



Calgary



MOVING FORWARD TOGETHER

The City of Calgary 2019
Annual Report **AC2020-0432**

Chief Financial Officer's Report to Audit
Committee April 20, 2020

ISC: Unrestricted



2019 City of Calgary Annual Report

Overview

- I. Continued progress for “Moving Forward Together”
- II. Continue to focus on making strategic investment in infrastructure, supporting business opportunities and financial sustainability
- III. Unmodified Financial Statement audit opinion

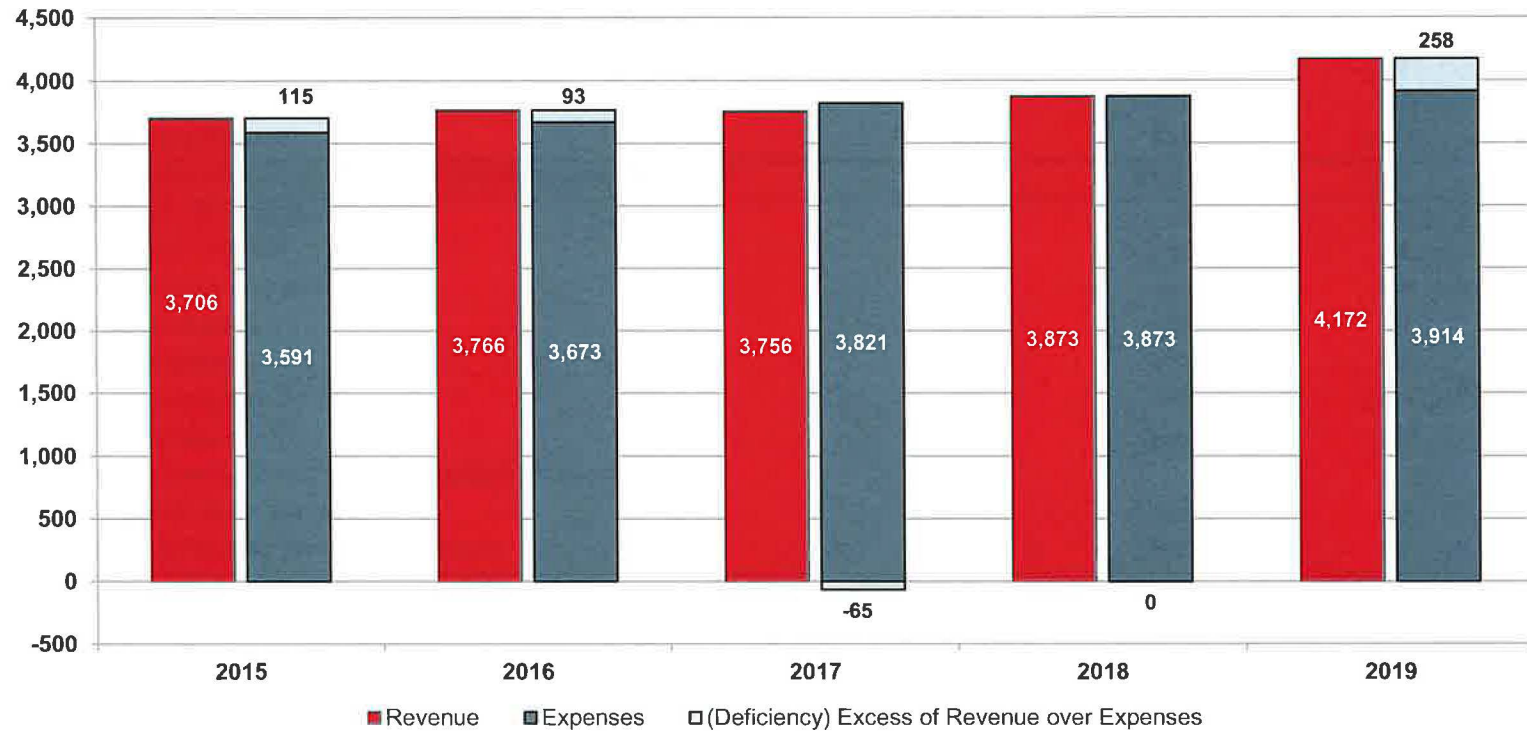
Financial results

- I. Strong statement of financial position and liquidity – promoting a continued strong AA+ credit rating
- II. Continued positive cash flows – facilitating investment in infrastructure and enabling all operating programs



