

Calgary



CITY OF CALGARY
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AC 2017-0304 2016 City of Calgary Annual Report

Chief Financial Officer's Report
to Audit Committee

April 20, 2017



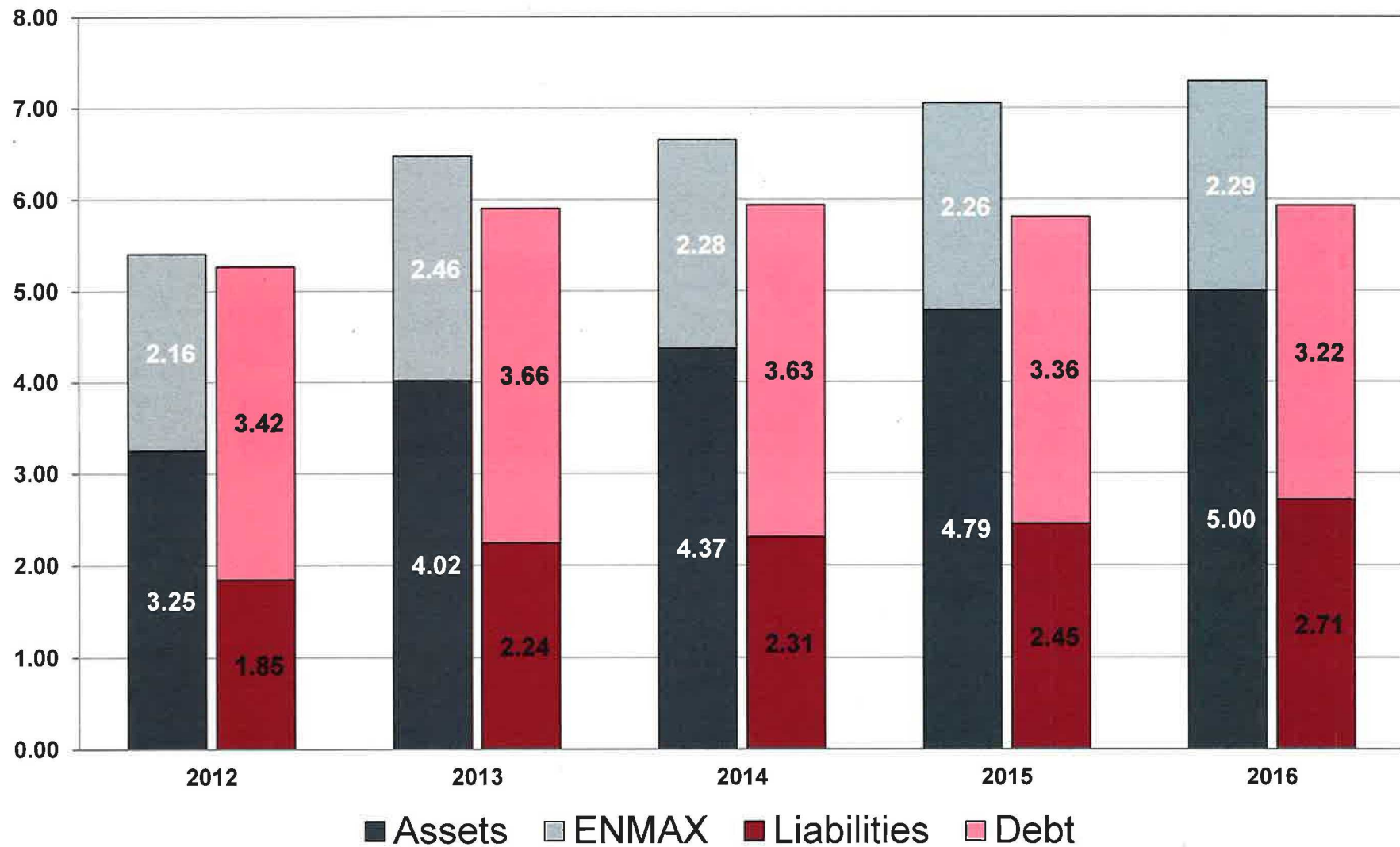
Overview

- I. Continued progress for “Making Life Better Every Day”
- II. Continue to focus on effective governance, increased accountability, transparency and a well-run City
- III. Unmodified audit opinion

