auditor’s report

### Independent Auditor’s Report

To Mayor Jeromy Farkas and Members of City Council  
The City of Calgary

#### Opinion

We have audited the consolidated financial statements of The City of Calgary (The City) which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City as at December 31, 2025 and the results of its operations, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor’s report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Administration and Those Charged with Governance for the Consolidated Financial Statements

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as Administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Administration is responsible for assessing The City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of The City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Administration.

- Conclude on the appropriateness of Administration’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The City’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause The City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within The City as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
April 28, 2026

## Appendix 4 – Draft administration representation letter

[The City of Calgary letterhead]

April 28, 2026

Deloitte LLP  
700, 850 – 2 Street SW  
Calgary AB T2P 0R8

To Whom It May Concern:

Subject: Consolidated financial statements of The City of Calgary for the year ended December 31, 2025

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the consolidated financial statements of The City of Calgary (“The City” or “we” or “us”) for the year ended December 31, 2025, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, its remeasurement gains and losses, cash flows and changes in net financial assets of The City in accordance with Public Sector Accounting Standards (“PSAS”).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between The City and Deloitte dated July 24, 2025, for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of The City as at

December 31, 2025, and the results of its operations, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended in accordance with PSAS.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, Administration makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The City has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect Administration's intent and ability to carry out specific courses of action on behalf of The City. No events have occurred subsequent to December 31, 2025, that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

We have identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Administration has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected and City Council approval is obtained. The Financial Statements have been internally reviewed and approved in accordance with our year end close process to finalize financial statements.
4. We have completed our review of events after December 31, 2025, and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
5. The Financial Statements are free of material errors and omissions.

We believe that the effects of any uncorrected Financial Statement misstatements pertaining to the current and comparative prior period presented, are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole. A list of the uncorrected misstatements aggregated by you is attached in Appendix A.

## Internal controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

## Information provided

8. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
10. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Administration;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
12. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting The City.
13. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices and all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
14. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.
15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

## Independence matters

For the purposes of the following paragraphs, “Deloitte” shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

16. Prior to The City having any substantive employment conversations with a former or current Deloitte engagement team member, The City has held discussions with Deloitte and obtained approval from the Audit Committee.
17. We have ensured that all non-audit services provided to The City have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to The City in accordance with applicable laws, regulations and rules that apply to The City, including the Audit Committee approval requirements.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

## Other matters

19. The City has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and The City has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.
23. We have provided you with final versions of the following other information:
  - a. Financial Statement Discussion and Analysis

We believe the Financial Statements and the other information are consistent with one another, and that the other information does not contain any material misstatements.

## Selection of accounting policies and recording of transactions

24. The accounting policies selected, and the application of those policies are appropriate.

25. The City's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2024, other than new accounting standards adopted in the current year.

### Administration's responsibilities

26. All transactions and events have been carried out in accordance with law, regulation or other authority.

### Employee future obligations

27. We agree with the work of our experts in evaluating the Employee Benefit Obligation and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to our experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.
28. Employee future benefit costs, assets and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains and the related expenses are amortized in a systematic and rational manner over the expected average remaining service life of the related employee group.
29. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
30. We have correctly accounted for the multi-employer defined benefit plans (Local Authorities Pension Plan and Special Forces Pension Plan) in which The City is a participating member. As information is not available to determine the City's share of the plans' obligations and assets of these defined benefit plans, they are appropriately reported utilizing the defined contribution method of accounting.

### Plans or intentions affecting carrying value/classification of assets and liabilities

31. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.
32. We have performed assessments on our known contaminated sites, including those described in Paragraph 34. Based on our Section PS 3260, *Liability for Contaminated Sites* ("PS 3260") evaluation, we have identified two sites as contaminated sites. We have recorded a liability because the contamination of the site exceeds the environmental

standard. The City is responsible or has accepted responsibility for the remediation and we believe it is expected that remediation will be required. We believe that the estimate of the liability is reasonable and is our best estimate of the amount required to remediate the sites.

33. We have identified several other sites that exceed the environmental standard for which The City is not responsible for remediation, or it is unclear if the remediation is the responsibility of The City. One of the sites relates to the known contamination of the West Village site. We do not accept responsibility for the remediation of these sites (or it is unclear who has responsibility for the remediation of these sites) and as such we have not recorded a liability with respect to remediation.

Furthermore, The City of Calgary has signed a release agreement effective November 15, 1997 (the “Effective Date”) between Her Majesty the Queen in Right of the Province of Alberta and The City of Calgary, which indicates the following in paragraph 2.01 of this agreement:

*“The Province acknowledges and agrees that the Contamination existing as of the Effective Date was not caused or contributed to by the City. The Province agrees that from and after the Effective Date it shall not initiate any Recovery Action against the City, its Council, officers, agents, employees, contractors, persons in lawful use and occupation of the Lands, or those for whom they are in law responsible for, save and except with respect to any act or omission whether inadvertent, willful, or negligent by the City, its Council, officers, agents, employees, contractors, persons in lawful use and occupation of the Lands or those for whom they are in law responsible for, which in the opinion of the Province has an adverse effect on the Contamination. Subject to any such act or omission whether inadvertent, willful or negligent, the Province releases and forever discharges the City from all Recovery Actions.”.*

34. Administration’s risk assessment process for the identification of potential contaminated sites identified a number of higher potential risk sites. In respect to PS 3260, of these sites, 31 higher risk sites have been identified. The City confirms that the liability recorded in the Financial Statements is adequate and not materially misstated.
35. Administration’s policy for the treatment and application of the liability of contaminated sites was finalized as at December 31, 2016, and there were no changes to the policy for the year ended December 31, 2025.

### Environmental liabilities/contingencies

36. We have considered the effect of environmental matters on The City and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

### Work of Administration’s experts

37. We agree with the work of Administration’s experts in evaluating the environmental liability, liability for contaminated sites, and asset retirement costs and liability and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to Administration’s experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

## Revenue from exchange transactions

38. We have fully disclosed to you all sales terms, including all rights of return or price adjustments.
39. All documentation related to sales transactions is contained in files which are used for accounting purposes. We also confirm that:
- a. We have disclosed to you any “side agreements” with any companies that are inconsistent with the applicable sales agreement, the customer’s purchase order, sales invoice or any other documentation contained in the files which are used for accounting purposes. For the purposes of this letter, a “side agreement” is any agreement, understanding, promise or commitment whether written (e.g., in the form of a letter or formal agreement or in the form of any exchange of physical or electronic communications) or oral by or on behalf of The City (or any subsidiary, director, employee or agent of The City) with a customer from whom revenue has been recognized that is not contained in the written purchase order from the customer or sales order confirmation and sales invoice of The City delivered to or generated by The City Corporate Finance or Supply Departments. The definition of a side agreement is not limited by any particular subject matter. For purposes of example only, any agreement not contained in the written purchase order from the customer or sales order and sales invoice of The City that relates to return rights, acceptance rights, future pricing, payment terms, free consulting, free maintenance or exchange rights would be a side agreement; and
  - b. We have disclosed to you any commitments or concessions to a customer regarding pricing or payment terms outside of the terms documented in the files which are used for accounting purposes.

## Tax revenues

40. We have appropriately recorded tax assets and revenues when they meet the definition of an asset in accordance with Section PS 1000, *Financial Statement Concepts* (“PS 1000”), when they are authorized and when the taxable event occurs. These amounts have been appropriately measured in accordance with Section PS 3510, *Tax Revenue*, and have not been grossed up for any amount of tax concessions.

## Various matters

41. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules and the financial statements, and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:
- a. Recording of transactions for which we have determined or approved the appropriate account classification; and
  - b. Preparing financial statements.

We acknowledge our responsibility for the above listed items and confirm that we have authorized, reviewed and approved all of the above items.

42. We have not entered into transactions with members of Council, senior officials, members of their immediate families or enterprises in which such parties have significant interest, which would require disclosure in the Financial Statements.
43. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or potential deficiencies in, financial reporting requirements.
44. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
  - a. Losses arising from sale and purchase commitments;
  - b. Agreements to buy back assets previously sold;
  - c. Provisions for future removal and site restoration costs;
  - d. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
  - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
  - f. All impaired loans receivable; and
  - g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

## Investments

45. The City does not hold any investments in Master Asset Vehicle notes (which replaced third party non-bank asset-backed commercial paper).
46. All investments have been appropriately classified as either temporary investments or portfolio investments.
47. The City has used the appropriate valuation allowances to reflect the temporary investments at their net recoverable amount or other appropriate value.
48. The City believes that it has properly identified all derivative financial instruments and hedging relationships, if any.
49. With regard to The City investments, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would indicate impairment of the investment's value.
50. The City has assessed its portfolio investments and believes that the impairment of these investments is other than temporary. The City has written down the investment to recognize the loss.

51. Investments made during the year and held at the balance sheet date have been made in accordance and compliance with the Municipal Government Act.
52. All City of Calgary government organizations have been appropriately classified as government component, government business organizations, government business-type enterprises, government not-for-profit organizations and other government organizations and have been appropriately recorded based on this classification.
53. Administration has performed an assessment of other organizations (Civic Partners and City Partners) with which The City has fiscal relationships and has determined that these organizations are not required to be consolidated with The City.
54. With regard to The City's investment in ENMAX Corporation, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would affect the investment's value as reported in the Financial Statements.
55. With regard to the fair value measurements and disclosures of certain assets and liabilities, such as investments, we believe that:
  - a. The completeness and adequacy of the disclosures related to fair value are in accordance with PSAS;
  - b. No events have occurred subsequent to December 31, 2025 that require adjustment to the fair value measurements and disclosures included in the Financial Statements;  
and
  - c. They appropriately reflect Administration's intent and ability to carry out specific courses of action on behalf of The City when relevant to the use of fair value measurements or disclosures.

### Deficiencies in internal control

56. We have communicated to you all deficiencies in internal control of which we are aware. We have disclosed to you any change in The City's internal control over financial reporting that occurred during the current year that has materially affected, or is reasonably likely to materially affect, The City's internal control over financial reporting.

### Communicating a threshold amount

57. We understand that the threshold used for accumulating misstatements identified during the year was \$7,475,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

## Segment Disclosures

58. With regard to segment disclosures, we believe the activities grouped as segments, as disclosed, are appropriate to meet the objectives of Section PS 2700, *Segment Disclosures*.
59. In identifying segments, we have considered the definition of a segment and other factors, including:
- a. The objectives of disclosing financial information by segment;
  - b. The expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
  - c. The qualitative characteristics of financial reporting as set out in PS 1000 and Section PS 1700, *General Objectives of Financial Statements; Local Governments*;
  - d. The homogenous nature of the activities, service delivery or recipients of the services;
  - e. Whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans;
  - f. Whether discrete financial information is reported or available; and
  - g. The nature of the relationship between the government and The City (within the reporting entity).

## Government transfers

60. We have disclosed to you all correspondence relating to government transfers that The City has had with the funding body.
61. We have assessed the eligibility criteria and determined that The City is an eligible recipient for the government transfers received.
62. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
63. All government transfers that have been recorded as capital deposits give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.
64. All authorized transfers that have been expensed have been transferred to recipients who have met the eligibility criteria.

## Tangible Capital Assets (“TCA”)

65. TCA have been recorded properly and consistently according to the standards in Section PS 3150, *Tangible Capital Assets*.
66. Contributed TCA have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed TCA have been appropriately disclosed.

67. We have assessed the useful lives of TCA and have determined all TCA contribute to The City's ability to provide goods and services and therefore do not require a write-down. If applicable, we have identified that there are various TCA which no longer contribute to The City's ability to provide goods and services or have future economic benefits that are below the net book value of the tangible capital asset and have therefore written down this asset to its residual amount and expensed the charge in the statement of operations.
68. We assessed the impairment and useful life of Water Assets, and based on our analysis we have determined no changes are required to the useful lives and the net book value of this particular TCA class.

### TCA work in progress costs

69. We have assessed TCA Work in Progress ("WIP") costs in accordance with internal policy and PSAS section 3150 to determine if any costs are required to be written off. If applicable, WIP costs have been written off if they do not continue to meet the requirements of capitalization.
70. We have assessed the WIP specifically related to the Green Line LRT project ("Green Line"). Based on our analysis and taking into consideration all facts and circumstances through to April 28, 2026, The City and the Government of Alberta are continuing to collaborate on a future design of the Green Line, which is expected to be completed early 2027. We believe that all costs related to the Green Line WIP balance at December 31, 2025, are not impaired until the future design of the Green Line is approved by The City. We believe that these costs are valid for any current or future iteration of the Green Line design, and no circumstances have come to the attention of Administration up to April 28, 2026, that would meet the requirements for any write down of these costs.

### Notes, loans and receivables

71. The City is responsible for determining the appropriate carrying amount of loans and accounts receivable, as well as estimates used to determine such amounts. Administration believes that the carrying amounts recorded and disclosed are appropriate.
72. We have identified to you all forgivable loans and have appropriately reflected these amounts including any required allowances in the financial statements. These loans are secured by The City's encumbrance on the title of the related property.

### Accumulated Surplus

73. Reserves and surplus accounts are correctly recorded, and all transactions comply with the purposes approved according to relevant legislation and City Council authorizations.
74. In accordance with established policy, for all self-supported business units, any levies received in the year are recorded as revenue in the Statement of Operations and are transferred to the Utility Sustainment Reserve at the end of the year. These funds are utilized from the reserve in the future years to pay for debt servicing costs specific to the levy projects.

## Revenues and deferred revenues

75. Revenues and deferred revenues are recorded accurately. Specifically:
- a. Revenues are not overstated and deferred revenues are not understated. These inaccuracies result if financial statements record externally restricted transfers/contributions as revenue before the transferor's/contributor's stipulations are met; and
  - b. Revenues are not understated and deferred revenues are not overstated. These inaccuracies result if financial statements record externally restricted transfers/contributions as deferred revenue, not as revenue, after the transferor's/contributor's stipulations are met.

## Related entities

76. The City has completed a review of all related entities and confirms that all entities that should be consolidated into The City's Financial Statements for the year ended December 31, 2025, have been included.

## Capital deposits

77. All capital deposits give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements. Specifically, in certain circumstances, The City may receive funds from developers which are not necessarily allocated for a specific project but can be utilized by The City on broader basis for development, but if not spent, are refundable to the developer. Those funds are properly recorded as capital deposits until such time as they are spent or refunded.
78. The funding sources for all current year expenditures have been analyzed to ensure that they have been accurately applied depending on the restrictions of the specific sources. All financing surpluses/deficits and funding shortfalls have been investigated to ensure they are allowable or have been appropriately replenished with available funding sources and financing has been applied.

## Assets

79. The City has recognized all assets, which do not fall within the scope of other standards, only when the requirements in Section PS 3210, *Assets* ("PS 3210") have been met. For those assets which do not meet the recognition criteria in PS 3210, the City has appropriately disclosed details of such unrecognized assets in accordance with PS 3210 in Note 26 of the Financial Statements.

### Contingent assets

80. The City has identified all contingent assets in accordance with Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

### Contractual rights

81. The City has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with Section PS 3380, *Contractual Rights*.

### Inter-entity transactions

82. The City has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with Section PS 3420, *Inter-entity transactions* ("PS 3420").

83. The City has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in PS 3420.14-.22.

84. The City has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the Financial Statements, in accordance with PS 2200.

85. The City has not recognized any amount in the Financial Statements in respect of shared services received for which no costs are allocated by the provider.

### Restructuring transactions

86. The City has identified all potential restructuring transactions, as defined in Section PS 3430, *Restructuring transactions* ("PS 3430"). The City has determined that PS 3430 has no impact on the Financial Statements based on Administration's assessment.

### Financial instruments - general including derivatives

87. The City has properly identified all financial contracts that meet the definition of a derivative in Section PS 3450. The City has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section PS 3450.

The fair values of all derivatives have been determined based on quoted prices in an active market or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at December 31, 2025.

88. For all derivatives and any other financial instruments measured at fair value at December 31, 2025, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Section PS 3450.

Where the instrument is not traded in an active market, the City has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of observable inputs.

The City has identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value and have included the appropriate disclosures relating to the fair value level of all financial instruments carried at fair value.

89. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:

- a. the other than temporary impairment of financial assets;
- b. provisions for loans receivable.

90. Changes in fair value of financial instruments in the fair value category have been properly recorded in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized.

91. The City has offset a financial asset and a financial liability with the net amount being reported in the statement of financial position. The City is able to offset these instruments as it has met the following criteria in accordance with Section PS 3450:

- a. currently has a legally enforceable right to set off the recognized amounts; and
- b. intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

92. The City has identified and disclosed all details of any defaults of principal, interest sinking fund or redemption terms related to loans payable, including the carrying amount of such loans and whether the default was remedied or renegotiated before the date the financial statements were completed.

### Asset retirement obligations

93. We have identified and disclosed to you all liabilities that the City has a legal obligation to incur retirement costs in relation to a tangible capital asset.