Revenues, Expenses, and Surpluses Before Capital Transfers

(\$ millions)





Revenues for the Year Ended December 31 (\$ millions)

	Actual 2019	Actual 2018	Increase/ (Decrease)	Percent Change
Net taxes available for municipal purposes	\$ 2,089	\$ 2,068	21	1%
Sales of goods and services	1,323	1,278	45	4%
Government transfers and revenue sharing agreements				
Federal	1	2	(0)	-15%
Provincial	151	160	(10)	-6%
Investment income	199	101	98	96%
Fines and penalties	99	96	3	3%
Licences, permits and fees	113	117	(4)	-4%
Miscellaneous revenue	41	45	(4)	-10%
Equity in earnings of ENMAX	156	5	151	2966%
Total revenues (before external transfers for infrastructure)	4,172	3,873	299	8%
Developer contributions	125	219	(94)	-43%
Government transfers related to capital	652	565	87	15%
Developer contributions-in-kind related to capital	323	255	68	27%
Total external transfers for infrastructure	1,100	1,038	62	6%
Total Revenue	5,272	4,911	361	7%



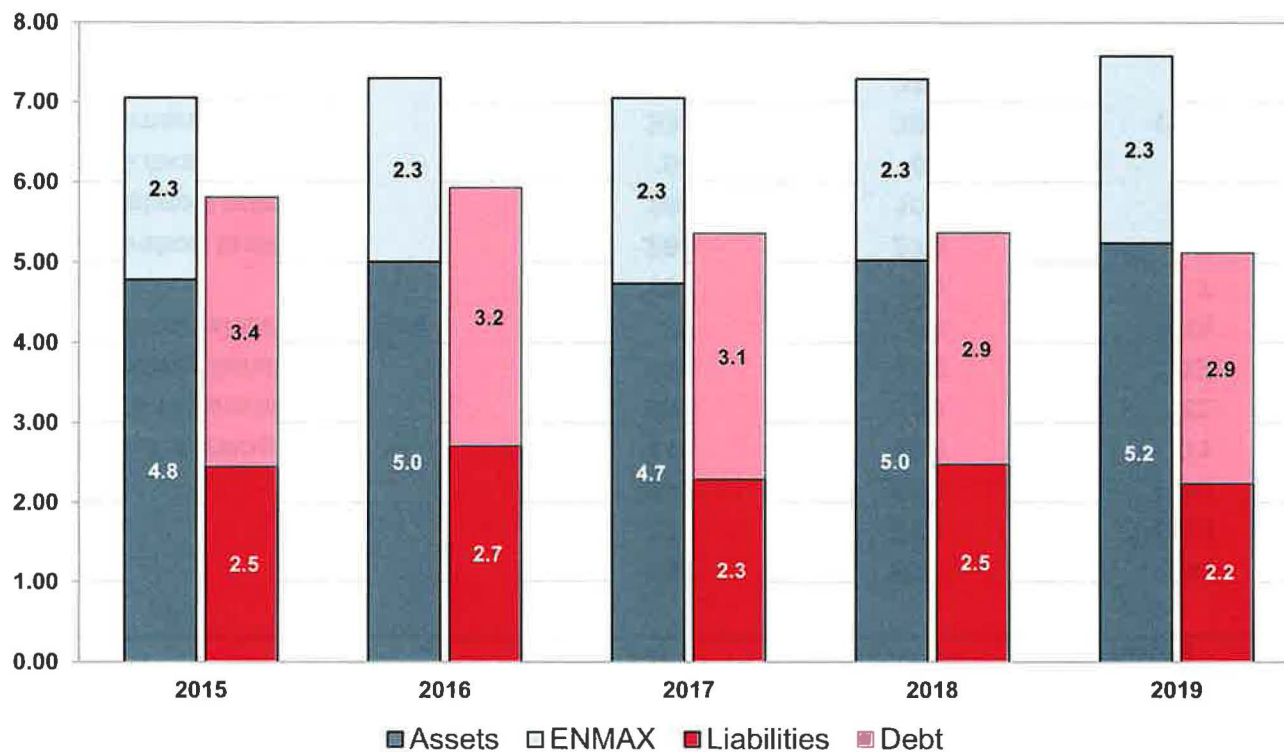
Expenses for the Year Ended December 31

(\$ millions)