Financial results

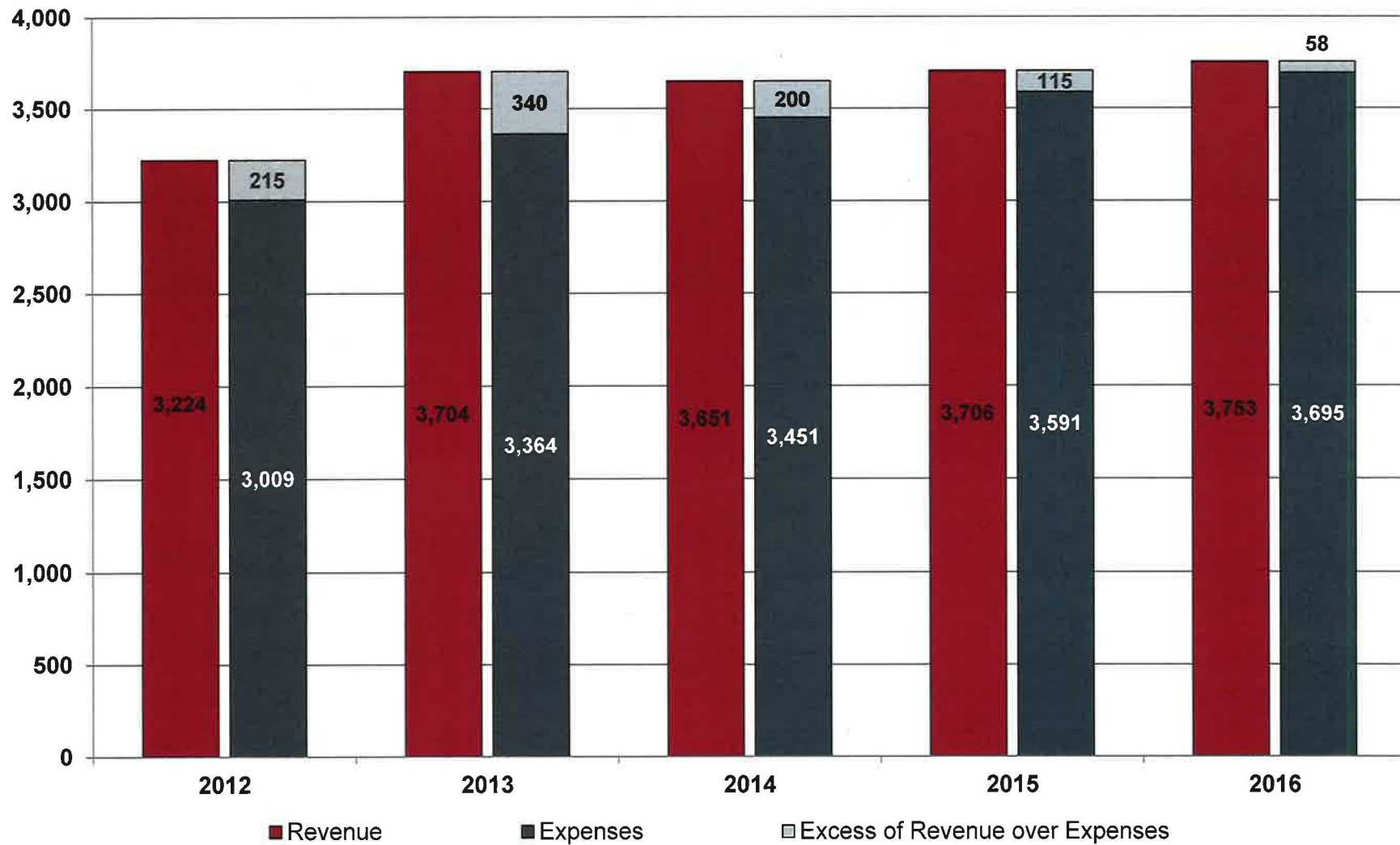
- I. Strong statement of financial position and liquidity – promoting a continued strong AA+ credit rating
- II. Prior period restatement for TCA and certain other balances