94. With respect to the City's tangible capital assets, we have recognized and recorded the best estimate of the amount required to retire a tangible capital asset (or component thereof) at the Financial Statement date based on the information available at that date.

95. We have reviewed our estimates of the carrying amount of a liability for an asset retirement obligation at the Financial Statement date and have reflected any changes in these estimates to the timing and amount of the original estimate of undiscounted cash flows or the discount rate, as part of the cost of the related tangible capital asset or due to the passage of time as an accretion expense.

96. We have disclosed any uncertainties affecting the measurement of a liability for an asset retirement obligation in accordance with Section PS 2130, *Measurement Uncertainty*.

## Revenues

97. The City has adopted Section 3400, *Revenue*, as of January 1, 2024, on a prospective basis and has recorded any transitional adjustments, as appropriate. We have appropriately identified all transactions with performance obligations and transactions without performance obligations in accordance with Section 3400, *Revenue*.
98. For each performance obligation identified, we have appropriately determined whether the goods or services are considered to be distinct that would require separate accounting by assessing whether the good or service is capable of being distinct and whether the promise to transfer the good or service is distinct in the context of the transaction. For those performance obligations that are considered distinct, we have appropriately determined whether revenue should be recognized over time or at a point in time by assessing when control of the benefits associated with the goods or services passes to the payor.
99. For transactions with no performance obligations, the City has appropriately recognized revenue when it has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset. The City has appropriately measured revenue on transactions with no performance obligation at its net realizable value.
100. For consideration received from a payor that the City expects to refund some or all of that consideration to the payor, the City has appropriately determined the likelihood of having to provide a refund and has recognized a refund liability based on its best estimate taking into account all circumstances known as at December 31, 2025.
101. For transactions with significant concessionary terms, the City has appropriately applied a measurement technique that results in its best estimate of the transaction price as at December 31, 2025.
102. The City has appropriately calculated the transaction price for non-cash consideration based on the fair value of the goods or services received adjusted by the amount of any cash or cash equivalents transferred.
103. We have disclosed to you and in the Financial Statements information about significant judgments and assumptions we have made (and changes to those judgments and assumptions) in determining:

- a. uncertainties affecting the measurement of revenue recognized;
- b. the identification of multiple components in hybrid transactions;
- c. the identification of performance obligations;
- d. the timing of satisfaction of performance obligations;
- e. the transaction price and the amounts allocated to performance obligations;
- f. obligations for refunds and other similar obligations;
- g. arrangement with a payor who receives advantageous terms and conditions that another payor would not receive for a similar transaction.

Yours truly,  
The City of Calgary

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David Duckworth, Chief Administrative Officer

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Les Tochor, Chief Financial Officer & General Manager of Corporate Planning and Financial Services

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Aaron Brown, City Treasurer & Deputy Chief Financial Officer

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Cathy An, Deputy Director, Corporate Finance

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Todd Rathie, Finance Manager, Corporate Financial Reporting

Appendix A Summary of uncorrected financial statement misstatements

The City of Calgary

Year ended December 31, 2025

Uncorrected misstatements impacting December 31, 2025

\$ (000's)	Assets DR (CR)	Liabilities DR (CR)	Accumulated Remeasurement (Gains)/Losses DR (CR)	Accumulated Surplus DR (CR)	(Income) Expense DR (CR)
<b>2025 uncorrected misstatements identified in 2025:</b>					
Unrecorded accounts payable and accrued liabilities	-	(16,900)	-	-	16,900
Investments income			14,600		(14,600)
<b>2024 uncorrected misstatements rollover impact on 2025:</b>					
Investments income	-	-	(39,300)	39,300	-
<b>2024 misstatements corrected in 2025:</b>					
Overstatement of accounts payable and accrued liabilities	-	-	-	8,309	(8,309)
Investments Fair Value			11,700	(11,700)	
Tangible Capital Assets (TCA) understated				(12,400)	12,400
<b>Total Factual</b>	<b>-</b>	<b>(16,900)</b>	<b>(13,000)</b>	<b>23,509</b>	<b>6,391</b>

Uncorrected misstatements impacting December 31, 2024

(000's)	Assets DR (CR)	Liabilities DR (CR)	Accumulated Remeasurement (Gains)/Losses DR (CR)	Accumulated Surplus DR (CR)	(Income) Expense DR (CR)
<b>Prior year misstatements impacting 2024:</b>					
Unrecorded accounts payable and accrued liabilities	-	(8,309)	-	-	8,309
Investments Fair Value	11,700		(11,700)		
Investments Income			(39,300)	45,200	(5,900)
Tangible Capital Assets (TCA) understated	12,400				(12,400)
<b>Total Factual</b>	<b>24,100</b>	<b>(8,309)</b>	<b>(51,000)</b>	<b>45,200</b>	<b>(9,991)</b>

Appendix B  
Summary of uncorrected disclosure misstatements  
The City of Calgary  
Year ended December 31, 2025

None identified.

## Appendix 5 – Draft independence and fees

April 28, 2026

The Audit Committee and City Council  
The City of Calgary

We have been engaged to audit the consolidated financial statements of The City of Calgary (The City) for the year ended December 31, 2025.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between The City, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

We applied the ethical requirements that are relevant to audits of financial statements in Canada as applicable to audits of financial statements of non-listed entities.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/order and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client.
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- (d) Economic dependence on a client.
- (e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 29, 2025, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the “Deloitte Entities”) and The City and its affiliates, or persons in financial reporting oversight roles at The City and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 30, 2025 to April 28, 2026.

The total fees charged to The City during the period covered by the consolidated financial statements were as follows:

Audit services	\$2,663,307 (2024, \$2,653,727 )
Non-audit services	\$158,767 (2024, \$652,517)

We hereby confirm that we are independent with respect to The City in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of April 28, 2026.

This letter is intended solely for the information and use of the Audit Committee, City Council, Administration and others within The City and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

## Appendix 6 – Audit Committee terms of reference

As the external auditors of The City, we have the privilege of assisting in the fulfillment of your responsibility to follow the Terms of Reference for The City of Calgary’s Audit Committee contained in the Audit Committee Bylaw 33M2020. The following table outlines our involvement in the fulfillment of specific terms of reference and any reports that we have issued that assist in this process.

Bylaw 33M2020	Description	Related Deloitte Involvement
5(f)	Pre-approve all audit and non-audit services performed by the External Auditor and further provide that: (A) the Chair can pre-approve additional audit or non-audit services performed by the External Auditor, up to \$75,000 total annually and must report those approvals to the Audit Committee; and (B) on an annual basis, total fees for non-audit services performed by the External Auditor shall not exceed 60% of the total audit fees approved for The City of Calgary consolidated audit, including all subsidiary and related entity audits.	All audit and non-audit services are presented to the Audit Committee for pre-approval prior to the commencement of such work. Fee information included in the 2025 Audit Service Plan presented by Deloitte on July 24, 2025. The Independence letter included as Appendix 5 of the Year-end Report presented by Deloitte to the Audit Committee at the April 23, 2026 meeting, includes the fees of all services performed.
Schedule A, 2(a)	Reviews and oversees the integrity of the Annual Financial Statements and recommends their approval to Council.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report to be presented by Deloitte to the Audit Committee at the April 23, 2026 meeting.
Schedule A, 2(b)	Reviews and discusses the City’s compliance with financial reporting procedures with Administration and the External Auditor.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report presented by Deloitte to the Audit Committee at the April 23, 2026 meeting. Letter of recommendations (if applicable) to be presented by Deloitte at the June 11, 2026 meeting.
Schedule A, 2(c)	Engages Administration and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results.	Participation and attendance by Deloitte at Audit Committee meetings throughout the year.
Schedule A, 2(d)	In consultation with the Chief Financial Officer and External Auditor, review and discuss significant new accounting standards and financial reporting developments to understand any material impact on financial results. A detailed analysis, prepared by Administration, on the implications of any changes, as well as the progress made in the adoption of new accounting standards, may be requested.	NA there were no new accounting standards impacting the 2025 financial statements.

<b>Bylaw 33M2020</b>	<b>Description</b>	<b>Related Deloitte Involvement</b>
Schedule A, 2(e)	Maintains open lines of communication with the External Auditor and Administration.	Participation and attendance by Deloitte at Audit Committee meetings throughout the year.
Schedule B, 1(c)	Requires the External Auditor to express an opinion on The City’s consolidated financial statements, in accordance with professional standards.	Communicated in the Year-end Report presented by Deloitte to the Audit Committee at the April 23, 2026 meeting.
Schedule B, 1(a)	Prior to the commencement of the annual external financial audit, reviews the audit plan and estimated audit fees with the External Auditor and discusses the timing and extent of audit procedures, materiality, significant audit risks and areas of audit focus and overall audit strategy. This report is to be forwarded to Council for information.	2025 Audit Service Plan presented by Deloitte on July 24, 2025.
Schedule B, 1(b)	In conjunction with Administration’s presentation of the annual financial statements, receives and reviews the External Auditor’s annual audit report. This report is to be forwarded to Council for information.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report presented by Deloitte to the Audit Committee at the April 23, 2026 meeting.
Schedule B, 1(d)	Receives and reviews the External Auditor’s Management Letter(s), and reviews Administration responses, and forwards, either in full or in summary, to Council for information. Through query, confirm that any recommendations made by the External Auditor are addressed by Administration in a timely manner.	Administration recommendation letter to be presented by Deloitte at the June 11, 2026 meeting.
Schedule B, 1(e)	Must meet with the External Auditor, in the absence of Administration, at least quarterly.	Closed meetings held with Deloitte at Audit Committee meetings throughout 2025 and 2026.
Schedule B, 1(h)	Receives and reviews the External Auditor’s annual independence letter. Through query, confirm the process by which the External Auditor maintains their independence and objectivity.	Communicated in the Year-end Report presented by Deloitte to the Audit Committee at the April 23, 2026 meeting.

## About Deloitte Canada

At Deloitte, our Purpose is to make an impact that matters. We exist to inspire and help our people, organizations, communities, and countries to thrive by building a better future. Our work underpins a prosperous society where people can find meaning and opportunity. It builds consumer and business confidence, empowers organizations to find imaginative ways of deploying capital, enables fair, trusted, and functioning social and economic institutions, and allows our friends, families, and communities to enjoy the quality of life that comes with a sustainable future. And as the largest 100% Canadian-owned and operated professional services firm in our country, we are proud to work alongside our clients to make a positive impact for all Canadians.

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## Cybersecurity Governance Audit

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### PURPOSE

The purpose of this report is to communicate the outcome of the Cybersecurity Governance Audit, including Administration's response and corrective actions.

### PREVIOUS COUNCIL DIRECTION

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties, and functions of the position. In accordance with Bylaw 30M2004 (as amended), the City Auditor reports the outcome of all audits to the Audit Committee (including Administration's response and corrective actions to be taken in regard to specific recommendations). The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

### RECOMMENDATIONS

That the Audit Committee:

1. Receive this report for the Corporate Record;
2. Recommend that Council receive this report for the Corporate Record; and
3. Recommend that Attachment to Report AC2026-0326 and Closed Meeting discussions remain confidential pursuant to Section 23(1)(n) of the Access to Information Act, to be reviewed by 2041 April 23.

### HIGHLIGHTS

- What does this mean to Calgarians? The City Auditor's Office provides independent and objective audit assurance services to add value to The City of Calgary and enhance public trust.
- Why does it matter? Calgarians rely on The City of Calgary's information systems and digital services to be available, reliable, and trustworthy in delivering essential public services. Effective cybersecurity governance helps ensure that responsibilities for protecting these systems are clear, priorities are aligned with organizational objectives, and leadership has appropriate visibility to oversee cyber-related decisions.

### RISK

Recommendations in this audit report support Administration in their on-going mitigation activities related to the Technological Disruption Principal Corporate Risk.

### ATTACHMENTS

1. CONFIDENTIAL Cybersecurity Governance Audit – AC2026-0326 ATT

**Cybersecurity Governance Audit**

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**DEPARTMENT CIRCULATION**

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve
David Duckworth	Chief Administrative Officer	Inform
Les Tochor	Chief Financial Officer	Inform
Stuart Dalgleish	Chief Operating Officer	Inform
Jill Floen	City Solicitor/General Counsel	Inform
Jennifer Kapala	General Manager, PICS	Inform
Jan Bradley	Director, IT	Inform
Mike Tillotson	Director, Corporate Security	Inform
Dave Mercer	Manager, Cyber Security, Corporate Security	Inform
Tyler Andruschak	Manager, IT	Inform

Author: Ross Visscher, Audit Manager IT & Data Analytics, City Auditor's Office

City Auditor's Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0296

## **2025 Whistle-blower Program Internal Benchmark Report**

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### **PURPOSE**

The purpose of this report is to communicate outcomes of an internal benchmarking analysis of 2025 reporting and activity data to support the on-going effective and efficient delivery of the Whistle-blower Program (WBP).

### **PREVIOUS COUNCIL DIRECTION**

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

Council Policy CP2022-06, Whistle-blower Policy, states that the City Auditor “will report, at least on an annual basis, information related to reports received and investigations conducted during the year to Council through the Audit Committee”. The City Auditor's Office is presenting this internal benchmark report to support the on-going effective and efficient delivery of the Whistle-blower Program through data analysis.

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

### **HIGHLIGHTS**

- What does it mean to Calgarians? This internal benchmark report consists of data collected from all reports submitted to the WBP in the calendar year 2025 and measured against historical WBP data, providing an overview of trending activity for the past five years. The report highlights several metrics monitored for the purpose of tracking and identifying key trends and information – each metric outlines the data collected, why it is collected, the calculation methodology utilized, key observations and opportunities derived from the data, and how the metric supports the objectives of the City Auditor's Office.
- Why does it matter? The monitoring of the data in this report is important in gaining a broader perspective on performance, identifying outlier data needing attention, and identifying areas for improving the reporting experience.

### **RISK**

Whistle-blower programs in organizations are critical components of effective corporate governance. They reflect an ongoing effort to support open, ethical, accountable, and transparent local government.

### **ATTACHMENTS**

1. 2025 Whistle-blower Program Internal Benchmark Report - AC2026-0296 ATT

City Auditor's Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0296

**2025 Whistle-blower Program Internal Benchmark Report**

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**DEPARTMENT CIRCULATION**

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve

Author: Al Bleau, Manager, Whistle-blower Program, City Auditor's Office

# 2025 Whistle-blower Program Benchmark Report



**Calgary**

City Auditor's Office

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## 1.0 Introduction

The Whistle-blower Program (WBP) was established by Council in 2007 to complement existing City policies and provide additional mechanisms for reporting and investigating suspected wrongdoing in support of an open, ethical, accountable, and transparent municipal government.

Operating independently from Administration and under the direction of the City Auditor, the Manager, Whistle-blower Program is responsible for ensuring effective procedures for the receipt, assessment, investigation, and reporting of wrongdoing allegations submitted by City employees and Calgarians. WBP activity is reported to Council through the Audit Committee via the City Auditor.

An effective whistle-blower program is generally characterized by an independent, trusted reporting mechanism that supports confidentiality and the option of anonymity. While benchmarking reporting data does not yield definitive “right” outcomes, ongoing data collection and analysis support informed assessment of program effectiveness, including whether:

- target audiences are aware of and able to access the WBP;
- employees feel supported and protected from reprisal when reporting;
- reports demonstrate an appropriate understanding of what constitutes wrongdoing;

- anonymity affects the ability to assess and investigate allegations; and
- investigative practices support timely completion.

Active monitoring of this information supports performance assessment, trend identification, and the detection of outlier data.

The report presents key metrics used to monitor trends and program performance. For each metric, the report outlines the data collected, rationale, calculation methodology, observations, and identified opportunities.

This year's report includes external data provided by participating Canadian municipal reporting programs. To address the absence of Canadian municipality-specific data, we leveraged our relationships with other Canadian municipalities operating comparable programs and, with a shared interest, established a process to share aggregated data for benchmarking purposes.

Expected maturation of this initiative will result in additional municipalities contributing and benefitting from data shared. Contributing municipalities are acknowledged at the end of this report.

The report clearly identifies where aggregated data is provided; otherwise, all data is sourced from reports submitted to the WBP and aligns with the four primary section of the WBP process decision tree.



## 2.0 Executive Summary

Data from 2025 reviewed in context with related annual data from recent years informs that the Whistle-blower Program is operating effectively.



### **The Whistle-blower Program is accessible.**

- People know how to access the WBP and report wrongdoing through a variety of channels.
- Declining web traffic does not appear to have a direct impact to escalating reporting activity.
- Online reporting remains the method of choice for reporters.



### **Employees are empowered to report wrongdoing.**

- Employee reporting remains strong and within comparable range of aggregate data provided by other Canadian Municipalities.
- Employees' use of anonymity in reporting remains consistent and aligned with aggregate data provided by other Canadian Municipalities.
- Fear of reprisal disclosures by employees declined for the fourth consecutive year.



