



**Calgary**



AC2022-0406  
Attachment 2

# 2021

## City of Calgary Annual Financial Report

Calgary, Alberta, Canada  
For the year ended December 31, 2021

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## CALGARY AT A GLANCE

AC2022-0406  
Attachment 2

**1,323,700\***

POPULATION

**1,009 km**

CITY PATHWAYS

**1.3%**

POPULATION GROWTH

**87**

CITY-SUPPORTED EVENTS

**37\***

MEDIAN AGE

**\$490,027**

MLS AVERAGE SELLING PRICE

**9.1%**

UNEMPLOYMENT RATE

**4,140**

SINGLE FAMILY HOUSING STARTS

**848 km<sup>2</sup>**

CITY AREA

**\$5.7 billion**

VALUE OF BUILDING PERMITS ISSUED

\*Corporate Economics estimate

**The City of Calgary, Alberta** | ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021  
Produced by the Chief Financial Officer's Department of The City of Calgary, in cooperation with all civic departments, offices and agencies.

The annual citizen satisfaction survey provides opinions to what The City is doing well and what needs improvement. This year, 2,500 Calgarians, 18 and older, provided their thoughts. Complete Citizen Satisfaction Survey results are available on [calgary.ca/citsat](http://calgary.ca/citsat).

PERCEPTIONS ABOUT CITY PERFORMANCE & TRANSPARENCY

ADMIN + COUNCIL

**72%**

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

PERCEPTIONS OF TRANSPARENCY AND CITIZEN INPUT

**71%**

of Calgarians agree that The City of Calgary practices open and accessible government

**65%**

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

**66%**

agree they are confident that The City of Calgary is working to improve how it includes citizen input into important decisions

**58%**

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

CITY SERVICES



**68%**

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



**66%**

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



**84%**

agree The City of Calgary meets customer service expectations

QUALITY OF LIFE IN CALGARY

**80%**

RATE THEIR QUALITY OF LIFE AS GOOD

**70%**

AGREE THE CITY OF CALGARY MUNICIPAL GOVERNMENT FOSTERS A CITY THAT IS INCLUSIVE AND ACCEPTING OF ALL

**77%**

AGREE CALGARY IS A GREAT PLACE TO MAKE A LIFE

**54%**

AGREE CALGARY IS SAFE FOR ALL RESIDENTS AND VISITORS, REGARDLESS OF THINGS LIKE ETHNICITY, RACE, RELIGION, INCOME, OR SEXUAL IDENTITY

**67%**

AGREE CALGARY IS A GREAT PLACE TO MAKE A LIVING

**53%**

AGREE THE CITY OF CALGARY DELIVERS PROGRAMS AND SERVICES THAT REMOVE BARRIERS TO PARTICIPATION FOR CALGARIANS WHO NEED IT THE MOST

**76%**

AGREE CALGARY IS ON THE RIGHT TRACK TO BE A BETTER CITY 10 YEARS FROM NOW

COVID-19



agree COVID-19 is a threat to their physical health



agree COVID-19 is a threat to their mental health



agree COVID-19 is a threat to their financial situation



# “ What happens downtown has a direct impact on all Calgarians.”



A strong core is essential for our economy, for jobs and to fund City services that we rely on every day. This is why we remain focused on downtown revitalization. Calgary has an incredible chance to get this right, moving beyond the traditional 9 to 5 office hours towards a vibrant city centre with a balanced mix of residences, offices, retail, entertainment, tourism and culture. This council has committed to taking bold steps in making this a reality and continuing to build on our major investments in the core.

Mayor Jyoti Gondek





Fourth row:	<b>Ward 13 Councillor</b> <b>DAN MCLEAN</b> calgary.ca/ward13	<b>Ward 9 Councillor</b> <b>GIAN-CARLO CARRA</b> calgary.ca/ward9	<b>Ward 14 Councillor</b> <b>PETER DEMONG</b> calgary.ca/ward14	<b>Ward 4 Councillor</b> <b>SEAN CHU</b> calgary.ca/ward4	<b>Ward 11 Councillor</b> <b>KOURTNEY PENNER</b> calgary.ca/ward11
Third row:	<b>Ward 3 Councillor</b> <b>JASMINE MIAN</b> calgary.ca/ward3	<b>Ward 5 Councillor</b> <b>RAJ DHALIWAL</b> calgary.ca/ward5	<b>Ward 10 Councillor</b> <b>ANDRE CHABOT</b> calgary.ca/ward10	<b>Ward 8 Councillor</b> <b>COURTNEY WALCOTT</b> calgary.ca/ward8	
Second row:	<b>Ward 1 Councillor</b> <b>SONYA SHARP</b> calgary.ca/ward1	<b>Ward 2 Councillor</b> <b>JENNIFER WYNESS</b> calgary.ca/ward2			
Front row:	<b>Ward 12 Councillor</b> <b>EVAN SPENCER</b> calgary.ca/ward12	<b>Mayor</b> <b>JYOTI GONDEK</b> calgary.ca/mayor	<b>Ward 7 Councillor</b> <b>TERRY WONG</b> calgary.ca/ward7	<b>Ward 6 Councillor</b> <b>RICHARD POOTMANS</b> calgary.ca/ward6	