	Actual 2019	Actual 2018	Increase/ (Decrease)	Percent Change
EXPENSES				
Police	517	521	(4)	-1%
Fire	297	311	(13)	-4%
Public transit	607	568	40	7%
Roads, traffic and parking	446	425	21	5%
Water services & resources	530	518	12	2%
Waste and recycling services	164	152	12	8%
Community and social development	77	86	(9)	-10%
Social housing	137	130	7	5%
Parks and recreation facilities	280	278	2	1%
Societies and related authorities	109	104	5	5%
Calgary Public Library Board	69	67	2	3%
General government	330	385	(55)	-14%
Public works	303	288	16	6%
Real estate services	47	41	5	13%
	3,914	3,873	41	1%

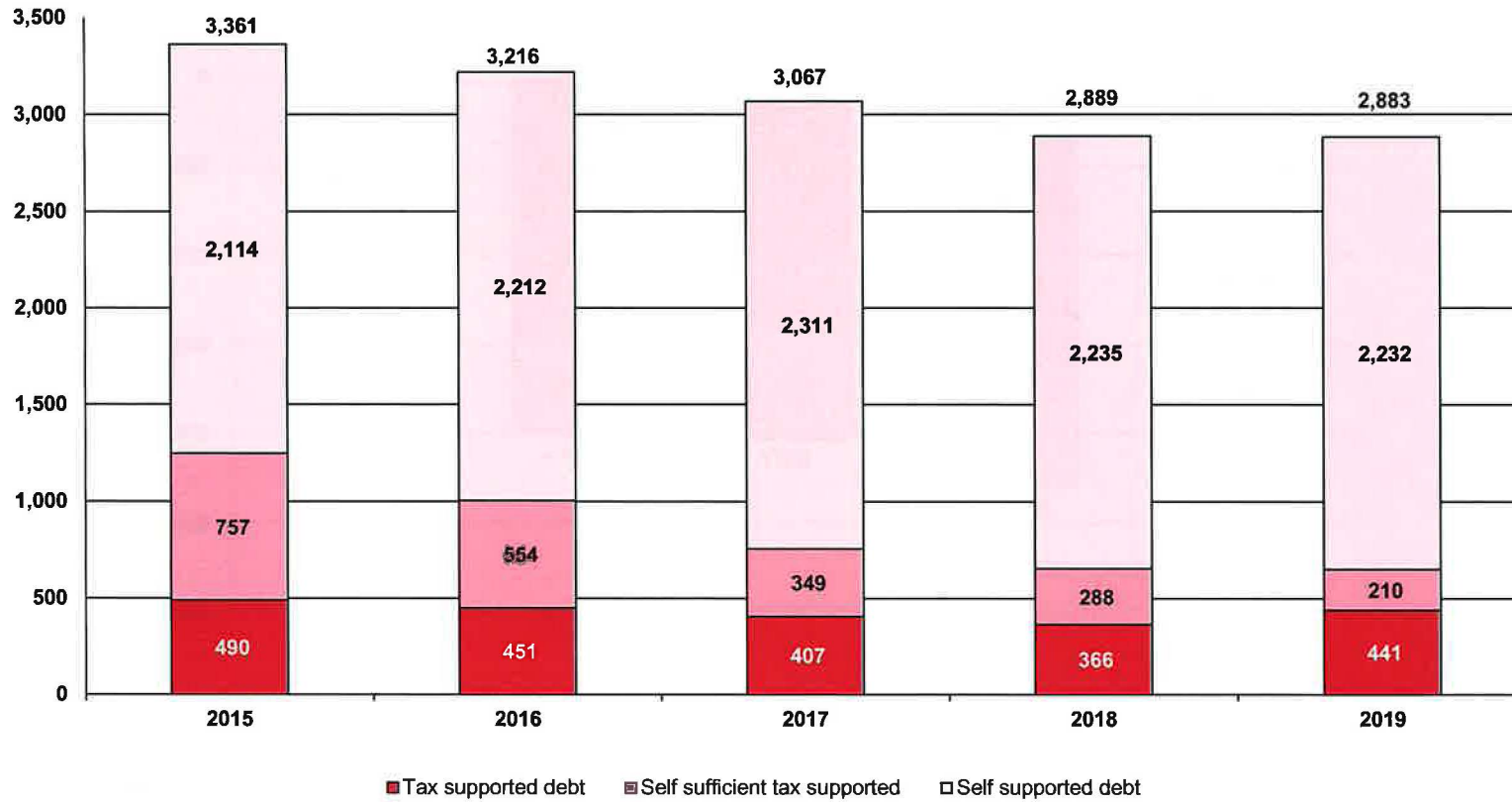


Financial Assets and Liabilities (\$ billions)