### **Reporting quality is strong...generally.**

- More than half of reports submitted are assessed for further action.
- The number of reports closed without further action due to lack of information reduced.
- Reporter engagement with investigators is below desired levels.



### **Anonymous reports merit action.**

- Anonymous reporting volume aligns with aggregate data provided by other Canadian Municipalities.
- Half of anonymous reports are assessed for further action.
- The substantiation rate for allegations submitted anonymously aligns with the overall substantiation rate.



### **Procedures remain strong.**

- Assessment of new reports was completed in less than ten calendar days, on average.
- Despite the increase in case closure rate, 80% of investigations were completed within 190 days, aligning closely with One Calgary targets.
- Monitoring of increasing reporting volume is necessary to evaluate its impact to timely assessment and investigation closure rates.

### 3.0 2025 Highlights

#### Did you know ?



168

reports submitted raising 419 allegations



63% of reports were submitted online

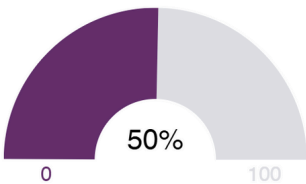


55%

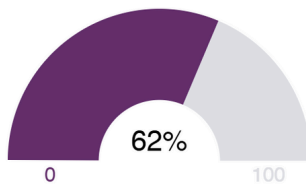
of reports were assessed as meriting further action



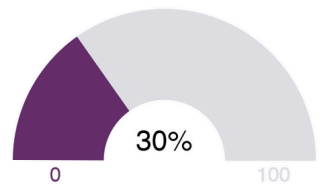
44% of reporters remain engaged



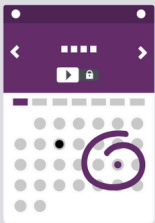
Employee Reporters



Anonymous Reporters



Substantiation Rate



9.5

Average calendar days required to complete assessment of reports submitted

65%

of investigations concluded resulted in corrective action recommendations.



## 4.0 Key Reporting Metrics

### 4.1 Program Awareness

A public-facing webpage enables the Whistle-blower Program to inform and support individuals throughout the reporting process—from guidance on how to submit a report of suspected wrongdoing to an explanation of what to expect from submission through to conclusion. Reporting programs are most effective when individuals have confidence that their concerns are taken seriously. Publishing high-level summaries of outcomes and recommendations on the webpage promotes transparency and helps build trust in the WBP.

Monitoring web traffic is an important tool for assessing interest in the WBP and understanding which information is most relevant to visitors. These insights help inform content decisions and provide opportunities to strengthen the visibility and effectiveness of key messages.

The WBP is supported by Administration through training and regular communications to employees on Code of Conduct expectations and reporting obligations. Employees are informed of all available reporting channels within Administration, including the WBP, which is positioned as an option when reporting to a supervisor or Human Resources Business Partner is impractical or uncomfortable.

#### What we monitor

Web traffic to [www.calgary.ca/whistle](http://www.calgary.ca/whistle) for the calendar year.

#### Why we track it

To inform on program awareness and access.

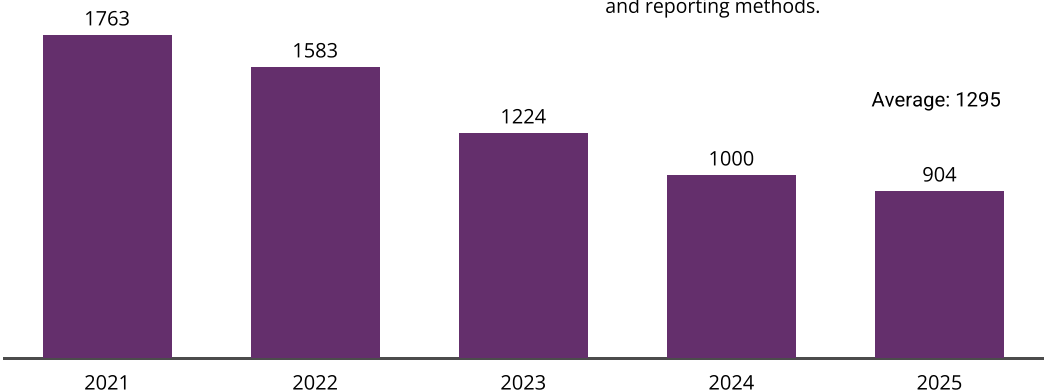
#### How we calculate it

Number of webpage visits grouped by calendar year.

#### What the data informs

- Web traffic in 2025 continued to decline from prior years.
- There is no correlation between declining web traffic and increase in reports submitted. (refer §4.2)
- The most visited page outlines "report concerns", followed by "what to report". Collectively, these pages are the most informative in outlining the reporting process and reporting methods.

Chart 1: WBP web page visits



## 4.2 Reports Submitted

The Whistle-blower Program applies recognized best practices by offering multiple reporting methods. The Association of Certified Fraud Examiners' 2024 Report to the Nations indicates that 43% of fraud cases are detected through whistle-blower reports, underscoring the importance of accessible and trusted reporting mechanisms.

Tracking each unique report and associated allegation enables meaningful analysis of reporting patterns and trends, including preferred reporting methods, the nature of issues raised, the source of reports (e.g., employee or non-employee), and the areas of the organization linked to the alleged activity. When analyzed collectively, this information can help identify potential hotspots or recurring issues that may warrant further examination. Individual reports may include multiple allegations, each of which is assessed independently and considered collectively when determining overall risk and appropriate action.

### What we monitor

The number of reports submitted, and the number of allegations raised in each report submitted.

### Why we track it

To compare year over year reporting trends. When viewed in conjunction with assessment timelines (§5.4) and case closure rates (§6.5), monitoring report volume and complexity aid in understanding how reporting volume impacts the WBP's ability to respond to reports in a timely manner and can inform on practice efficiency and resourcing needs.

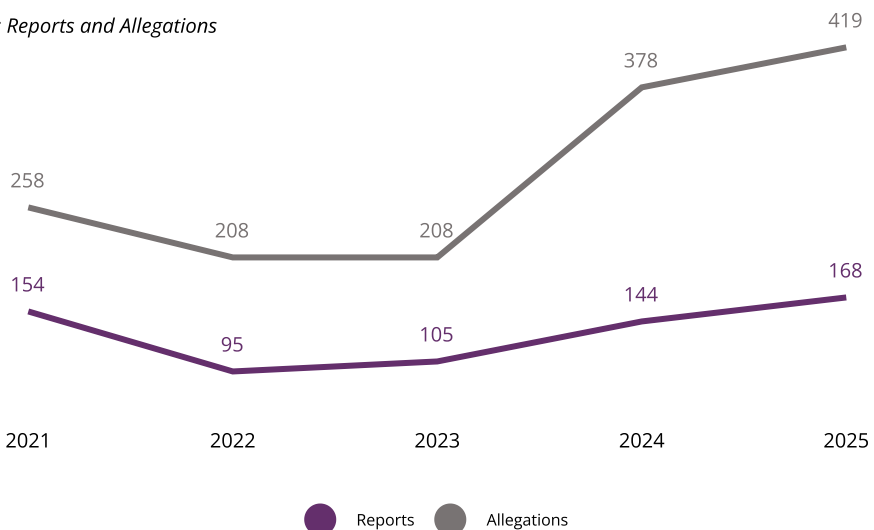
### How we calculate it

Sums of reports submitted, and allegations raised.

### What the data informs

- Reporting volume in 2025 increased moderately (26% above 5-year average of 133).
- Report complexity declined slightly from 2.63 allegations per report to 2.49 (refer §4.3).
- Assessment timelines were not impacted (refer §5.4).

Chart 2: Reports and Allegations



### 4.3 Allegations to Report Ratio

Not all reports submitted to the Whistle-blower Program are limited to a single allegation of wrongdoing. Increasingly, reports comprise multiple allegations submitted with the intent of demonstrating a perceived pattern of behaviour. In other cases, a reporter's underlying motivation may influence the structure of a report, with some believing that listing numerous allegations or incidents will increase the likelihood of an investigation. During assessment, however, certain matters may be determined to serve only as contextual information rather than discrete allegations requiring a formal response.

The WBP relies on a consistent and robust assessment process to identify allegations warranting action, while setting aside those assessed as contextual, unsupported, or beyond the scope of the *Whistle-blower Policy*.

Each allegation within a report must nevertheless be assessed both individually and collectively. This process requires the reallocation of time and resources from other activities, including investigations. Continued monitoring of this metric informs its correlation with assessment timelines and its impact on case closure rates.

#### What we monitor

The number of allegations raised in each report submitted.

#### Why we track it

To monitor report complexity and ascertain its relationship to responsiveness and resourcing needs.

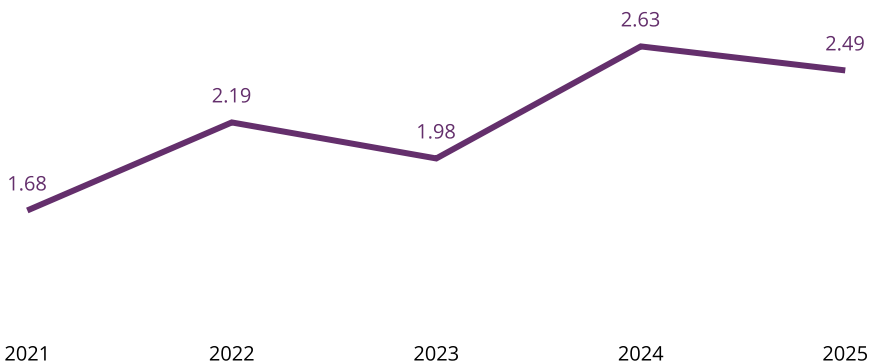
#### How we calculate it

Divide the total number of allegations by the number of reports submitted during the calendar year.

#### What the data informs

- 🔍 The number of allegations raised in 2025 decreased slightly, maintaining an escalating trend and raising the 5-year average from 2.05 allegations per report to 2.19.
- 🔍 In isolation, report complexity does not appear to significantly impact assessment timelines (refer §5.4).
- 🔍 Collectively with reporting volume, report complexity could have an impact in the case closure rates (refer to §6.5).

Chart 3: Allegations per Report



## 4.4 Reporter Type

Identifying reporters as employees or non-employees provides insight into the availability, awareness, and utilization of the WBP among these groups. According to the most recent fraud reporting data published by the Association of Certified Fraud Examiners (2024), more than half (52%) of whistle-blower reports originate from employees.

When analyzed alongside the types of issues reported, reporter classification can reveal common themes and emerging trends. As one of several internal reporting channels available to employees, it is expected that employee use of the WBP will exceed that of non-employees, and that the matters reported by each group will differ in nature.

This metric includes aggregated external data and is noted below as 2025A.

### What we monitor

Reporters categorized as either employees or non-employees.

### Why we track it

Identifying reporter type informs program availability and awareness both internally and externally. Associating reporter type to report subject matter informs on how issues may be best addressed by Administration.

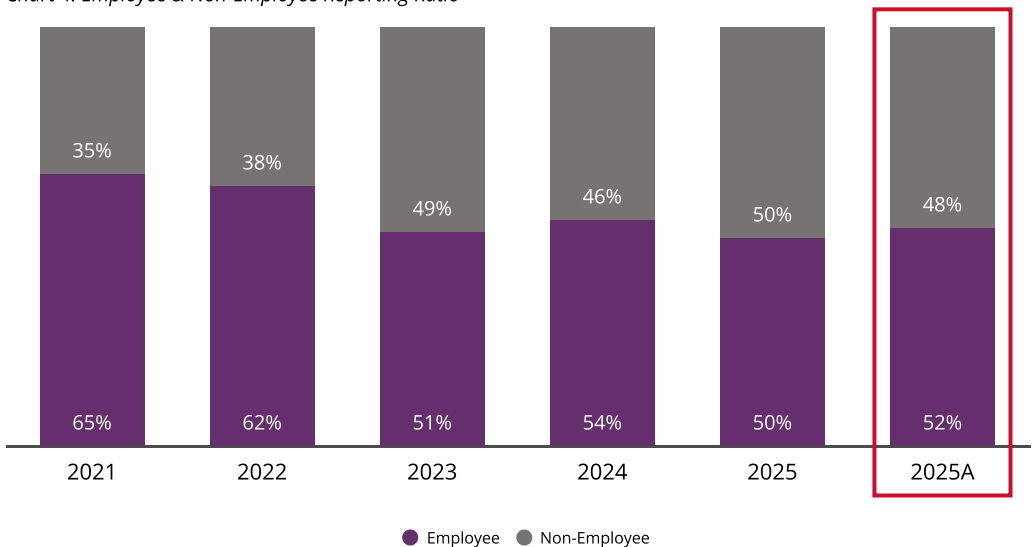
### How we calculate it

Divide the number of reports for each reporter type by the total number of reports submitted.

### What the data informs

- Non-employee reporting in 2025 remained above average (44%) for the third consecutive year.
- The difference in reporting volume between employees and non-employees in recent years has narrowed from a consistent 2:1 ratio to 1:1.
- Reporting ratios observed by the WBP in 2025 align closely with aggregate data collected from participating Canadian municipalities.

Chart 4: Employee & Non-Employee Reporting Ratio



## 4.5 Reporting Volume (by Reporter Type)

Monitoring reporting volume by reporter type provides insight into the proportion of employee and non-employee bases utilizing the Whistle-blower Program to report wrongdoing.

This metric includes aggregated external data and is noted below as 2025A.

### What we monitor

Reporting volumes by employee and non-employee populations.

### Why we track it

Identifying how reporting volumes vary relative to employee and citizen populations enables more accurate comparisons with aggregate data from other municipalities.

### How we calculate it

For employees, divide the number of reports per 100 employees; for non-employees, divide the number of reports per 10,000 citizens.

### What the data informs

- Employee reporting in 2025 aligns with the 5-yr average (0.54 reports/100 employees).
- Non-employee reporting is increasing year-over-year.
- There is potential for additional increases to both metrics while remaining within the aggregate data range provided by participating Canadian municipalities.

Chart 5: Reports/100 Employees

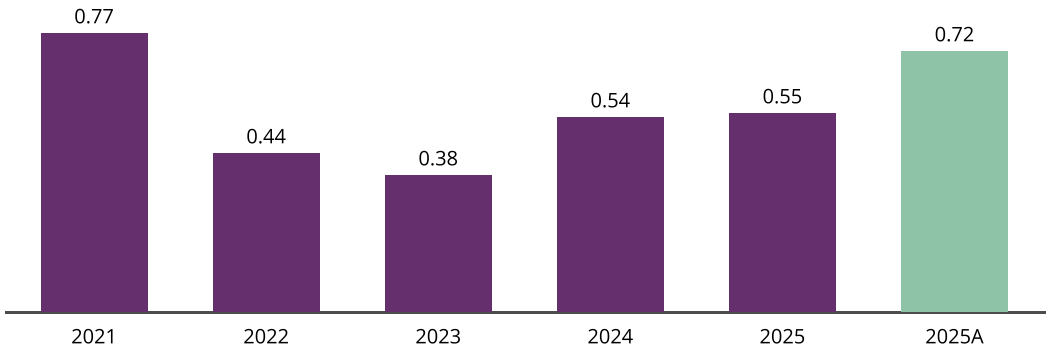
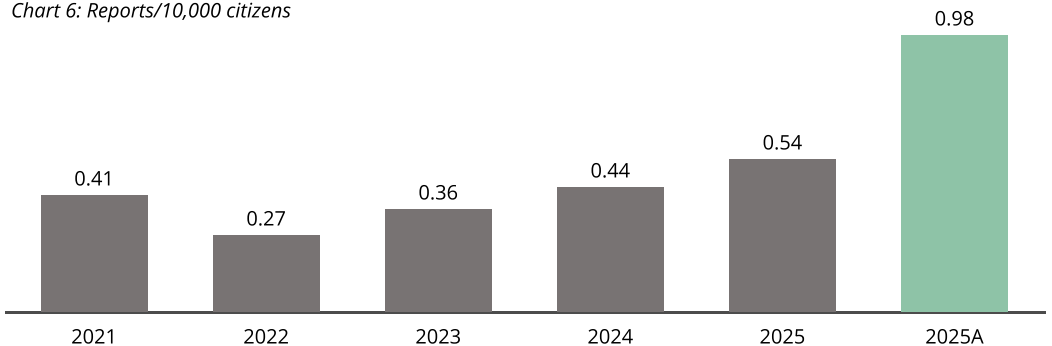


Chart 6: Reports/10,000 citizens



## 4.6 Reporting Method

The Whistleblower Program applies recognized best practices to offer and accept reports through multiple reporting channels, including in person, by telephone, email, post, and online. Online reporting remains the preferred method for many reporters, as the tool is easily accessible from any device and is the only channel that defaults to anonymity unless the reporter chooses to self-identify.