Financial Assets and Liabilities (\$ billions)



Revenues, Expenses, and Surpluses Before Capital Transfers

(\$ millions)



Revenues for the Year Ended December 31, 2016

(\$ millions)

	2016	2015	Increase/ (Decrease)	Percent Change
		(Restated)		
Net taxes available for municipal purposes	\$ 1,938	\$ 1,926	12	1%
Sale of goods and services	1,212	1,285	(73)	(6%)
Government transfers	133	132	1	1%
Investment income	77	79	(2)	(7%)
Fines and Penalties	90	81	9	11%
Licences, permits and fees	115	124	(9)	(6%)
Miscellaneous revenue	44	68	(24)	5%
Equity in earnings*	144	11	133	1209%
Total revenues (before external transfers for infrastructure)	\$ 3,753	\$ 3,706	47	(1%)
Developer contributions	198	107	91	(11%)
Government transfers related to capital	680	700	(20)	3%
Developer contributions-in-kind related to capital	300	197	103	52%
Total external transfer for infrastructure	\$ 1,178	\$ 1,004	174	17%

*: Includes ENMAX and Co-Ownership

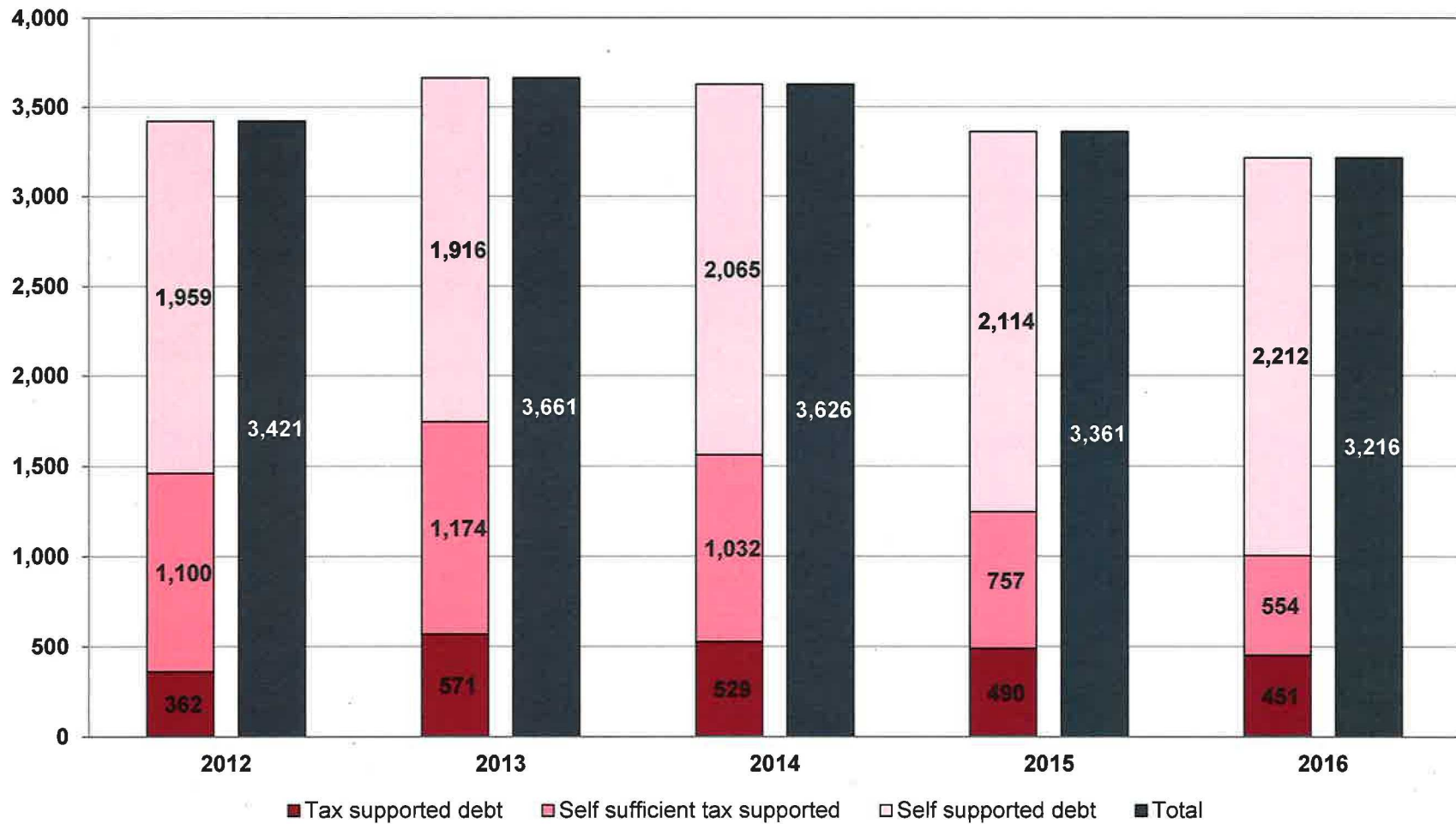
Expenses for the Year Ended December 31, 2016

