



Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 403-213-5791
www.deloitte.ca

April 24, 2017

The Members of the Audit Committee and City Council of
The City of Calgary

Dear Members:

We have been engaged to audit the consolidated financial statements of The City of Calgary ("The City") for the year ended December 31, 2016.

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 and Deloitte that, in our professional judgment, may reasonably be thought to bear on our independence. We are also required to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre 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; and
- (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 25, 2016, the date of our last letter.

The City of Calgary
April 24, 2017
Page 2

We are not aware of any relationships between The City and Deloitte, including any network firms that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 26, 2016 to April 24, 2017.

As summarized in the attached exhibit, the total fees charged to The City during the period covered by the financial statements were as follows:

Audit services	\$1,371,266 (2015 - \$1,326,944)
Audit related services	\$196,431 (2015 - \$182,041)
Non-audit related services	\$49,626 (2015 - \$65,370)
Other services	\$309,483 (2015 - \$395,669)

We re-affirm that the performance of these services has not affected our independence as auditors of The City.

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 24, 2017.

This report is intended solely for the use of the Audit Committee, City Council of The City of Calgary, Administration and others within The City and should not be used for any other purposes.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Total Fees Charged to The City of Calgary For the Years Ended December 31, 2016 and 2015

	2016*	2015*
	\$	\$
AUDIT SERVICES		
<u>The City of Calgary</u>		
The City of Calgary	397,505***	373,644**
Calhome Properties Ltd.	79,458	77,896
Calgary Police Service	50,558	49,327
Calgary TELUS Convention Centre	40,660	40,660
Calgary Parking Authority	96,380	94,160
Calgary Municipal Land Corporation	52,644	51,360
Calgary Public Library	40,473	39,483
Municipal Employees Benefits Association of Calgary	28,023	27,349
Family & Community Support Services	20,277	19,795
Core Benefit Plan (audit will be conducted every three years)	-	-
Elected Officials Pension Plan	7,458	7,276
Supplementary Pension Plan	14,151	13,803
Funds Held in Trust	1,819	1,766
	829,406	796,519
<u>ENMAX Corporation</u>		
ENMAX Corporation audit	460,370	450,925
ENMAX Corporation quarterly reviews	81,490	79,500
	541,860	530,425
Total Audit Services	1,371,266	1,326,944
AUDIT RELATED SERVICES		
<u>The City of Calgary</u>		
City of Calgary Municipal Information Return	4,708	4,601
Calhome Properties Ltd. special government reports	18,190	17,655
Calgary Parking Authority advisory work for ParkPlus pilot –City of Edmonton	-	35,245
Calgary Parking Authority LAPP audit	-	12,840
	22,898	70,341

ENMAX Corporation

ENMAX Corporation Pension Plan audit	17,120	16,700
Audit of the divisional carve out financial statements of ENMAX Transmission and Distribution	113,875	95,000
Re-classification of 2015 property, plant and equipment balances	8,500	-
SAP general information technology controls	24,500	-
Power Purchase Agreement 2016 and tax adjustment related matter	9,538	-
	173,533	111,700
Total Audit Related Services	196,431	182,041

NON - AUDIT RELATED SERVICES

Enmax Corporation

Hedge Assessment and Module Validation	-	42,000
Bersin by Deloitte Five Practice Level One Membership subscription renewal covering the period November through October	-	23,370
Risk Governance	47,781	-
Tax related matters for US based director	1,845	-
	49,626	65,370
Total Non – Audit Related Services	49,626	65,370

OTHER SERVICES

The City of Calgary

Organics Strategic Assessment and advisory work	-	329,548
Transit maintenance facility advisory work	228,483	66,121

Calgary Economic Development

Agribusiness Value Chain Study Project	81,000	-
	309,483	395,669
Total Other Services	309,483	395,669
	1,926,806	1,970,024
Total Fees For All Services	1,926,806	1,970,024

* Includes 7% administration fee; excludes GST

** Fee includes \$252,200 for the base audit, plus the following:

\$15,000 for the audit of the implementation of PS 3260, Liability for Contaminated Sites

\$15,000 for operating effectiveness testing of the PTWEB and LIL systems

\$10,000 for audit work related to new processes and policies related to Machinery and Equipment

\$10,000 for the P3 composting facility agreement

\$12,000 for the consolidation of CED and CADA

\$35,000 for TCA prior period adjustments

*** Fee includes \$258,500 for the base audit, plus the following:

\$10,000 - audit of PS 3260 Liability for Contaminated Sites

\$17,500 - audit of new processes and policies relating to Tangible Capital Assets

\$24,500 - review of the agreements and accounting implications of P3 agreement – Stoney Transit Facility

\$14,500 - review of the agreements and accounting implications of P3 agreement – Composting Facility Project

\$16,500 - consolidation of CED, CADA and AHCC

\$30,000 – TCA prior period adjustments