Approximately two-thirds of all reports are submitted using the online reporting tool, making it an effective platform for communicating key program and reporting information. By using an external and independently managed system, the WBP is able to offer true anonymity to reporters concerned about reprisal, as any digital identifiers remain with the service provider and are not shared with the WBP. The tool supports ongoing, two-way dialogue between reporters and investigators while preserving anonymity where desired. As our primary reporting channel, monitoring of this reporting tool is important to assess its continued value to the WBP.

This metric includes aggregated external data and is noted below as 2025A.

### What we monitor

Reporting method utilized in the submission of reports.

### Why we track it

Tracking reporting methods supports ongoing assessment of program awareness and accessibility.

Identifying the most and least used reporting methods informs on where best to direct key messaging and to assess the value of outsourcing the online reporting service.

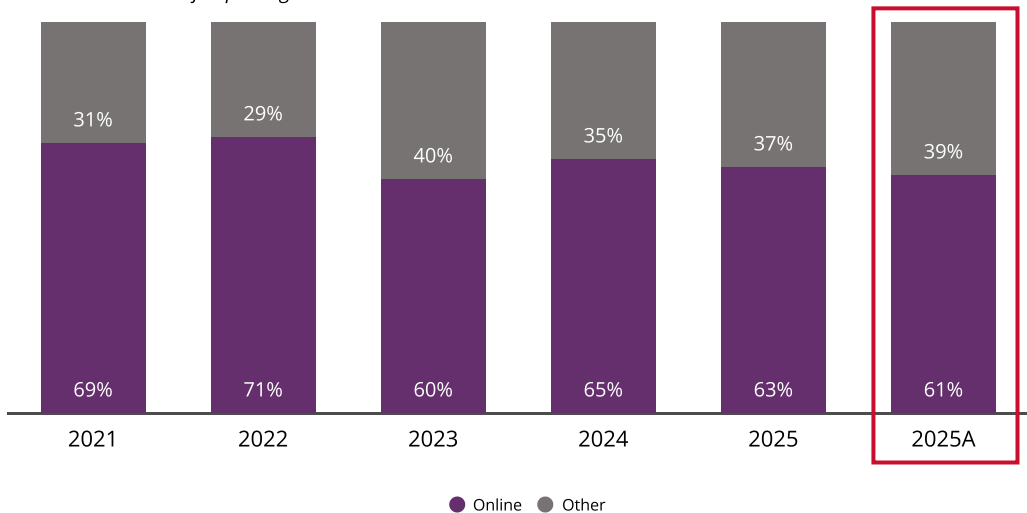
### How we calculate it

Divide the number of reports for each reporting method (online / other) by the total number of reports submitted.

### What the data informs

- 📊 Online reporting aligns closely with the aggregated benchmark and remains preferable to reporters, affirming its value to the WBP.
- 📊 Reporting by email (20%) and telephone (14%) remain popular reporting alternatives.

Chart 7: Method of Reporting



## 4.7 Reports by Category

Receiving reports varying in type is considered an indicator of program strength as it represents awareness of a spectrum of circumstances where wrongdoing may occur, and the freedom-space to report what simply does not seem 'right'. Tracking reports by category and classification can reveal program gaps and successes - for example, receiving below typical volumes in a certain category may support a need for more training and awareness, while alternatively, reporting volumes significantly above what is typical may be indicative of a risk area requiring attention.

The Whistle-blower Program has traditionally organized its data within five reporting categories comprising of a classification of more precise issues. Classifying allegations allows for a more focused assessment and identification of an associated City policy and related fraud risk. Classifications can be linked to multiple categories.

Categories and classifications utilized are provided in the legend to Chart 8 below.

### What we monitor

The nature of the issues reported.

### Why we track it

Identifying reporting volume by category allows for at-a-glance view of the types of issues reported across the organization.

Categorizing reports informs 'hot spots' issues potentially requiring attention when data is isolated to department or business unit levels.

### How we calculate it

Reports by category divided by total number of reports submitted.

### What the data informs




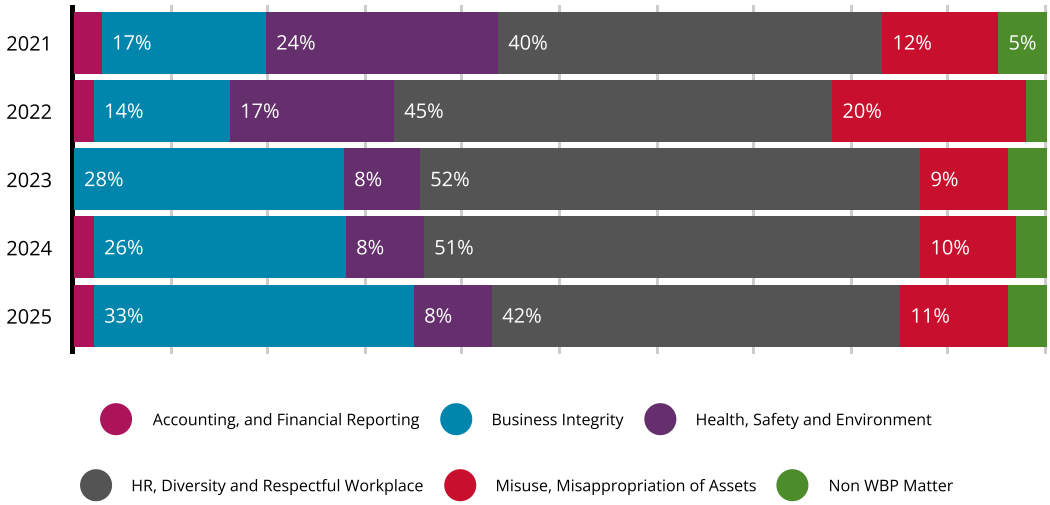
-  Year-over-year, reporting volume is dominated by matters categorized as HR, Diversity, and Respectful Workplace.
-  Matters in the category Accounting, and Financial Reporting consistently represent the least reports submitted.
-  Reports categorized as Business Integrity rose slightly from prior years on the receipt of more reports involving bylaws & enforcement (29%).

Chart 8: Reports by Category



**Accounting, and Financial Reporting**

- accounts payable (F)
- budgeting/spending (F)
- internal controls (F)
- financial reporting procedures (F)
- employee expenses (F)
- inappropriate use of Corporate Credit Cards (F)
- inappropriate use of loyalty reward programs (F)
- capital project management (F)
- misappropriation or misuse of City funds (F)

**Health, Safety and Environment**

- safety (OHS, public, general) \*
- environment \*
- workplace smoking & vaping
- substance use \*
- general security
- workplace violence \*

**Misuse, Misappropriation of Assets**

- theft of time (F)
- theft of City assets or supplies (F)
- inefficient use or misuse of City resources (F)
- use of technology \*
- vandalism
- personal use of City vehicles (F)
- misuse of public programs

**Business Integrity**

- procurement procedures (F)
- vendor management (F)
- conflict of interest (F) \*
- ethical conduct (F)
- privacy (FOIP) \*
- social media use \*
- licensing & permits (F)
- bylaws & enforcement

**HR, Diversity and Respectful Workplace**

- respectful workplace \*
- abuse of benefits (F)
- preferential treatment
- recruiting and employment (F)
- labour relations
- leadership / management style
- general HR
- reprisal

**Non WBP Matter**

- applied to reports not satisfying reporting eligibility

**(F) denotes issues where fraud risks exist**

**\* denotes Code of Conduct policies**

## 4.8 Anonymous Reporting

Allowing for anonymous reporting is widely recognized as a best practice in workplace reporting programs, as it encourages individuals to come forward and share information without fear of being identified. Anonymity can lower barriers to reporting and reduce hesitation among whistle-blowers. We encourage anonymous reporters to disclose whether they are employees or non-employees and where it is not disclosed, it is often possible to determine. Data alone does not explain why non-employees choose to report anonymously, particularly as the risk of reprisal for non-employees is generally lower than for employees.

Depending on the reporting method used, anonymity may not prevent the WBP from communicating with reporters. In some cases, reporters who initially report anonymously later identify themselves once trust with investigators is established. As outlined in the following sections, anonymous reporting does not necessarily delay or hinder appropriate action, nor does it increase the risk of malicious or abusive reports.

This metric includes aggregated external data and is noted below as 2025A.

### What we monitor

Reports submitted using anonymity.

### How we calculate it

Anonymous reports are divided by the total number of reports submitted.

### Why we track it

To identify trends in reporting and assess how anonymity is utilized, its impact to the effectiveness of the WBP process, and to monitor its relationship to communicated fears of reprisal.

### What the data informs

- 📊 Anonymous reporting consistently exceeds non-anonymous reporting and aligns with the aggregated benchmark.
- 📊 Use of anonymity by employees predictably exceeds use by non-employees.
- 📊 The split between employee and non-employee use of anonymity is narrowing year over year (from 32% in 2021 to 18% in 2025).

Chart 9: Anonymous Reports (all reports)

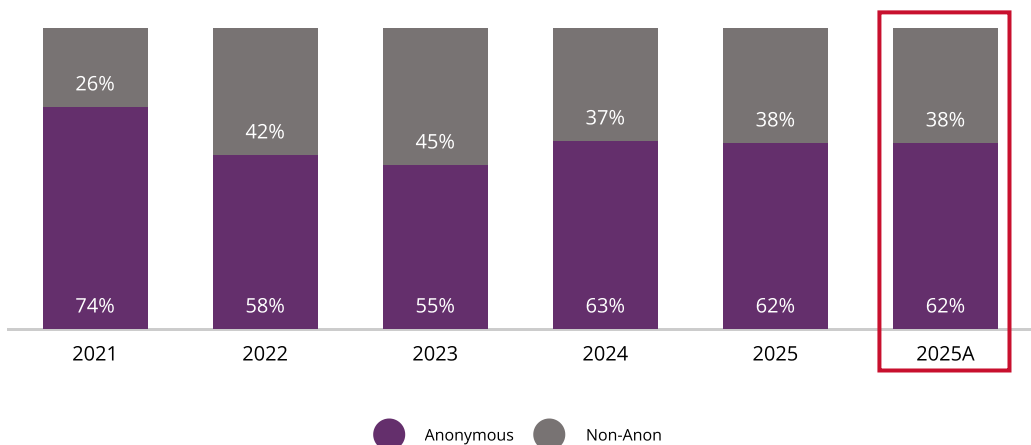
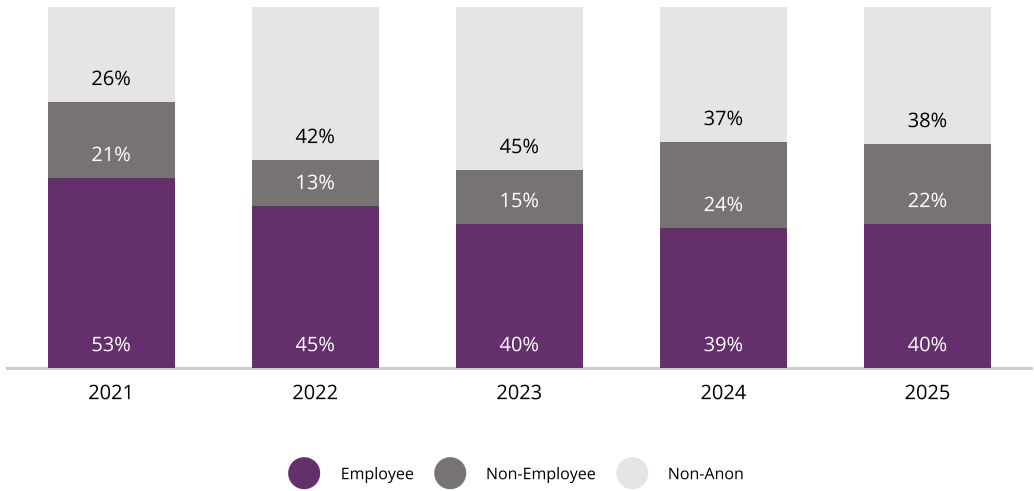


Chart 10: Anonymous Reports (by reporter type)



## 4.9 Anonymity by Category

Tracking the types of issues raised by anonymous reporters informs on assumptions:

- an uncertainty or apprehension in reporting.
- what a reporter may consider as most sensitive or personal.
- issues reporters want to shed light upon, but to which they do not want to be further involved with.
- matters of which they may fear reprisal due to reporting.

It is not surprising to find association between the use of anonymity and the reporting of issues associated to the HR, Diversity, and Respectful Workplace category considering that (a) employees utilize the WBP more than non-employees, and (b) such issues are typically inter-personal related, and reporting a colleague or supervisor for violating policy can be difficult, stressful, and can have a resulting effect to an otherwise healthy relationship.

The consistent use of anonymity by employees to report matters categorized as HR, Diversity and Respectful Workplace is interesting as it does not align with the recent year-over-year decline in the disclosed fear for reprisal (§4.10).

### What we monitor

Anonymous reporting by category.

### Why we track it

To ascertain whether trends exist in the use of anonymity and reporting of categorized issues.

Monitoring of this metric informs on how this data associates with reporting volume, use of anonymity, and fear of reprisal disclosures.

### How we calculate it

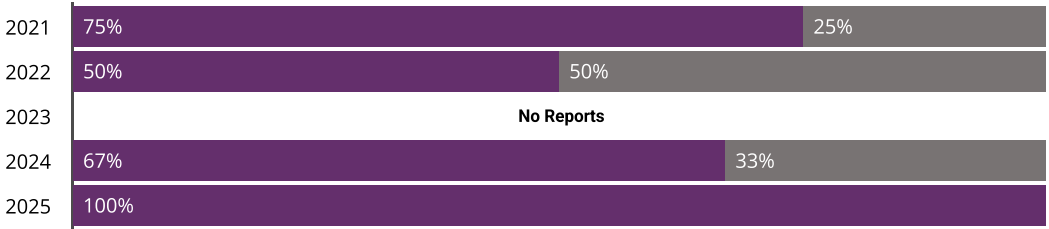
Total number of anonymous allegations divided by total number of allegations, for each category.

### What the data informs

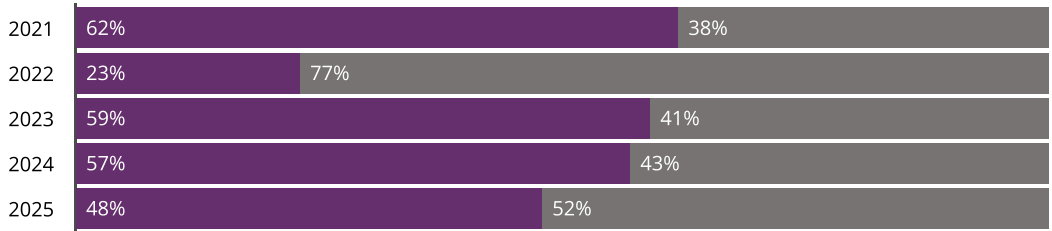
- 🔍 Use of anonymity in reporting is not restricted to specific categories.
- 🔍 Based on reporting volume, the use of anonymity for matters categorized as Misuse, Misappropriation of Assets exceeded anonymous reporting in other categories.
- 🔍 On a 5-year average, use of anonymity is most prevalent in reporting matters categorized as Misuse, Misappropriation of Assets (73%), Health, Safety, and Environment (67%), and HR, Diversity and Respectful Workplace (64%).

Chart 11: Use of Anonymity by Category

Accounting and Financial Reporting



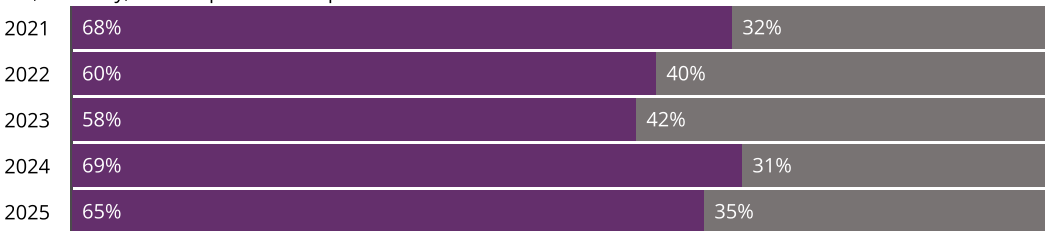
Business Integrity



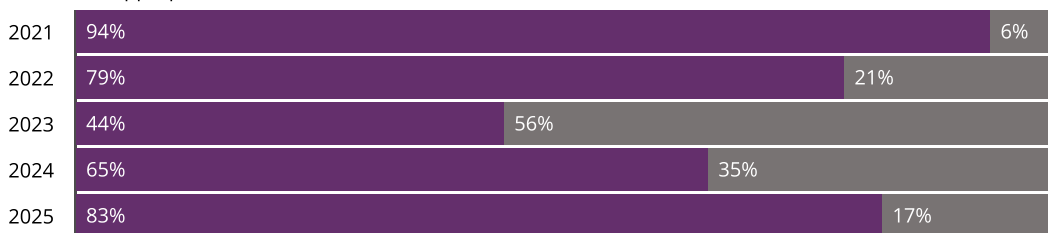
Health, Safety and Environment



HR, Diversity, and Respectful Workplace



Misuse, Misappropriation of Assets



● Anonymous ● Non-Anon

## 4.10 Fear of Reprisal

The ability to report wrongdoing without fear of reprisal is fundamental to a psychologically safe and inclusive work environment, and the *Whistle-blower Policy* strictly prohibits reprisals against individuals who report suspected wrongdoing or support related investigations. As a result, it is important to track reports in which a fear of reprisal is expressed.