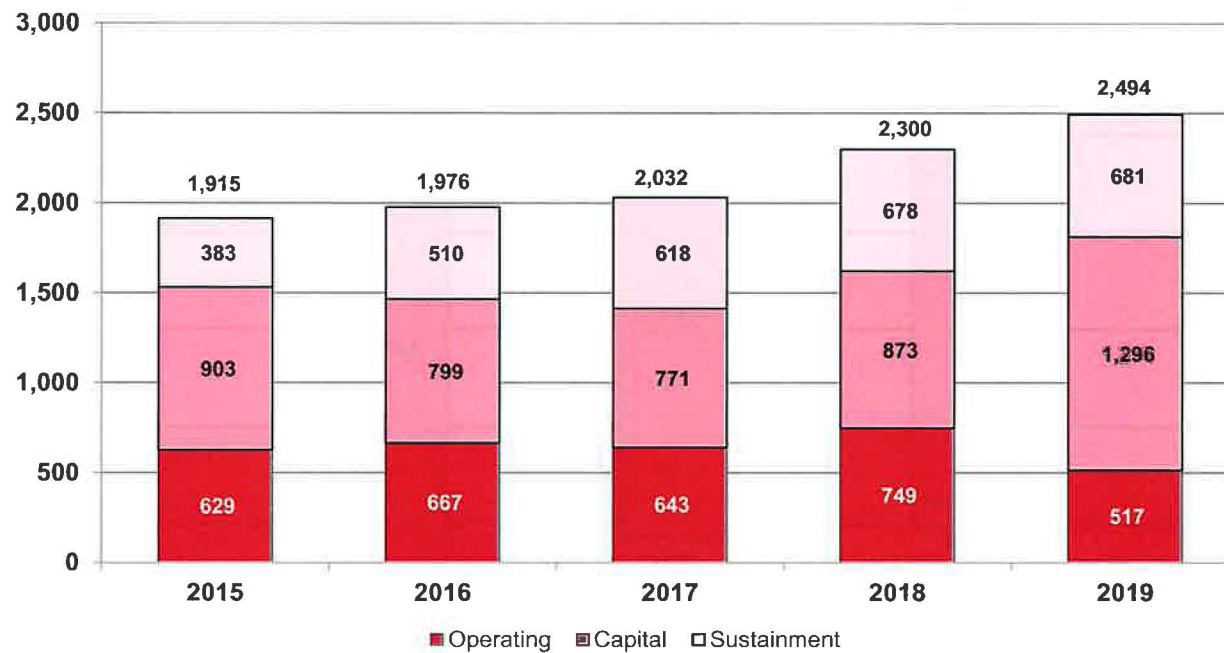


Long-term Debt Balances as at December 31 (\$ millions)





Reserves as at December 31 (\$ millions)





Subsequent Events & Risks

Subsequent Events

- I. COVID-19 Pandemic
- II. ENMAX Acquisition of Emera Maine

Risks

- Five Priority Risks for 2019 from Principal Corporate Risk's
 - i. Financial Risk
 - ii. Capacity for Change Risk
 - iii. Growth Risk
 - iv. Infrastructure Management Risk
 - v. Reputation Risk



New Accounting Standards

Restructuring Transactions

In 2019, the City adopted the PS 3430 Restructuring Transaction to comply with Public Sector Accounting Standards (“PSAS”).

For the year ended December 31, 2019, there were no restructuring transactions.