Above: Calgary 2021-2025 City Council stands on the steps of Historic City Hall after the swearing in ceremony on October 24, 2021.

## CITY OF CALGARY COMMITTEES

On Sept. 15, 2021, Council adopted amendments to the Procedure Bylaw, which outlines rules that regulate conduct of business in Council meetings as well as mandates of Council’s Standing Policy Committees (SPCs) and Standing Specialized Committees (SSCs).

These Bylaw amendments included changes to Council Committee structures and mandates, to streamline governance and enhance policy and functional alignment, while retaining flexibility and responsiveness. The new structures and mandates came into effect in November 2021.

The former SPCs, including Community and Protective Services, Planning and Urban Development, Transportation and Transit, and Utilities and Corporate Services, have been replaced with two streamlined Standing Policy Committees: Community Development Committee; and Infrastructure and Planning Committee.

The SSCs were changed as follows: The Priorities and Finance Committee was re-named the Executive Committee. The Intergovernmental Affairs Committee now includes Indigenous Relations. The Gas, Power and Telecommunications Committee has been absorbed into the mandate of the Infrastructure and Planning Committee. The Audit Committee and Calgary Planning Commission remain unchanged.

The public is welcome to attend committee meetings and may have an opportunity to speak to specific items. During 2021 Council also recommended appointments to various boards, commissions, committees and to other bodies when vacancies occurred throughout the year following Council’s Oct. 2020 Organizational Meeting.

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 that support the quality of life that is so much a part of Calgary’s appeal.

**THE ROLE OF THE CITY MANAGER**

The City Manager leads the Executive Leadership Team (ELT) and works closely with Council. The City Manager implements the decisions of Council, provides advice and manages City Administration. He 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 co-ordinating 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.



As of December 2021  
\*Members of ELT





# “ The City continues to focus...



...on protecting people's health and safety, investing in technology, increasing the flexibility of City services while creating certainty for business to invest and thrive. This ensures, that we are ready for life after the pandemic, delivering even more value to Calgarians, businesses and our community as we recover and grow.

City Manager David Duckworth



# 2021 Financial Statement Discussion and Analysis

## INTRODUCTION

The financial statement discussion and analysis (FSD&A) reports to stakeholders on how the financial resources entrusted to The City of Calgary (The City) are being managed to provide municipal services and infrastructure. It explains any significant differences in the financial statements between the reported year and the previous year as well as between approved budget and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications.

In 2021, The City strived to enhance financial sustainability, drive innovation, and modernize service delivery. Striking a careful balance between strategic savings and critical investments, The City continued to mitigate service and financial impacts despite the impacts of the COVID-19 pandemic and economic downturn. While 2021 continued to be a challenging environment, services adapted quickly and efficiently to the changing needs of the community to support citizens and businesses during these tough times. The City's organizational resilience has prepared Calgary for uncertain and complex events as evidenced by the 2013 flood, an economic downturn and the COVID-19 pandemic. The City continues to learn from experience and emerge stronger than before.

There were significant changes within The City's local government in October 2021 as the municipal election resulted in a new mayor and twelve new Councillors who are committed to identifying and delivery on City-specific plans, programs and initiatives to support the post-pandemic economic recovery. Responding to climate change was also identified as a strategic priority for The City and Council declared a Climate Emergency in November 2021, directing the pace and scale of action to be accelerated.