Fear of reprisal is typically communicated in two ways: concerns about retaliation within an employee's work area, leading individuals to report to the WBP rather than through other channels within Administration, or fear of reporting at all, resulting in the use of anonymity. Over the past five years, slightly less than one-quarter of all employee reports indicated a fear of reprisal.

Monitoring these disclosures, alongside allegations of actual reprisal experienced, supports a broader understanding of barriers to safe reporting. Throughout the reporting and investigation process, reporters are encouraged to remain alert to potential acts of reprisal experienced as a result of their reporting to the WBP, and to report them to the City Auditor. Since 2021, no allegations of reprisal have been reported to the City Auditor for investigation.

### What we monitor

Reports submitted indicating fear of reprisal.

### Why we track it

Tracking reports where fear of reprisal is communicated informs on workplace culture and how comfortable people are in reporting wrongdoing in a safe and supportive manner. While it is never wrong to report legitimate concerns using anonymity, higher anonymous reporting rates may provide opportunity to explore reporting barriers that may exist, such as the fear of reprisal.

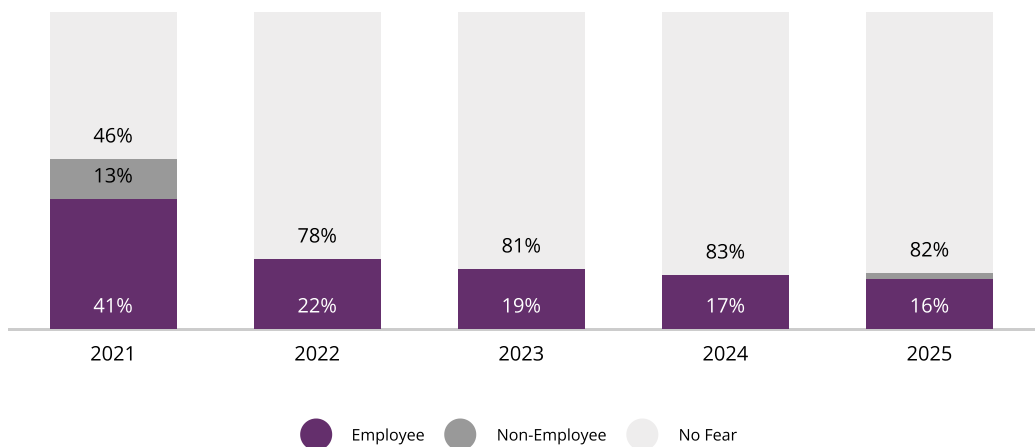
### How we calculate it

Reports indicating a fear of reprisal are divided by the total number of reports received.

### What the data informs

- Except for 2021, reporting during the pandemic, employee reports communicating a fear of reprisal has steadily trended down.
- The downward trend aligns closely with anonymous employee reporting (refer to §4.8)
- 3 reports submitted by non-employees in 2025 expressed fear of reprisal. All 3 reports merited action; none resulted in reports of actual reprisal experienced.

Chart 12: Reports Indicating Fear of Reprisal



## 4.11 Anonymity and Fear of Reprisal

The Whistle-blower Program provides employees with a reporting option for matters they are unable or unwilling to raise through existing channels within Administration, with the option to remain anonymous. Employees reporting in good faith and choosing to self-identify are eligible for protection from reprisal under the *Whistle-blower Policy*. Despite this protection, the WBP routinely receives reports from employees who remain anonymous throughout the process.

Analysis of declared fears of reprisal provides valuable insight to the WBP. When examined alongside other data—such as use of anonymity, timing, allegation type, and business unit—reporting patterns and clusters can be identified across the organization. This information can inform targeted analysis or review by Administration to better understand areas where trust or barriers to safe reporting may exist and where corrective action may be required.

### What we monitor

Reports submitted anonymously by employees indicating fear of reprisal.

### How we calculate it

Separate the total number of employee reports indicating fear of reprisal (by anonymous and non-anonymous reports), before dividing each by total number of employee reports indicating fear of reprisal.

### Why we track it

To inform on reporting trends where a fear of reprisal is communicated by employees which may support further analysis and identify opportunities for Administration to consider barriers to safe reporting.

### What the data informs

- Eight of ten employee reports disclosing a fear of reprisal were submitted anonymously.
- There is a firm correlation between the use of anonymity and disclosure of fear of reprisal.
- The fear of reprisal communicated did not materialize into reports of actual reprisal experienced.

Chart 13: Employee Reports Indicating a Fear of Reprisal



## 4.12 Follow-up Rate

The most valuable source of information to an investigator is the reporter who, typically, has first-hand knowledge of an incident. Each reporter is encouraged to remain available to interact with an investigator, remaining anonymous if they choose and if appropriate. By responding to questions and providing detail not contained in the original report submission, reporters take an active role in how their concerns are addressed.

On average in recent years, half of reporters maintain an active role with the WBP, even if only to periodically check on the status of their report and not directly interact with investigators. While entirely beyond our control, any year where less-than-half of reporters demonstrating a minimum level of interest in their report is discouraging.

A higher number of reporters who remain active with the WBP after submitting their initial report will:

- contribute to fewer reports being closed due to lack of information at the assessment phase.
- better inform investigative approaches and conclusions reached.
- often result in a more satisfying reporting experience knowing that a concern was taken seriously and addressed objectively.

### What we monitor

Reports with reporter follow-up or interest at any phase of the lifespan of the report.

### How we calculate it

Divide the total number of reports with reporter follow-up or interest by total reports submitted.

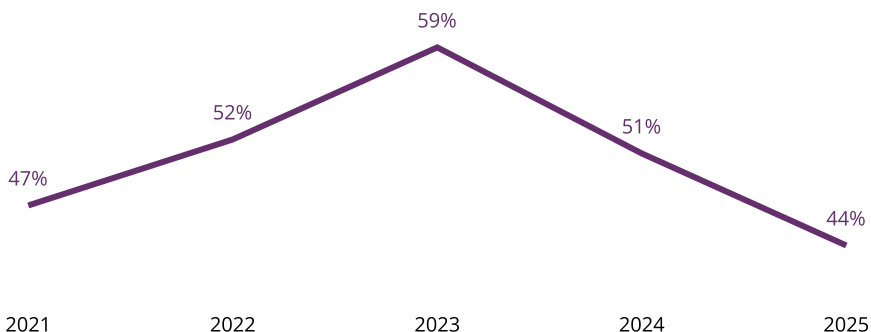
### Why we track it

To identify trends in reporter interest beyond submitting a report to the WBP and inform on how reporters who remain interested and respond to investigators impact assessment decisions or investigation substantiation rates.

### What the data informs

- 🔦 Reporter follow-up rate in 2025 is below the 5-year average (50%).
- 🔦 Not following up on a report and failing to respond to an investigator's request for information can impact certain assessment decisions (refer to §5.3).
- 🔦 Availability of an active reporters had minimal impact to substantiation rates (refer to §6.4).

Chart 14: Reports with Reporter Follow-up or Interest



## 5.0 Report Assessment

### 5.1 Assessment Decisions

The *Whistle-blower Policy* requires each report to be assessed to determine its eligibility and applicability before consideration for investigation. A risk-based approach is used to identify reports that may be more appropriately addressed by Administration through non-investigative means, while reports that do not warrant further action—such as those lacking sufficient detail or unrelated to City operations—are closed.

The outcome of the assessment phase may be only one of the following three decisions:

1. Investigation of at least one allegation reported (action taken).
2. Referral to Administration (action taken).
3. Closure (no action taken).

Tracking and monitoring how reports are assessed provides insight to trends pertaining to the quality, relevance, and wholesomeness of reports submitted, and can inform on resourcing needs.

#### What we monitor

What action is considered appropriate to address each report received.

#### Why we track it

*Whistle-blower Policy* requires that each report be assessed. Tracking assessment decisions informs consistency in decision-making.

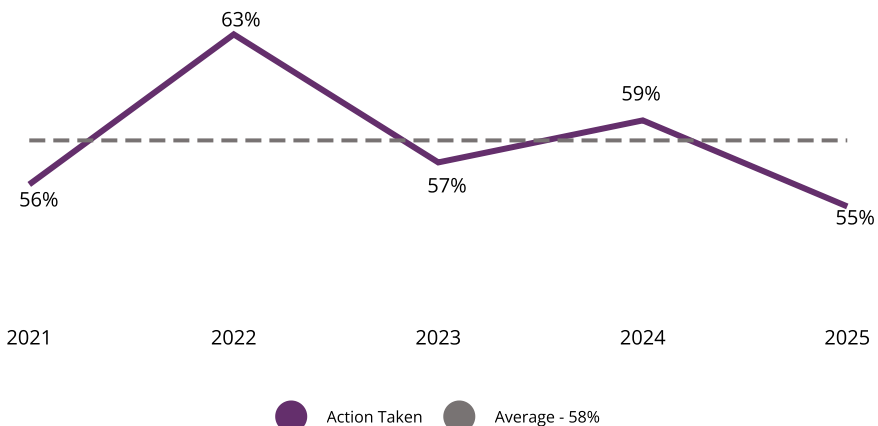
#### How we calculate it

Reports assessed as meriting action (investigation or referral to Administration) divided by all reports received, as a percentage.

#### What the data informs

- 📊 Year over year, more than half of reports submitted are assessed as meriting action.
- 📊 Reports meriting action fluctuates year-over-year and can be influenced by the follow-up rate (refer 54.12).
- 📊 Data highlights an opportunity to inform on how to best report concerns applicable to the *Whistle-blower Policy* to support expected outcomes.

Chart 15: Assessment Decision



## 5.2 Assessment Decisions and Anonymity

Anonymous reports submitted in good faith are treated as equally valid and are assessed in the same manner as reports from identified reporters. However, anonymity carries an inherent risk of misuse and must be supported by a rigorous and consistently applied assessment process to identify reports containing unfounded, irrelevant, or ill-informed allegations. Careful scrutiny helps prevent unnecessary inquiries that could negatively affect the personal or professional reputation of City employees. Reports—anonymous or otherwise—that do not meet WBP reporting criteria or are assessed as not submitted in good faith do not proceed further.

Over the past five years, an average of 64% of anonymous reports were assessed as warranting action through investigation or referral to Administration. As discussed later in this report (§6.2), substantiation rates for anonymous and identified reports are comparable, reinforcing the credibility and value of anonymous reporting.

### What we monitor

Assessment decision outcomes for all anonymous reports.

### Why we track it

To monitor and assess the credibility and sufficiency of information provided in anonymous reports.

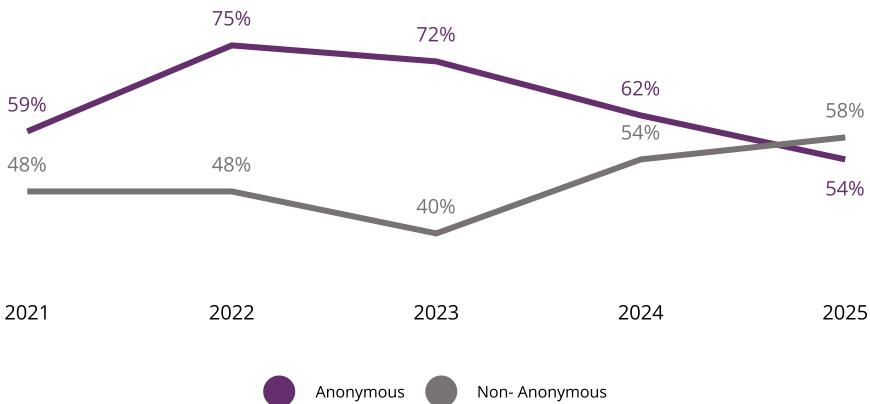
### How we calculate it

Separate anonymous and non-anonymous reports meriting action before dividing by all anonymous and non-anonymous reports respectively.

### What the data informs

- Non-anonymous reports meriting action exceed those submitted anonymously for the first time in the past 5-year period.
- The decline in anonymous reports meriting action is offset by the increase in non-anonymous reports meriting action, which, combined, resulted in only a minor reduction in overall reports meriting action (refer §5.1).
- Data highlights an opportunity to reinforce applicability of the *Whistle-blower Policy* to reporting regardless of the use of anonymity.

Chart 16: Reports Meriting Action



### 5.3 Insufficient Information

Assessment determines whether a report contains sufficient information to understand the issue and support further action, such as investigation or referral. Where necessary and possible, investigators may request additional information from reporters to clarify or expand on the concerns raised. These requests may occur in writing or through confidential telephone or in-person discussions and may extend the assessment phase to allow time for response. For online reports, reporters can opt to receive email notifications prompting them to log in and respond to information requests.

Once sufficient information is received and minimum reporting criteria are met, a report may be recommended for action. Otherwise, it may be closed as not requiring further action (NFA). Reports closed as NFA include a determination of whether insufficient details contributed to the decision.

Some reporters may be satisfied with simply bringing an issue to the Program's attention and choose not to remain involved. Monitoring this metric supports trend analysis related to report quality, opportunities for targeted messaging on information requirements, and the value of ongoing reporter engagement.

#### What we monitor

Reports assessed as requiring no further action due to insufficiency of information provided.

#### Why we track it

To assess the impact of sufficiency of information provided on the ability to action reports.

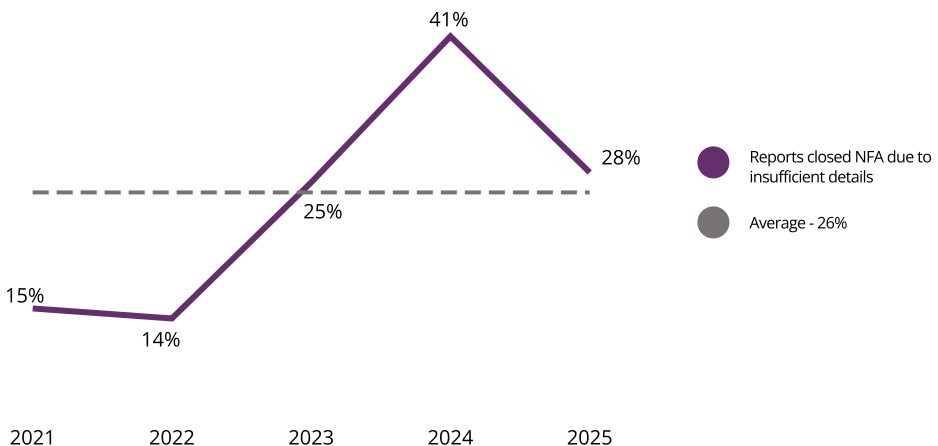
#### How we calculate it

Divide all NFA reports lacking sufficient information by the total reports assessed as not meriting further action.

#### What the data informs

- 📉 Reports closed with no further action due to insufficient information decreased.
- 📈 Enhanced messaging by the WBP on how best to submit a report may have had an impact on the increase in reports containing sufficient information to take action.

Chart 17: NFA Reports with Insufficient Information



## 5.4 Preliminary Assessment Decision Timelines

The Whistle-blower Program recognizes that reporting wrongdoing involving a colleague or supervisor can be stressful - and at times traumatic- and that concerns can persist until the matter is resolved. Reports are typically acknowledged within one business day, and assessments are prioritized to ensure issues requiring timely action are advanced with efficiency.

The assessment phase typically concludes within 15 calendar days, and we strive to meet this target 90% of the time. Some assessments experience delays due to the insufficiency of information provided and information requests left unanswered, or reports with greater complexity or multiple allegations requiring significant research or input from Administration.

In 2025, 81% of reports assessed were not delayed pending a response to an information request and met the 15-day or less target, averaging fewer than 6 calendar days.

Monitoring this metric supports ongoing evaluation of the efficiency and reliability of the WBP process.

### What we monitor

Number of days taken to complete assessment of a report.

### How we calculate it

Number of calendar days between the receipt of a report and approval of recommended action.