(\$ millions)

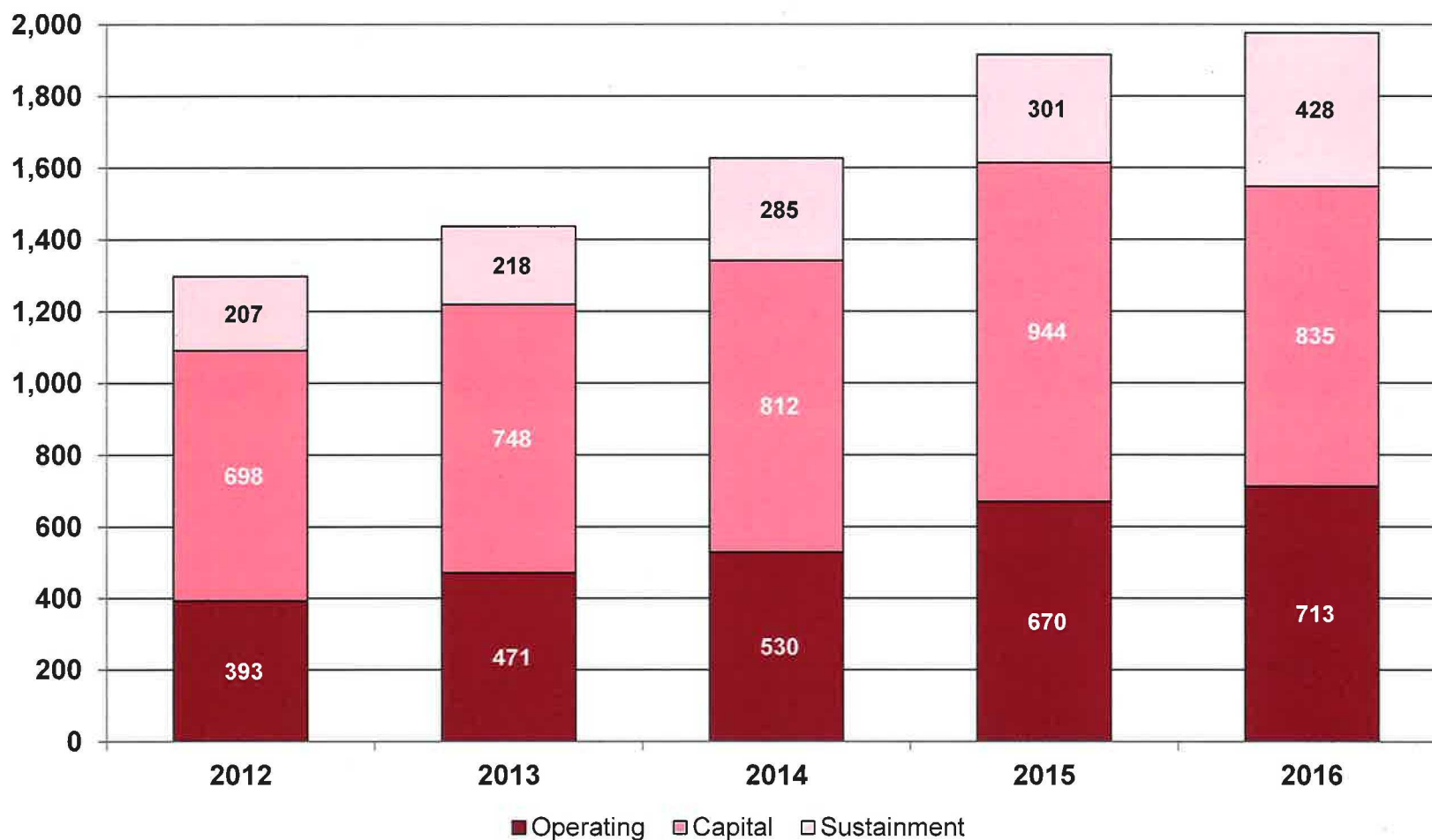
	2016	2015	Increase/ (Decrease)	Percent Change
		(Restated)		
Police	\$ 495	\$ 474	\$ 21	4%
Fire	311	290	21	7%
Public transit	546	542	4	1%
Roads, traffic and parking	409	407	2	0%
Water services & resources	523	477	46	10%
Waste and recycling services	132	128	4	3%
Community and social development	76	66	10	15%
Social housing	123	159	(36)	(23%)
Parks and recreation facilities	297	264	33	13%
Societies and related authorities	103	81	22	27%
Calgary Public Library	57	55	2	4%
General government	262	301	(39)	(13%)
Public works	317	272	45	17%
Real estate services	43	75	(32)	(43%)
Total	\$ 3,694	\$ 3,591	\$ 103	3%