Administration Recommendations

That the Audit Committee:

- I. Consider this report in conjunction with Report AC2020-0433 “2019 External Auditor’s Year-end Report”;

- II. Recommends Council approval of the 2019 City of Calgary Annual Report as a matter of urgent business on April 27, 2020

Calgary



MOVING FORWARD TOGETHER

Supplementary Information Follows



Consolidated Statement of Cash Flows as at December 31, 2019 (\$ Thousands)

Consolidated Statement of Cash Flows

For the year ended December 31 (in thousands of dollars)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual Surplus	\$ 1,330,323	\$ 1,022,018
Deduct items not affecting cash:		
Equity in earnings of ENMAX Corporation (Note 7)	(156,162)	(5,094)
ENMAX Corporation – other comprehensive loss (Note 7)	27,813	16,351
Amortization of tangible capital assets	678,251	678,537
Net loss on disposal of tangible capital assets	4,771	3,608
Developer contributions-in-kind related to capital	(323,067)	(254,799)
Change in non-cash items:		
Receivables	(18,240)	(29,571)
Land inventory	3,940	(3,114)
Other assets	11,685	3,048
Inventory	(3,966)	(1,493)
Prepaid assets	(4,479)	12,907
Accounts payable and accrued liabilities	(135,475)	86,821
Deferred revenue	7,380	3,323
Capital deposits	(96,159)	58,609
Provision for landfill rehabilitation	7,489	4,804
Employee benefit obligations	(4,077)	5,771
	1,329,927	1,601,726
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,160,353)	(1,270,669)
Proceeds on sale of tangible capital assets	17,026	35,850
	(1,143,327)	(1,234,819)
INVESTING ACTIVITIES		
Dividends from ENMAX Corporation	50,000	40,000
Net purchases of investments	(192,194)	(144,805)
	(142,194)	(104,805)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	309,067	153,475
Long-term debt repaid	(314,451)	(330,907)
Net (decrease) increase in bank indebtedness	(21,929)	27,440
	(27,313)	(149,992)
INCREASE IN CASH AND CASH EQUIVALENTS	17,093	112,110
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	246,116	134,006
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 263,209	\$ 246,116

See accompanying notes to the consolidated financial statements.



Consolidated Statement of Changes in Net Financial Assets as at December 31, 2019

(\$ Thousands)

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31 (in thousands of dollars)

	Budget 2019 (Note 16)	Actual 2019	Actual 2018
ANNUAL SURPLUS	\$ 1,576,864	\$ 1,330,323	\$ 1,022,018
Amortization of tangible capital assets	128,932	678,251	678,537
Proceeds on sale of tangible capital assets	603	17,026	35,850
Tangible capital assets received as contributions	-	(323,067)	(254,799)
Net loss on disposal of tangible capital assets	-	4,771	3,608
Acquisition of tangible capital assets	(556,434)	(1,160,353)	(1,270,669)
Acquisition of supplies inventories	-	143,291	183,690
Use of supplies inventories	-	(147,257)	(185,183)
Acquisition of prepaid assets	-	259,475	262,686
Use of prepaid assets	-	(263,954)	(249,779)
INCREASE IN NET FINANCIAL ASSETS	1,149,965	538,506	225,959
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,918,604	1,918,604	1,694,038
Impact of Adoption of IFRS 9 by ENMAX Corporation (Note 7)	-	-	(1,393)
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,068,569	\$ 2,457,110	\$ 1,918,604

See accompanying notes to the consolidated financial statements.