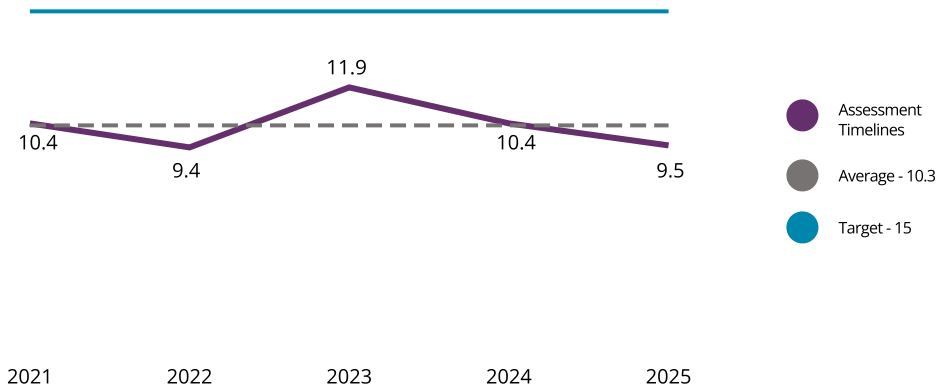
### Why we track it

Supports efficiency and demonstrates commitment to timely action.

### What the data informs

- 📊 Overall assessment timelines consistently meet the 15-day target.
- 📊 Despite high reporting volume (refer §4.2) and complexity (refer §4.3), assessment timelines remained strong in 2025.

Chart 18: Average Days to Assess New Reports



## 6.0 Investigations

### 6.1 Substantiation Rate

Each allegation investigated is determined- on a balance of probability - to be either substantiated or unsubstantiated, as defined by the *Whistle-blower Policy*.

While it can be inferred that allegations in a report assessed as not requiring further action are inherently unsubstantiated, the WBP considers only allegations investigated to be calculated in substantiation rates.

Despite it being widely understood that there is no 'correct' substantiation rate to achieve, a well-informed reporter base that is knowledgeable of The City's policies and reporting requirements, combined with both a robust assessment phase and effective investigation procedures, is expected to support a higher substantiation rate. Conversely, consistently lower substantiation rates may indicate opportunities for better education regarding reporting requirements and/or reveal weaknesses in investigative practices. Allowing for natural year over year fluctuation, the WBP has observed an average substantiation rate of 34% during the past five years.

#### What we monitor

Allegations substantiated by investigation.

#### Why we track it

Monitoring substantiation rates is useful in assessing the quality of reporting, how informed reporters are of The City's policies and procedures, and the effectiveness of investigation processes.

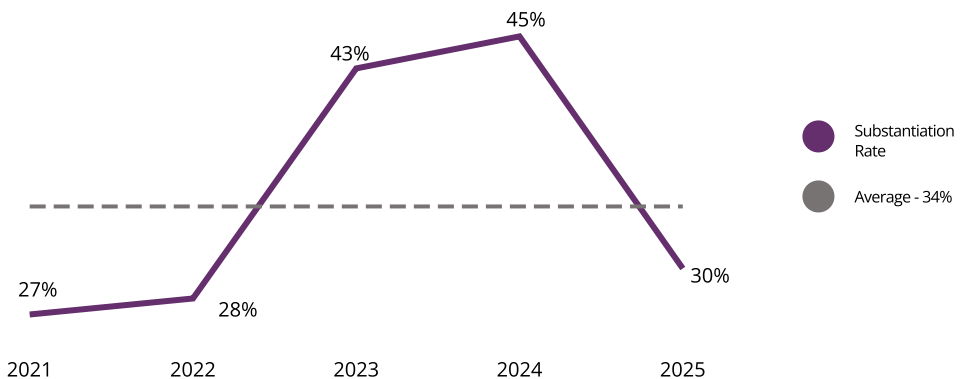
#### How we calculate it

Divide the number of allegations substantiated by investigation by the total number of allegations investigated, for the year the investigation is closed.

#### What the data informs

- 🔦 The mid-level substantiation rate confirms that not all allegations investigated are determined to be violations of City policy or procedure.
- 🔦 When viewed in conjunction with corrective action rates (refer §7.1), data confirms that matters are accurately assessed as meriting investigation, even if not ultimately substantiated as wrongdoing.

Chart 19: Substantiation Rates (All Reports)



## 6.2 Substantiation Rates and Anonymous Reports

Decisions to investigate are based on the merits of each report, including the quality and sufficiency of information supporting the allegation. While anonymity is not a factor in deciding whether to investigate, monitoring its use and related outcomes provides insight into its impact on the investigation process.

Anonymous reporters are typically less accessible to investigators, which can make corroborating information reported more challenging. Where evidence does not support that an event occurred as alleged or that a policy violation is evident, the allegation is concluded as unsubstantiated.

Investigation data shows that allegations reported anonymously are substantiated at similar rates to those reported without the use of anonymity, resulting in confirmed policy violations. This evidence challenges common assumptions that anonymous reports are false or frivolous and reinforces that anonymous reports should be treated with the same seriousness as identified reports.

### What we monitor

Substantiation rate of allegations reported anonymously.

### Why we track it

As a subset of overall substantiation rates, tracking reports based on the use of anonymity informs on appropriate use of anonymity.

### How we calculate it

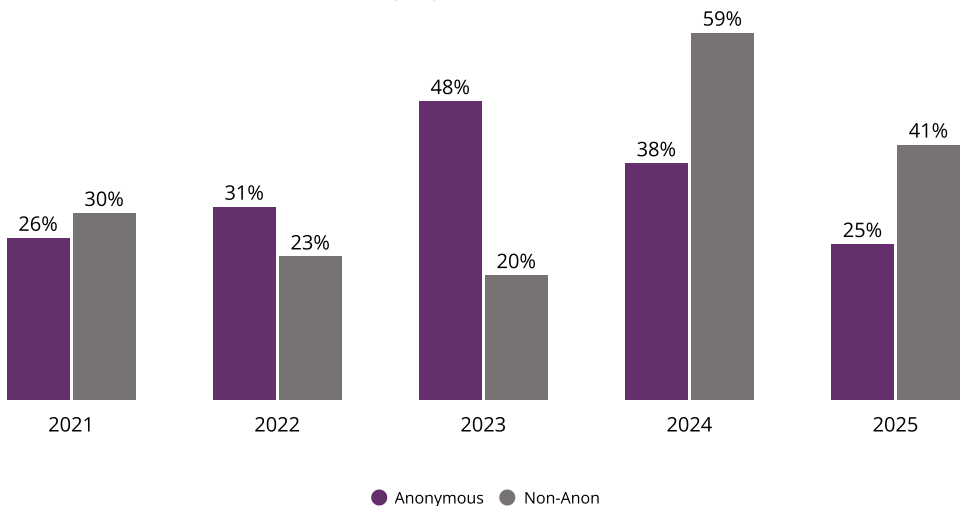
Divide all anonymous allegations substantiated by investigation by all allegations investigated.

### What the data informs

Despite a 2-year decline in substantiation rate for anonymous reports, there remains little difference between average substantiation rates for anonymous reports (32%) and non-anonymous reports (39%) over the 5-yr period.

Anonymous reports assessed as meriting investigation (refer §5.2) are as informed and as valid as reports made without the use of anonymity, dispelling the misconception that anonymous reports are malicious.

Chart 20: Substantiation Rates (w/ and w/o Anonymity)



### 6.3 Substantiation Rate by Category

There is no “correct” substantiation rate. Setting target rates is not considered good practice, as it can encourage biased approaches aimed at meeting a benchmark rather than reaching objective, evidence-based conclusions.

Reviewing substantiation rates by category can, however, provide useful insight. Consistently high rates in a category may warrant further analysis to identify trends or potential hot spots requiring attention. Conversely, consistent rates across categories may indicate well-informed reporters and effective investigation practices.

Given The City's ongoing communications and training on the Code of Conduct, higher substantiation rates in certain categories and classifications are not unexpected, considering employees are generally well informed about expected behaviours and reporting processes. As previously noted, this Benchmark Report does not include data from reports submitted through Administration.

In 2025, the classifications with the highest number of allegations investigated and their substantiation rates were:

- Ethical Conduct, 42% (Business Integrity)
- Conflict of Interest, 25% (Business Integrity)
- Respectful Workplace, 22% (HR, Diversity, and Respectful Workplace)

(refer §4.7 for categories and classifications)

#### What we monitor

Substantiation rates for each reporting category.

#### Why we track it

To inform on the quality of reporting submitted and effectiveness of the investigation process, within each reporting category, identifying opportunities for education.

#### How we calculate it

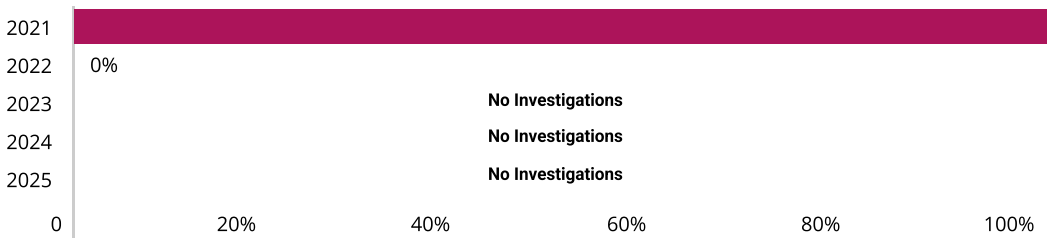
Within each category, divide the number of allegations substantiated by investigation by all allegations investigated.

#### What the data informs

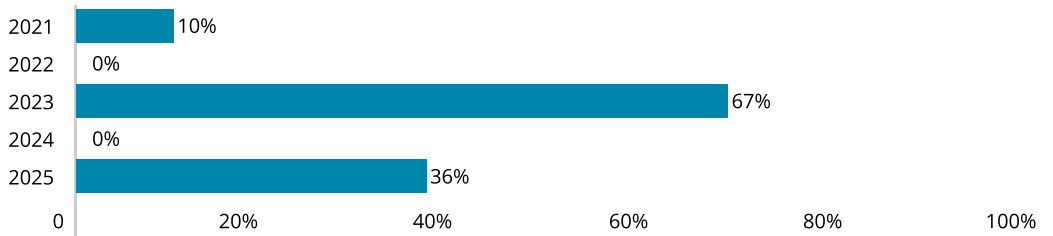
- Allegations are substantiated consistently across multiple reporting categories year over year.
- Despite 42% of all allegations raised being in the *HR, Diversity, and Respectful Workplace* category, only 1 in 4 allegations investigated were substantiated.
- There does not seem to be a correlation between how allegations are distributed across categories (refer §4.7) and their likelihood of being substantiated.

Chart 21: Substantiation Rates by Category

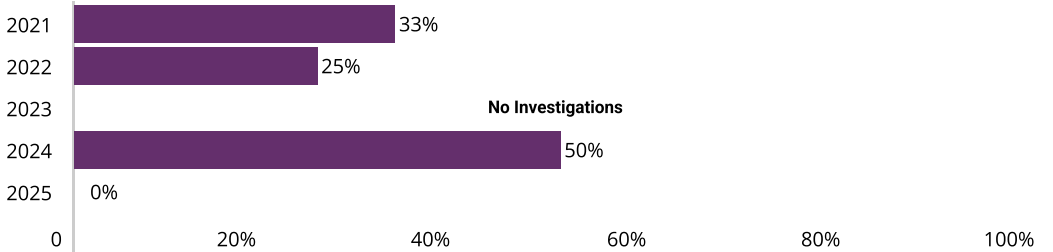
Accounting and Financial Reporting



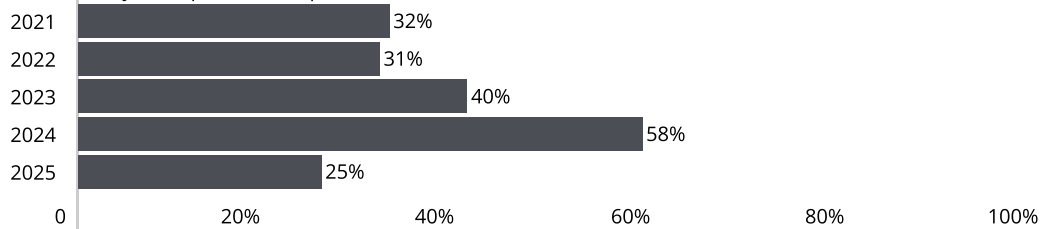
Business Integrity



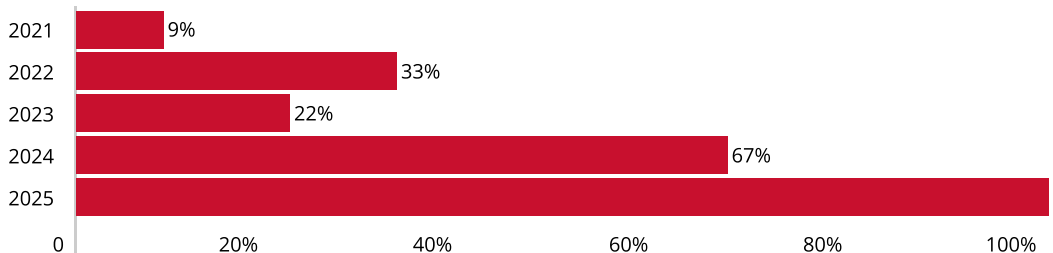
Health, Safety, and Environment



HR, Diversity & Respectful Workplace



Misuse, Misappropriation of Assets



## 6.4 Substantiation Rates and Reporter Follow-up

A reporter's involvement in the reporting process may extend beyond the initial submission of an allegation and include providing additional information or clarification. As reporters are generally unfamiliar with investigative processes and evidentiary requirements, responses to information requests can assist investigators in progressing inquiries and support accurate interpretation of reported concerns.

The Whistle-blower Program provides mechanisms that allow reporters to engage with investigators, including through confidential dialogue where anonymity can be maintained. Reporter engagement—such as follow-up communications or status inquiries—can be tracked and analyzed to assess potential associations with investigation outcomes, including substantiation rates.

With no ability for the WBP to influence reporter follow-up, fluctuation in annual rates is expected.

### What we monitor

Substantiation rates for investigations with reporter follow up.

### How we calculate it

Divide all substantiated allegations by all allegations investigated, for each subset of reports with and without reporter interest/follow up.

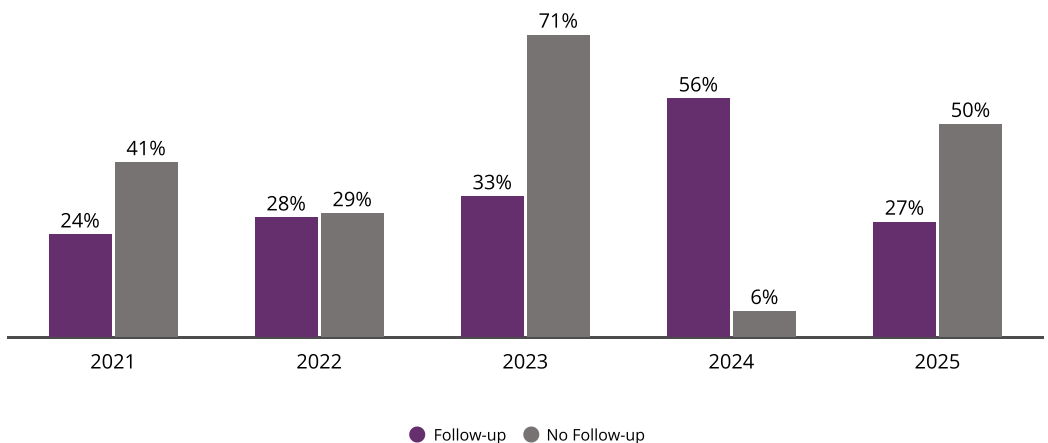
### Why we track it

To understand how investigation outcomes are impacted by reporter interest and follow up.

### What the data informs

- The 5-year average substantiation rate for investigations involving an actively available reporter was 34%, compared to 39% for investigations without an interested reporter.
- On average, substantiation rates are generally consistent regardless of reporter follow-up, suggesting that assessment and investigation procedures are key contributors to investigation outcomes.

Chart 22: Substantiation Rates and Reporter Follow-up



## 6.5 Case Closure Timelines

Timely investigations are essential to maintaining reporter confidence and demonstrating that concerns are taken seriously.

Individuals often delay reporting while assessing whether issues will resolve, leaving matters unresolved and potentially affecting well-being. For this reason, the WBP measures case closure in calendar days. While complex cases may require longer timelines, the program aims to complete approximately 75% of investigations within 180 days.

Year-over-year variation is expected due to reporting volume, case complexity, and resource availability; however, consistently extended timelines warrant further analysis. In 2025, investigations completed within the six-month target ranged from 14 to 173 calendar days.

### What we monitor

Average number of days taken to investigate allegations.

### How we calculate it

Calculate the number of days between the date an investigation is commenced and the date it is concluded.

### Why we track it

To assess timeliness of completed investigation.

### What the data informs

🔍 2025 case closure rates were impacted by the completion of larger, more complex cases, involving multiple reports, carried into 2025 from 2024 and which aged accordingly.

🔍 In 2025, while 55% of investigations were completed in 180 days or less, 80% were completed within 190 days.