This was the third year in the four-year business plan and budget cycle (2019 – 2022), also known as One Calgary Service Plans and Budgets (One Calgary). The City was able to make progress on strategies and performance measures to continue delivering the services that matter to Calgarians and businesses. Leveraging the Solutions for Achieving Value and Excellence (SAVE) program, The City delivered \$26.4 million in base operating reductions in 2021 and continues to focus on further operating reductions in 2022, including revenue opportunities and one-time savings. These actions enabled Council to lower the pre-approved tax rate in 2021 while still making critical investments in the community in 2022, including funding for affordable housing, the Climate Strategy and Action Plans, and improvements to snow and ice control, public safety, and maintenance of green spaces in parks. On November 24, 2021, Council approved the 2022 adjustments to One Calgary. These adjustments strike a balance between strategic savings and critical investments, resulting in a 2022 tax rate increase of 3.97 per cent. Demand for The City's services remain high, the population is growing and inflation is rising. We continue to manage these factors while working hard to support citizens and businesses in a fiscally sustainable matter.

The City has achieved approximately \$225 million in base reductions from originally approved operating budgets since 2019, including the proposed net reductions for 2022.



**Carla Male**  
Chief Financial Officer

The City and its partners continued to support community response initiatives to help reduce the social and economic impact of COVID-19 health restrictions on citizens and local businesses. The City has maintained a flexible approach to changing service demands and public health orders to ensure The City was able to continue delivering the necessary services throughout the pandemic.

The City's 2021 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by Canadian Public Sector Accounting Board published by the Chartered Professional Accountants (CPA) Canada, as required by the *Alberta Municipal Government Act*.

The financial statements consist of:

- Consolidated statement of financial position (summary of financial assets and liabilities, net financial assets, non-financial assets and accumulated surplus) at year end,
- Consolidated statement of operations and accumulated surplus (summary of the annual surplus for the year, consisting of revenues reflecting what operating and capital funds were raised in the year and expenses reflecting how funds were used during the year, including the annual costs for owning and using capital assets (amortization), plus the change in the net value of the government business enterprise, ENMAX),
- Consolidated statement of cash flows (summary of how The City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire capital assets), and
- Consolidated statement of changes in net financial assets (a reconciliation between the net revenues earned in the year to the change in net financial assets). This statement shows the annual surplus, with a reversal of the non-cash accruals for amortization and sale of assets, less donated assets and the spending to acquire new capital assets in the year. 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.

The City Administration is responsible for preparing the following FSD&A and the consolidated financial statements. The FSD&A and the audited consolidated financial statements should be read in conjunction the unaudited task force for climate-related financial disclosures and the unaudited financial and statistical schedules.

## Economic Environment

The economic environment in the Calgary Economic Region began improving in 2021, as the economic effect of the COVID-19 pandemic subsided and oil prices steadily increased. Total employment increased by 27,100 persons, from 834,700 in 2020 to 861,800 in 2021. The unemployment rate fell by 2.6 percentage points, from 11.7 per cent in 2020 to 9.1 per cent in 2021. Building permit value in the city increased by 67.6 per cent, from \$3.4 billion in 2020 to \$5.7 billion in 2021. The number of building permits also increased, rising from 17,476 to 21,113.

	2021	2020	Change
<b>Calgary</b>			
Population (persons)	1,323,700	1,306,700	1.3%
Building permit applications	21,113	17,476	3,637
Building permit value (\$ billions)	5.7	3.4	2.3
<b>Calgary Census Metro Area</b>			
CPI inflation rate (%)	3.2	1.1	2.1
<b>Calgary Economic Region</b>			
Employment (persons)	861,800	834,700	3.2%
Unemployment rate (%)	9.1	11.7	(2.6)

Sources: The population figures are estimates from Corporate Economics (Fall 2021 estimate) using alternative demographic data from Statistics Canada and the Alberta government, building permit data is from City licensing and application records, and inflation and unemployment estimates are from Statistics Canada.

For Calgary, population growth from April 2020 to March 2021 was estimated to be 17,000 (1.3 per cent) compared to 20,989 (1.6 per cent) the previous year. Those living in the Calgary census metropolitan area saw increases to their cost of living accelerate, with the inflation rate reaching 3.2 per cent in 2021 (2020 – 1.1 per cent).

Calgary's population growth for the next four years should be faster than the national average because of the relatively young population in the city at a median age of 37. However, Calgary's population growth is expected to be lower in the future years than its historical average as the population ages slowly. As travel restrictions due to the COVID-19 pandemic are lifted, migration to the city, especially from international sources, is expected to trend upwards.

# “ The economic environment in the Calgary Economic Region began improving in 2021...

...as the economic effect of the COVID-19 pandemic subsided and oil prices steadily increased.