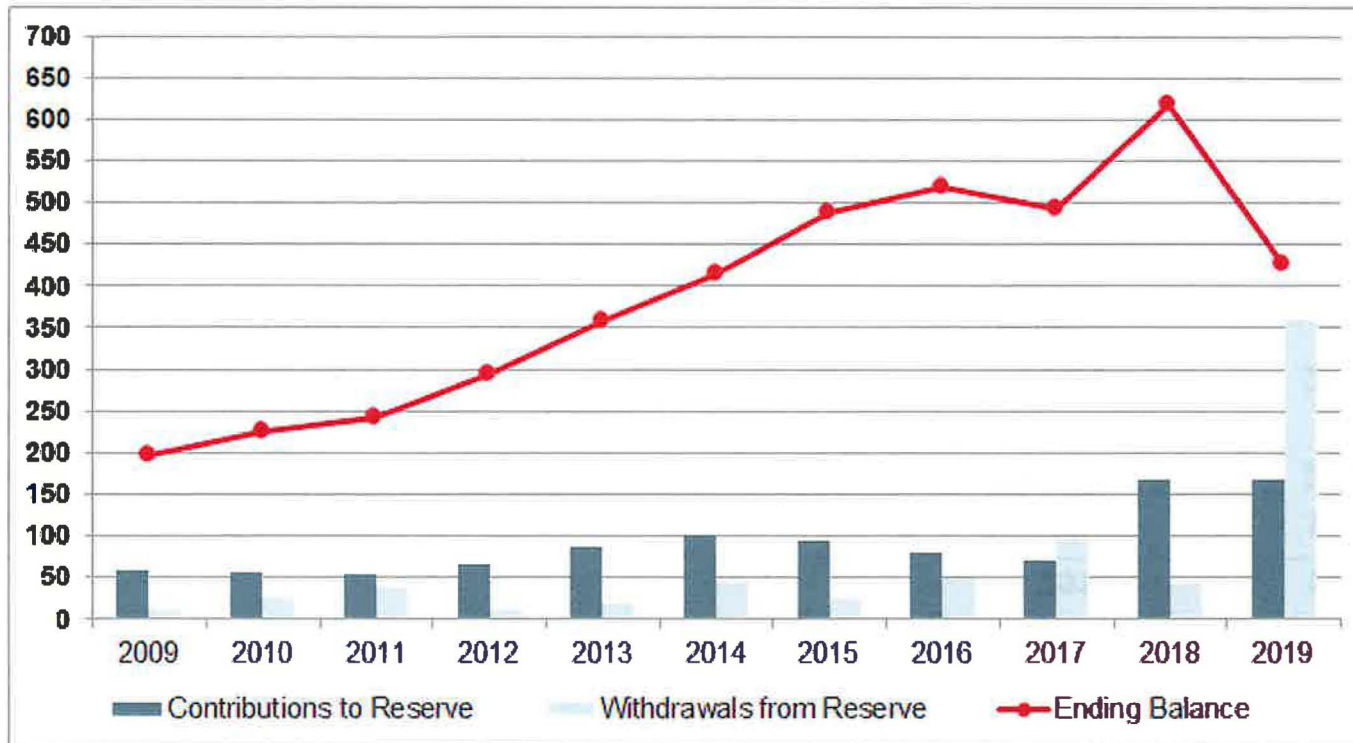


Capital Deposits as at December 31
(\$ Thousands)

	2019	2018 (Note 34)
Developers contributions	\$ 145,925	\$ 144,095
Offsite levies	293,381	284,487
Other private contributions	10,544	17,292
Provincial government grants	80,880	262,244
Federal government grants	144,405	63,176
	\$ 675,135	\$ 771,294

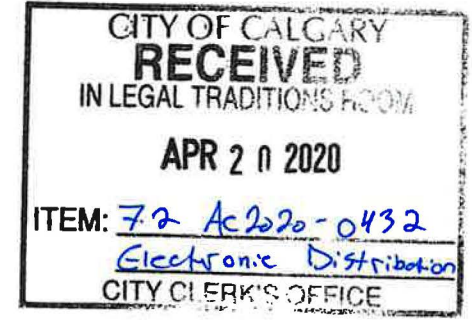


Fiscal Stability Reserve (\$ Millions)





Upcoming Accounting Standards



Upcoming Accounting Standards

FS Presentation (PS 1201)
 FX Translation (PS 2601)
 Portfolio Investments (PS 3401)
 Financial Instruments (PS 3450)
 Asset Retirement Obligation (PS 3280)

Revenue (PS 3400)

Expected Impact on Organization

HIGH

MODERATE

2020

2021

2022

2023

Training, Communication and Implementation

Work Plan

Project teams meet and design implementation plans.

Stakeholder engagement.

Additional training sessions and updates for Finance Family

Project teams meet and design implementation plans.

Stakeholder engagement.

Project Planning for FS Presentation, FX Translation and Portfolio Investments

Additional training sessions and updates for Finance Family

Roll-out and Review Implementation of all Standards

Project Planning for Revenue standard

Additional training sessions and updates for Finance Family

Roll-out and Review Implementation of Revenue Standard