Chart 23: Average Days to Close Investigations

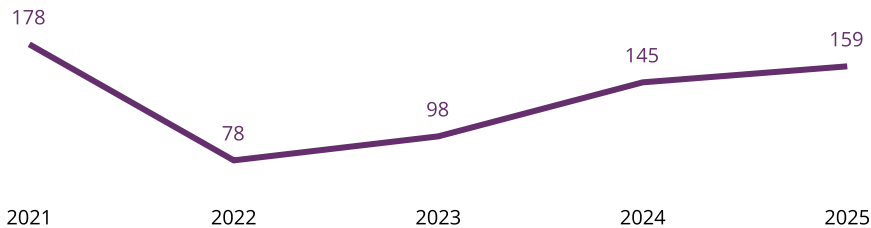


Chart 24: Case Closure Rates (Ranges by Days)

Year	0 to 30	31 to 60	61 to 90	91 to 180	181 to 365	> 365
2021	15%	18%	9%	18%	27%	12%
2022	26%	37%	5%	21%	11%	0%
2023	11%	39%	6%	33%	11%	0%
2024	9%	14%	23%	36%	9%	9%
2025	10%	15%	10%	20%	40%	5%

## 7.0 Corrective Action

### 7.1 Corrective Action Rate

A key component of the Whistle-blower Program is identifying causal factors associated with incidents investigated, which may inform corrective actions recommended to Administration. Where opportunities for improvement are identified, corrective actions may be recommended for any investigated allegation, regardless of substantiation. However, all substantiated allegations must result in at least one corrective action recommendation intended to mitigate the risk of recurrence.

There is no prescribed or “correct” number of corrective action recommendations; each investigation considers whether targeted, proportionate actions are warranted to support operational effectiveness, reinforce policy and procedure compliance, promote learning, and/or mitigate risk. Recommendations may include employee coaching, training or education, policy or process improvements, or other administrative actions.

Corrective actions may be directed at specific individuals, work areas or business units, or applied more broadly at the departmental or City-wide level (e.g., policy updates).

#### What we monitor

Investigations resulting in corrective action recommendations.

#### How we calculate it

Divide investigations with recommendations by the total investigations completed.

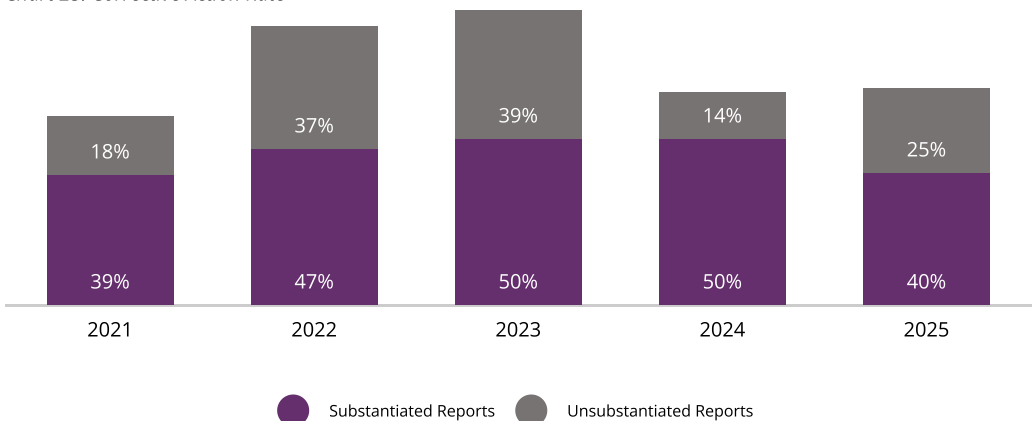
#### Why we track it

To inform on the effectiveness of identifying root causes and best approach to mitigate risk.

#### What the data informs

- Corrective action recommendations were made in 65% of reports investigated, slightly below the 5-year annual average of 72%.
- Corrective action recommendations made from substantiated reports remained strong and compliant *Whistle-blower Policy* expectation to ensure corrective action for substantiated allegations.

Chart 25: Corrective Action Rate



## 7.2 Recommendation Completion Timeline

Timely implementation of corrective action recommendations represents the final phase of the WBP process. Addressing substantiated wrongdoing or procedural weaknesses in a timely manner supports confidence in the reporting framework by demonstrating that identified issues result in administrative action, where appropriate.

Each recommendation issued by the WBP is supported by the respective business unit director and is subject to ongoing follow-up to monitor completion. As some corrective actions may remain incomplete at year-end, reported figures are subject to change in subsequent reporting periods.

### What we monitor

Calendar days taken for Administration to complete recommended corrective actions, based on year a corrective action is closed.

### Why we track it

To effectively reduce the risks associated with not correcting causal factors, and to support continuous improvement.

### How we calculate it

Calculate the number of days between the date a recommendation is communicated to Administration and the date of implementation.

### What the data informs

- Administration implements WBP recommendations in a timely manner, most are completed within 100 days.
- The number of days to implement a corrective action recommendation in 2025 was 0 to 204.

Chart 26: Average Days to Complete Recommendations

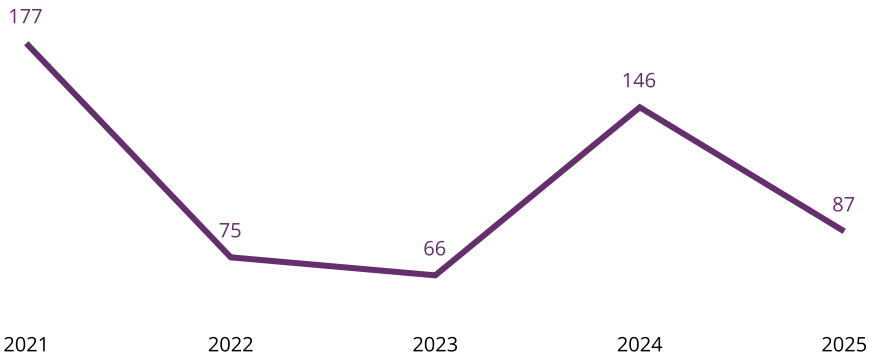


Chart 27: Recommendation Completion Rate (Ranges by Days)

Year	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	> 365
2021	22%	11%	33%	11%	0%	22%
2022	0%	25%	69%	0%	6%	0%
2023	41%	17%	10%	21%	10%	0%
2024	9%	18%	5%	36%	27%	5%
2025	36%	0%	27%	18%	18%	0%

## 8.0 Acknowledgement

The preparation of specific sections of this report benefited from data contributions provided by the audit offices of the following municipalities, whose collaboration and insights are gratefully acknowledged by the City Auditor for the City of Calgary.



Office of the  
Auditor General  
City of Hamilton



Office of the  
Auditor General  
City of Ottawa

**AUDITOR  
GENERAL**  

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**TORONTO**



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**City Auditor's Report to  
Audit Committee  
2026 April 23**

**ISC: UNRESTRICTED  
AC2026-0297**

## **City Auditor's Office 1st Quarter 2026 Report**

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### **PURPOSE**

The purpose of this report is to communicate the activities of the City Auditor's Office as set out in Bylaw 30M2004 (as amended).

### **PREVIOUS COUNCIL DIRECTION**

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties, and functions of the position. Schedule A of Bylaw 30M2004 (as amended) requires the City Auditor to provide a quarterly report to Audit Committee that includes:

- Trending and achievement of City Auditor's performance measures as established to reflect effective delivery of the City Auditor's mandate;
- Status of Administration action on the current recommended action plan commitments agreed upon in previous audit reports; and
- Status of deliverables against the approved annual audit plan.

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

### **HIGHLIGHTS**

- What does it mean to Calgarians? The City Auditor's Office provides effective independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust.
- Why does it matter? The City Auditor provides open and transparent reporting on key activities on a quarterly basis.

### **RISK**

The activities of the City Auditor's Office support Administration in their on-going mitigation activities related to Principal Corporate Risks.

### **ATTACHMENTS**

1. City Auditor's Office 1st Quarter 2026 Report - AC2026-0297 ATT

City Auditor's Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0297

**City Auditor's Office 1st Quarter 2026 Report**

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**DEPARTMENT CIRCULATION**

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve

Author: Jon Bateman, Executive Advisor, City Auditor's Office



**Calgary**

City Auditor's Office

**1st Quarter 2026 Report  
January 1, 2026 – March 31, 2026**

**April 23, 2026**

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# 1. Status Update

Key Performance Indicators				
Measure Area	Performance Indicator	Target	Q4 2025	Q1 2026
Efficiency	On Track to Annual Plan	Q1-27% Q2-59% Q3-84% Q4-95%	100%	16%
Effectiveness	Timely Implementation of Audit Rec.	65%	80%	58%
Quality	Client Satisfaction	85%	93%	98%
Staff	Training Plan Achieved	90%	86%	100%

Budget (\$'000's)				
Category	2026 Annual Budget	Q1 Cumulative Budget	Actual to Date	Variance
Salary	3,459	834	840	(6)
Tools & Technology	160	40	34	6
Training	65	16	7	9
Professional Memberships	18	5	4	1
Contracted Services	300	75	16	59
Employee Recognition	3	1	0	1
Operating Costs	40	7	5	2
<b>Total</b>	<b>4,054</b>	<b>978</b>	<b>906</b>	<b>72</b>

### Whistle-blower Program Activity

New Reports (Q1 – 2026)

# 42

**Reports by Quarter**

Quarter	Reports
Q1 25	35
Q2 25	40
Q3 25	54
Q4 25	39
Q1 26	42

**Active Investigations (Q1 – 2026)**

# 4

Age	Count
< 3 months	1
3-6 months	2
> 12 months	1

**Closed Investigations (Q1 – 2026)**

# 5

Category	Count	Percentage
1 Respectful Workplace	1	33%
1 Recruiting & Employment	1	33%
1 Theft of Time	1	33%

\*An investigation may be comprised of multiple allegations and may result in multiple recommendations/corrective actions. Substantiated allegations and matters resulting in corrective action are summarized at [www.calgary.ca/whistle](http://www.calgary.ca/whistle)

### Recommendation Follow-up


**Results of 15 Recommendations Reviewed in Q1 (Q4 2025 - 12)**

Category	Count	Percentage
8 Closed - Implemented (Q4 - 67%)	8	53%
7 Required Additional Time (Q4 - 33%)	7	33%





### Outstanding Recommendations # of Revised Date Requests

Recommendation ID	1st revised date	2nd revised date	3rd revised date
AC2025-0099 Operational Services	0	1	0
AC2024-0488 People, Innovation & Collaboration Services	0	5	0
AC2023-0541 Law, Legislative Services & Security	0	0	1

## 2. Initiative Briefing: City Auditor's Office Strategy

 <b>Calgary</b> City Auditor's Office	<p><b>Our Mission:</b> Provide independent and objective assurance, advisory and investigative services to add value to the City of Calgary and enhance public trust.</p> <p><b>Our Vision:</b> A high performing agile team who support both Administration and Audit Committee in mitigating risk and improving service delivery.</p>
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# Strategic Priorities

<b>Agile Service Delivery</b> 	<b>Strengthen Connections</b> 
<ul style="list-style-type: none"><li>• Conduct timely audits and investigations</li><li>• Deliver strategic advisory engagements</li><li>• Invest in tools and technology and measure benefits</li><li>• Actively seek out AI adoption opportunities</li></ul>	<ul style="list-style-type: none"><li>• Enhance Administration and Council's understanding and awareness of our work</li><li>• Maintain connection points to other municipalities</li><li>• Expand cross-team collaboration</li></ul>
<b>Add Value To Calgarians</b> 	<b>Foster an Engaged, High-Performing Team</b> 
<ul style="list-style-type: none"><li>• On-going conformance to Professional Standards</li><li>• Timely engagement of SME for specialized insights</li><li>• Continuous process improvement</li><li>• Celebrate risk mitigation achievements and highlight outstanding gaps</li></ul>	<ul style="list-style-type: none"><li>• Support professional growth and development</li><li>• Enhance succession planning and team resilience</li><li>• Cultivate a supportive, inclusive team culture</li><li>• Have fun as a team</li></ul>

## 2026 Audit Plan – Status as at March 31<sup>st</sup>, 2026

2026 Audit Plan				
#	Title	Description	Report Target	Status
<b>2025 Audit Plan Carry Forward</b>				
1	Business Licenses	An operational audit of The City's business license process.  <i>Principal Corporate Risk: Service Delivery</i>	Q1 2026	Complete/ Reported 3/19/2026
2	Climate Retrofitting	An operational audit of The City of Calgary's Climate and Energy Program.  <i>Principal Corporate Risk: Sustainable City</i>	Q1 2026	Complete/ Reported 3/19/2026
3	Data Governance	An operational audit to assess the effectiveness of The City of Calgary's data governance focused on data management policies and practices.  <i>Principal Corporate Risks: Service Delivery, Technological Disruption</i>	Q1 2026	Complete/ Reported 3/19/2026
4	Cyber Security Governance	An IT audit to assess The City's cyber security governance against key outcomes in the NIST Cybersecurity framework.  <i>Principal Corporate Risk: Technological Disruption</i>	Q1 2026	Reporting
5	Climate Data	An operational audit of The City's reported climate data metrics in the 2024 Annual Report, excluding GHG emissions.  <i>Principal Corporate Risk: Sustainable City</i>	Q1 2026	Complete/ Reported 3/19/2026
<b>2026 Audit Plan</b>				
1	Supply Management - Corporate Supply Chain Resilience Strategy	An operational audit of Supply Management's processes that support the Corporate Supply Chain Resilience Strategy.  <i>Principal Corporate Risk: Capital Infrastructure</i>	Q2 2026	Planning
2	Operational Technology Governance	An operational audit of Operational Technology governance.  <i>Principal Corporate Risk: Technological Disruption</i>	Q2 2026	Fieldwork

2026 Audit Plan				
#	Title	Description	Report Target	Status
3	Green Line Construction Safety	An operational audit of Green Line's construction safety. <i>Principal Corporate Risk: Capital Infrastructure/Social Wellbeing</i>	Q2 2026	Fieldwork
4	Winter Maintenance	An operational audit to assess the effectiveness of The City's Winter Maintenance. <i>Principal Corporate Risk: Service Delivery</i>	Q3 2026	Planning
5	Homelessness Prevention	An operational audit to assess the effectiveness of The City's Homelessness Prevention Strategies. <i>Principal Corporate Risk: Social Wellbeing</i>	Q3 2026	Planning
6	Pay Processes	An operational audit of The City's pay processes <i>Principal Corporate Risk: Employee Experience</i>	Q3 2026	Planning
7	Engagement/ Outreach for Capital Construction	An operational audit of The City's engagement and outreach with interest holders through project development for capital construction. <i>Principal Corporate Risk: Capital Infrastructure</i>	Q4 2026	Not Started
8	Calgary Transit Access	An operational audit of Calgary Transit Access. <i>Principal Corporate Risks: Service Delivery</i>	Q4 2026	Not Started
9	Labour Business Continuity	An operational audit of The City's Labour Business Continuity. <i>Principal Corporate Risk: Service Delivery</i>	Q1 2027	Not Started
10	Downtown Safety	An operational audit of Downtown Safety - Implementation of Recommendations from the Downtown Safety Leadership Table. <i>Principal Corporate Risk: Social Wellbeing</i>	Q1 2027	Not Started
11	Follow-up: Bearspaw South Feeder Main Recommendations	A follow-up audit assessing the implementation of recommendations arising from the independent review of the Bearspaw South Feeder Main break. <i>Principal Corporate Risk: Capital Infrastructure</i>	Q1 2027	Not Started
12	Established Area Linear Levy Pilot	An operational audit of the effectiveness of The City's Established Area Linear Levy Pilot. <i>Principal Corporate Risk: Growth</i>	Q1 2027	Not Started

## Q1 2026 Recommendation Follow-up – In-Progress Action Plans

Report # & Title	# of Revisions	Revised Date	Recommendation <sup>1</sup>
<b>AC2023-0541</b> Building Access Control Continuous Auditing Project	3	Sep. 4, 2026	Rec #2. Details of this recommendation are confidential.
<b>AC2025-0099</b> User Account Management - Mobility Operations Centre	2	Apr. 30, 2026	Rec #1. Details of this recommendation are confidential.
<b>AC2024-0488</b> Safety Management	1	Dec. 31, 2026	Rec #1b - Manager, Health and Safety Programs, to update the OHS Training Guideline.  Rec #2a - The Manager, Health and Safety Programs to review and update the Incident Management Standard.  Rec #2b - The Managers, Safety Operations to develop and deliver supporting guidance for Safety Advisors on their role in incident management and reporting.
	1	Jul. 31, 2026	Rec #4 - The OHS Managers, Safety Operations and Manager, Strategic Services to design and implement a standardized leader safety reporting process, incorporating a defined approach, frequency of reporting, and review and approval process, as well as a requirement for leaders to analyze the information provided.
	1	May 31, 2026	Rec #5 - The Manager, Strategic Services and the Managers, Safety Operations to enhance the Safety Dashboard to include data on both leading and lagging indicators of safety performance across the organization and implement a data accuracy review process.