Chief Financial Officer Carla Male





## FINANCIAL HIGHLIGHTS

### Revenues and Expenses

The City had consolidated revenues of \$4,249 million in 2021 (2020 – \$4,181 million) before external transfers for infrastructure. External transfers for infrastructure include grants and revenue sharing recognized from other governments plus funds and tangible capital assets from developers totaling \$782 million (2020 – \$617 million).

The City had consolidated expenses of \$3,979 million (2020 – \$3,849 million) before net ENMAX Corporation (ENMAX) gain of \$60 million (2020 – loss of \$157 million). Included in expenses is amortization in the amount of \$706 million (2020 – \$693 million) as the estimated annual cost of owning and using The City's capital assets.

For 2021, net revenues including external transfer to infrastructure of funds and tangible capital assets totaled \$1,051 million (2020 – \$949 million).

### Consolidated Financial Position

As at December 31 (in millions)

	2021	2020
A. Financial Assets	\$ 9,424	\$ 8,227
B. Financial Liabilities	\$ 5,874	\$ 5,436
C. Net Financial Assets (A minus B)	\$ 3,550	\$ 2,791
D. Non-Financial Assets	\$ 19,379	\$ 19,027
E. Accumulated Surplus (C plus D)	\$ 22,929	\$ 21,818

The City's net financial assets increased by \$759 million (2020 – \$334 million) mainly due to increases in cash and cash equivalents, investments, investment in ENMAX and partially offset by increases in capital deposits. Financial assets are partially offset by financial liabilities which are governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), bank indebtedness and capital deposits that are restricted to specific types of capital.

The City's accumulated surplus increased by \$1,111 million (5 per cent) in 2021, primarily from the increase in cash and cash equivalents of \$517 million, investments of \$381 million, net increase in tangible capital assets (purchased and donated) of \$348 million, investment in ENMAX of \$298 million, decrease in long-term debt of \$75 million, partially offset by an increase in bank indebtedness of \$131 million, and capital deposits of \$365 million. In 2020, the City's accumulated surplus increased by \$793 million (4 per cent), primarily from the net increase in tangible capital assets (purchased and donated) of \$453 million, increase in cash and cash equivalents of \$369 million, investments of \$193 million, partially offset by increase in bank indebtedness of \$172 million, and capital deposits of \$163 million.

The City's long-term debt ratings were affirmed at AA+ by Standard and Poor's and AA (high) by Dominion Bond Rating Service (DBRS) in 2021.

### Cash Flow

The City's cash and cash equivalents increased by \$517 million to \$1,149 million and investments increased by \$381 million to \$4,805 million. The increase in cash and cash equivalents is primarily due to cash generated from operating activities, an increase in cash from the proceeds of long-term debt issued and an increase in bank indebtedness for short-term cash flow management. This was partially offset by long-term debt repayments during the year and expenditures on tangible capital assets.

### Cash provided by operating activities

In 2021, cash provided by operating activities was \$1,650 million, compared to \$1,356 million in 2020. This increase was primarily due to operating revenue exceeding operating expenses during the year and an overall increase in capital deposits, accounts payable and accrued liabilities which was partially offset by an increase in receivables and other assets and a decrease in deferred revenue.

### Cash used in capital activities

Cash used in capital activities was \$866 million, compared to \$982 million in 2020, and includes:

- Additions to capital assets of \$900 million (2020 – \$994 million); and
- Proceeds on the sale of tangible capital assets of \$34 million (2020 – \$12 million).

### Cash used in investing activities

Cash used in investing activities was \$323 million, compared to \$139 million used in 2020, and includes:

- Net purchases of investments of \$381 million (2020 – \$193 million); and
- Dividends from ENMAX of \$58 million (2020 – \$54 million).

### Cash provided by financing activities

Cash provided by financing activities was \$56 million, compared to \$134 million in 2020, and includes:

- Proceeds from long-term debt issued of \$173 million (2020 – \$223 million);
- Long-term debt repayments of \$247 million (2020 – \$261 million); and
- Net increase in bank indebtedness of \$131 million (2020 – \$172 million).