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



Reserves as at December 31 (\$ millions)



TCA

- I. Increase of \$52.0 million in TCA to correct cost classifications:
- \$67.0 million prior period adjustment for the Genesis Centre & Plus 15s;
 - \$11.4 million decrease for duplication of land and land valuation;
 - \$3.6 million decrease as a result of other adjustments.

ENMAX

- Adjustment to deferred income tax calculation resulting in a decrease to deferred income taxes of \$39.0 million.

Capital Deposits and Reserves

- Reclassification between Capital Deposits and Reserves for \$26.4 million;
- Adjustment to accounts receivable, sale of goods and services and reserves for \$11.7 million.

Miscellaneous adjustments

- Other adjustments resulting in an increase to net financial assets and accumulated surplus for \$1.3 million.

Status Update on PS 3260: Liability for Contaminated Sites

- I. Significant milestones achieved in 2016
 - All 142 sites identified as having a higher risk for potential contamination had a preliminary review completed (136 in 2016, six in 2015)
 - As at March 31, 2017, further environmental and legal liability assessments are in process for five sites to determine if they are in scope for PS3260 inclusion.
- II. Total liability as at December 31, 2016 is \$734 thousand
- III. ESM has established a Strategic Group, a PS3260 Working Group, and a communication protocol to improve the implementation of the City's PS3260 Administration Policy and Procedure.

ADMINISTRATION RECOMMENDATIONS

That the Audit Committee:

- I. Consider this report in conjunction with Report AC2017-0348 “2016 External Auditor’s Year-end Report”;
- II. Recommends Council approval of the 2016 City of Calgary Annual Report as a matter of urgent business on April 24, 2017