<sup>1</sup> At the time the audit report was initially presented to Audit Committee, the recommendation details were held confidential based on Section 20(1) of the Freedom of Information and Protection of Privacy Act which stated: "The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to:

(k) facilitate the commission of an unlawful act or hamper the control of crime,  
(m) harm the security of any property or system, including a building, a vehicle, a computer system or a communications system."



City Auditor's Report to  
Audit Committee  
2026 April 23

ISC: UNRESTRICTED  
AC2026-0321

## **Employee Expenses Continuous Auditing Project**

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### **PURPOSE**

The purpose of this report is to communicate the outcome of the Employee Expenses Continuous Auditing Project, including Administration's response and corrective actions.

### **PREVIOUS COUNCIL DIRECTION**

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties, and functions of the position. In accordance with Bylaw 30M2004 (as amended), the City Auditor reports the outcome of all audits to the Audit Committee (including Administration's response and corrective actions to be taken in regard to specific recommendations). The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

### **HIGHLIGHTS**

- What does this mean to Calgarians? Controls over Corporate Credit Card processes support that card transactions are accompanied with appropriate documentation, flights, tips, fuel purchases are consistent with policy, and supervisory approvals are provided. Improvement is needed in accountability for gift card purchases and consistency in their use in employee recognition.
- Why does it matter? Compliance with Administration policy for employee expenses charged to corporate credit cards supports ethical conduct, responsible use of public funds and protects The City of Calgary's ("The City's") reputation.

### **RISK**

The data analysis outlined in this report supports Administration in their on-going mitigation activities related to Reputation and Financial Sustainability Principal Corporate Risks.

### **DISCUSSION**

The Corporate Credit Card (CCC) is the City's expected payment method for goods and services under \$5,000. Although employee expense transactions are typically low in value, compliance with Administration policy for expenses supports ethical conduct, protects the City's reputation, and supports responsible use of public funds.

Finance moved credit card processing from a manual process to an automated workflow in February 2025. Accounts Payable (AP) within Finance, administers the Corporate Credit Card program for The City.

City Auditor's Report to  
Audit Committee  
2025 April 23

ISC: UNRESTRICTED  
AC2026-0321

## Employee Expenses Continuous Auditing Project

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The objective of this audit was to determine if controls over Corporate Credit Card processes were effective in ensuring that employee expense transactions are consistent with Administration policy. Our audit scope covered approximately 69,000 transactions with a value of \$53.2M from January 26, 2025, to August 25, 2025.

We achieved this objective by identifying employee expense transactions that represented a higher-risk of non-compliance with policy and assessing whether corrective follow-up was completed where necessary. Transactions meeting these criteria are:

1. Expenses for cardholders that use the missing receipt forms or have insufficient receipt documentation.
2. Spending on travel, recognition, or entertainment that exceeds policy-defined reasonable limits.
3. Spending prohibited by policy.
4. Delayed supervisor review and approval of transactions.

To complete our testing, we extracted the text from all supporting documentation (receipts) submitted to the credit card workflow system during our audit period. We queried this data using a mixture of generative AI and keyword searches. The key results from our analysis for each criterion are shown in the scorecard attachment to this report. Overall, controls over Corporate Credit Card processes support that card transactions are accompanied with appropriate documentation, flights, tips, fuel purchases are consistent with policy, and supervisory approvals are provided. Improvement is needed in accountability for gift card purchases and consistency in their use in employee recognition.

1. Missing Receipts or Insufficient Receipt Documentation (Minor Risk)  
Most transactions tested were supported by appropriate documentation with limited exceptions concentrated in certain receipt types. We looked at the full population of credit card transactions during the audit period and identified approximately 1% of transactions lacked receipts but included The City's standard Missing Receipt Form. We identified a further 1% of transactions with insufficient documentation when compared with documentation requirements outlined for a receipt in the Corporate Credit Card Quick Reference Guide, primarily due to missing itemized details for goods or services purchased. This additional 1% was identified by extrapolating an error rate for types of transactions with indicators of insufficient documentation to the full population. We have shared the types of transactions with higher incidences of insufficient document to AP to support ongoing cardholder education.
2. Spending on Travel, Recognition, or Entertainment (Negligible Risk (flights, tips), Significant Risk (gift cards))  
As part of project planning, an initial risk assessment was completed and subsequently refined as testing progressed. Within the broader category of travel, recognition, and entertainment, the analysis extended beyond dollar value to also consider reputational risk,

## Employee Expenses Continuous Auditing Project

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the closeness of items to cash, and testing efficiency. We focused transaction testing on flights, employee recognition gift cards, and tips.

- a. Travel – The City's Procedures for Reimbursement of Employee Business Expenses require that air travel be booked in economy class, when available, and through The City's contracted travel provider. We evaluated all 453 flight tickets purchased during the audit period and found that nearly all (98% or 442) of transactions complied with these requirements.

We identified three non-economy tickets consisting of two premium economy class tickets, one business-class ticket (for one flight segment of a multi-flight itinerary), and eight tickets booked via other travel providers. We referred these to AP for further investigation.

- b. Spending on Employee Recognition – Human Resources have established Corporate Recognition Guidelines, and there is existing functionality in The City's HR system for reporting gift cards given for employee recognition, but Guidelines do not provide direction that this functionality needs to be used. Overall compliance with these Guidelines was inconsistent.

We conducted an initial review of 38 employee recognition transactions identified through keyword searches to assess compliance. During this review, we noted several exceptions related to gift cards and therefore focused our testing in this area due to these early results and the associated risks tied to the liquid nature of gift cards.

We reviewed all 193 recognition transactions purchasing gift cards with a total of \$30,352 during the audit period, and we noted that 13% did not include information identifying the recipients—an important requirement for both CRA compliance and accountability over this liquid item. In addition, 55% of the gift cards issued exceeded the Corporate Recognition Guideline's suggested value of \$25, with a median gift card amount of \$100.

### **RECOMMENDATION 1**

Director, Human Resources, design and implement a corporate framework for governing employee recognition gift cards that enables compliance with Canada Revenue Agency (CRA) legislation and aligns with public-sector good practice, including consistency, transparency, fairness, and proportionality. This should be achieved by updating and communicating the Corporate Recognition Guidelines, and by establishing—or where already in place, reinforcing processes for payroll reporting, compliance monitoring, oversight, and the structured management of exceptions.

## Employee Expenses Continuous Auditing Project

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### MANAGEMENT RESPONSE

Management accepts the recommendation. Management agrees that the audit identified gaps in consistency and accountability related to the use of gift cards for employee recognition, and that these gaps reflect intersecting policy, process, and oversight considerations across Human Resources and Finance.

Administration, led by HR and in collaboration with Finance, will undertake further work to clarify and align governance expectations for employee recognition gift cards, including confirming that existing Canada Revenue Agency reporting requirements are consistently applied and embedded within appropriate processes, and that roles, oversight, and accountabilities are clearly defined and applied in support of consistent application across the organization.

**LEAD** Leader HR - Labor Relations

**Support** Leader HR -Total Rewards, Manager HR Pay & Client Services

### COMMITMENT DATE

September 30, 2026

- c. Accountability for Gift Card Purchases – Gift cards are purchased for uses beyond employee recognition e.g. community events. Given the exceptions noted during employee recognition testing above and the near cash nature of gift cards, we expanded our testing to include all \$98K gift cards purchased during the audit period. 38% of these transactions did not include recipient information. The City has a formal policy for cash and cheque handling but does not have a similar policy for gift cards.

### RECOMMENDATION 2

Director, Finance,

- a) Develop a policy on gift cards as cash equivalent asset that includes when gift cards may be purchased, sets minimum expectations for record keeping including tracking recipients and purpose, storage, and authorities for granting policy exceptions.
- b) Update key guidance documents (Supporting Procedures for Corporate Credit Card, Corporate Credit Card Quick Reference Guide) to align with the policy.

### MANAGEMENT RESPONSE

- a) Management accepts the recommendation. Management agrees that the audit identified gaps in accountability and documentation related to the purchase and use of gift cards

## Employee Expenses Continuous Auditing Project

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more broadly, reflecting the absence of clearly articulated and consistently applied governance expectations for gift cards as a cash equivalent asset.

Administration, led by Finance and in collaboration with Human Resources, will undertake further work to clarify and align corporate expectations for gift card use, including permitted uses, record keeping, oversight, and authorities for exceptions, with alignment to Conflict of Interest requirements, and related financial controls. The outcome of this work will inform any subsequent updates to supporting procedures and guidance, once governance expectations are clarified, to promote consistent application across the organization.

- b) Management accepts the recommendation. Management will review and update the Supporting Procedures for Corporate Credit Card and the associated Quick Reference Guide to ensure information is consistent and aligns with the policy.

**LEAD** Finance Leader - Accounts Payable

**Support** Manager Financial Operations, Team Leader – Accounts Payable

### COMMITMENT DATE

September 30, 2026

- d. Entertainment – We tested 2,302 detected tips transactions for compliance with the AP Supporting Procedures for Reimbursement of Employee Business Expenses, which stated that tips should not exceed 20%. We found that 98% of tips were compliant with this policy. Out of tips exceeding policy these were predominately low dollar amounts (80% were \$10 or less with most less than \$5). The small number of tips exceeding \$10 were passed to AP.
3. Spending Prohibited by Policy (Negligible Risk)  
Fuel purchases are one of the categories of prohibited expenses. We focussed on this since The City reimburses mileage and there is a risk of the same purchase reimbursed twice. Exceptions may be allowed, such as for rental cars. We reviewed all purchases during the audit period and noted from keyword searches that fuel purchases were rare accounting for just 148 purchases. Out of this population we selected a sample of 48 fuel purchases to see if an exception was allowed under policy; all sampled transactions were found to be compliant with the AP Supporting Procedures for Reimbursement of Business Expenses.
4. Delayed Supervisor Review and Approval of Transactions (Minor Risk)  
Supervisors (Dept Id Owners) independently approved all cardholder transactions within the audit period, but approval was not consistently done on time. The AP Supporting Procedures

### **Employee Expenses Continuous Auditing Project**

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for Corporate Credit Card required that these approvals be completed by the 20th of the following month; however, 14% were not approved within this timeframe. Not approving by cut off increases the likelihood a transaction may be coded incorrectly. Although late, approvers finalized 80% of late approvals within 30 days of the due date, which still allows sufficient time to dispute charges with the card issuer.

The City Auditor's Office will monitor the status of commitments as part of its ongoing recommendation follow-up process.

### **ATTACHMENTS**

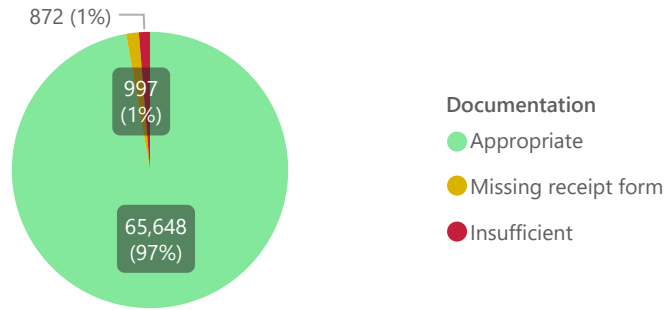
1. Employee Expenses Scorecard AC2026-0321 ATT

### **DEPARTMENT CIRCULATION**

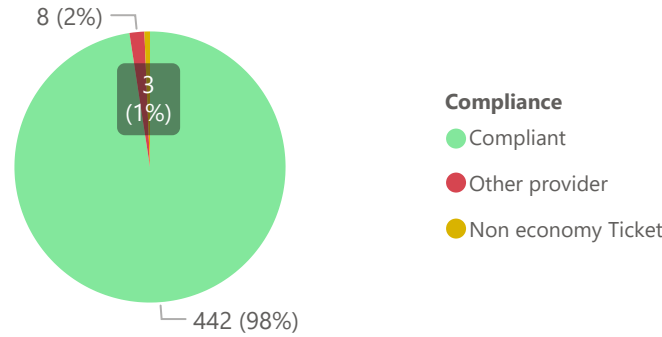
Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve
David Duckworth	Chief Administrative Officer	Inform
Les Tochor	Chief Financial Officer	Inform
Jennifer Kapala	General Manager, PICS	Inform
Greg Juliano	Chief Human Resources Officer	Inform
Aaron Brown	City Treasurer/Deputy CFO	Inform
Cathy An	Deputy Director, Corp. Finance	Inform
Kari Imperato	Manager, Financial Operations	Inform

Author: Steve Penwarden, Senior Data Analytics Auditor, City Auditor's Office

## Missing/Insufficient Receipts



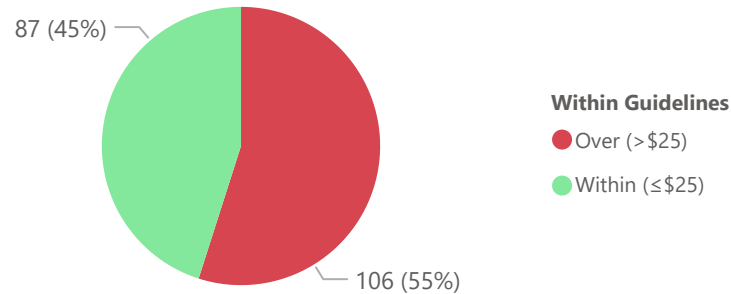
## Flight Compliance with Policy



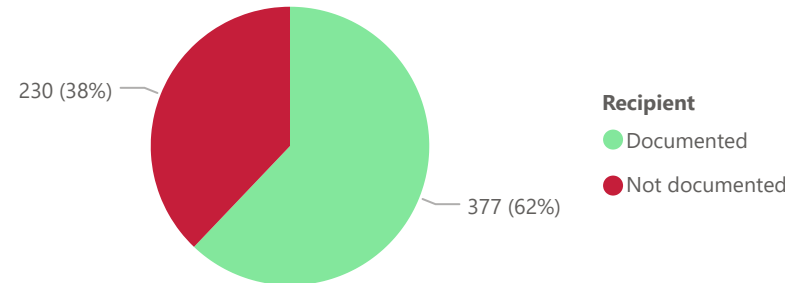
## Risk Levels

- Severe Risk/Critical Improvement Opportunity
- Significant Risk/Significant Improvement Opportunity
- Moderate Risk/Moderate Improvement Opportunity
- Minor Risk/Minor Improvement Opportunity
- Negligible Risk/Negligible Improvement Opportunity

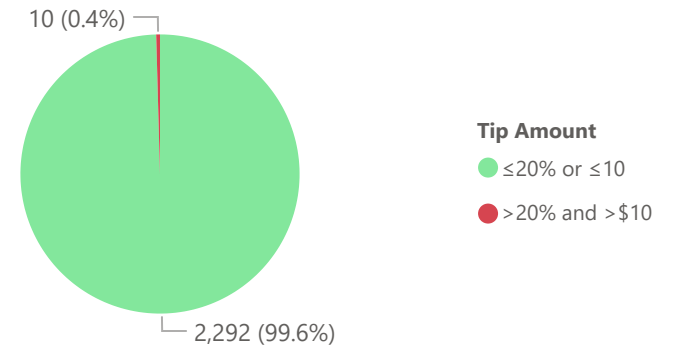
## Employee Recognition Gift Card Amounts



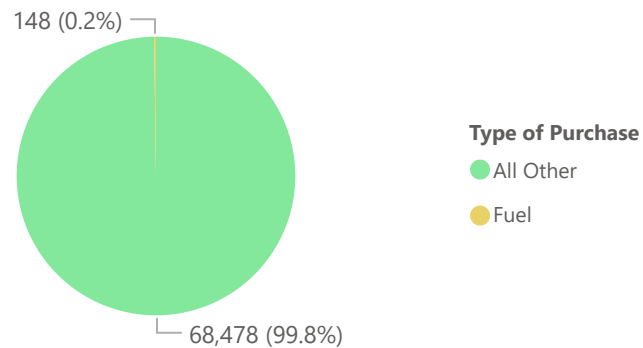
## All Gift Cards - Accountability



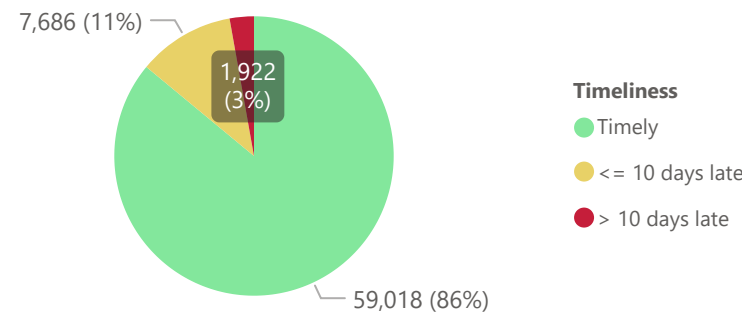
## Tips



## Fuel



## Timely Approval



## Independent Approval