**Revenues – Comparison to Prior Year**

For the years ended December 31 (in thousands)

	Actual 2021	Actual 2020	Increase/ (Decrease)	Percent Change
Net taxes available for municipal purposes	\$ 2,209,013	\$ 2,123,471	\$ 85,542	4%
Sales of goods and services	1,235,238	1,131,088	104,150	9%
Government transfers related to operating	154,780	336,250	(181,470)	(54%)
Investment income	131,393	102,795	28,598	28%
Fines and penalties	64,421	69,080	(4,659)	(7%)
Licences, permits and fees	106,405	96,372	10,033	10%
Miscellaneous revenue	51,798	33,660	18,138	54%
Equity in earnings of ENMAX Corporation	295,777	288,114	7,663	3%
Total revenues (before external transfers for infrastructure)	\$ 4,248,825	\$ 4,180,830	\$ 67,995	2%
Developer contributions	\$ 158,763	\$ 166,008	\$ (7,245)	(4%)
Government transfers related to capital	416,393	282,756	133,637	47%
Developer contributions-in-kind related to capital	206,662	168,674	37,988	23%
Total external transfers for infrastructure	\$ 781,818	\$ 617,438	\$ 164,380	27%

**Net taxes available for municipal purposes** increased by approximately 4 per cent largely due to higher property tax revenue resulting primarily from physical growth in the property tax base. The City also received additional revenue in-lieu of taxes from ENMAX due to the increased weighted average price of electricity and higher franchise fees due to higher weighted cost of gas.

**Sales of goods and services** increased by approximately 9 per cent primarily due to an increase in land sales in 2021 due to favourable industrial land market conditions, an increase in Water Services and Resources revenue from higher consumption resulting from the hot and dry summer season and the sale of carbon offset credits and renewable energy certificates during the year. The increased revenue was partially offset by the impact of COVID-19 on public transit and recreation facilities for a 12-month period as compared to a partial year in 2020.

**Government transfers related to operating** were approximately 54 per cent lower due to \$15.0 million of Municipal Operating Support Transfer (MOST) grant revenue recognized by The City in 2021 compared to \$187.5 million in 2020. This funding was provided by the Federal and Provincial governments to support municipalities with the financial impacts experienced due to the COVID-19 pandemic. Calgary Neighbourhoods also received lower grant revenue related to the social services COVID-19 relief grant from the Government of Alberta in 2021 as compared to 2020.

**Investment income** was approximately 28 per cent higher due to a one-time adjustment in 2020, in accordance with Council direction. Previously unallocated investment income was redirected to off-site levy balances, creating a year over year favourable variance. 2021 further saw higher investment income from favourable equity markets, an increase of income associated with higher equity investment balances and gains from foreign exchange strategies.

**Fines and penalties** were approximately 7 per cent lower primarily due to fewer summons infractions issued by the Calgary Police Service as compared to 2020.

**Licences, permits and fees** were approximately 10 per cent higher largely due to increased activity from building permits, single construction permits, trades permits, compliance certificates, traffic permits and street use permits issued. This was partially offset by certain fees that were waived as a COVID-19 relief measures for the full year in 2021 as compared to the partial year in 2020.

**Miscellaneous revenue** increased by approximately 54 per cent over prior year due to an increase in gains from the sale of tangible capital assets and higher insurance claim settlements.

**Equity in earnings of ENMAX Corporation** increased by approximately 3 per cent primarily due to 2021 earnings including a full year of Versant Power earnings as compared to a partial year in 2020 (roughly nine months) and an increase in unrealized gains related to commodity derivative contracts.

**Developer contributions** were approximately 4 per cent lower primarily due to lower contributions in Transportation Infrastructure who experienced a larger portion of their capital expenditures funded by government grants. Further, during 2021, The City procured fewer buses resulting in a decline of developer contributions as the lower expenditures resulted in lower reimbursement from developer contributions received. The decrease was partially offset by higher revenues in Water Services and Resources due to more off-site levy hectares and development agreements signed in 2021 as compared to 2020, an increase in developer contributions associated with the Vivo Expansion Project and the purchase and delivery of six new fire engines.

**Government transfers related to capital** were approximately 47 per cent higher due to revenue recognized associated with the timing of government grants received from both the Provincial and Federal governments and an increase in expenditures for the Municipal Stimulus Program funded projects which were incurred in 2021 as compared to 2020. Additionally, during 2021, Green Line received funding under the Investing in Canada Infrastructure Program for eligible expenses. Calgary Housing also had a favourable variance due to the disbursement from the Federal government relating to the rapid housing initiative. Transportation Infrastructure, while still experiencing project scope modifications and construction delays had higher grant funding received. The favourable variance was partially offset by reduced funding received by Transit due to continued COVID-19 impacts and delays in the procurement of buses which resulted in lower grant payments from both the Federal and Provincial governments.

**Developer contributions-in-kind** related to capital were approximately 23 per cent higher than 2020 due to the timing of completion of developer donated assets which are highly volatile from year to year.





**Expenses – Comparison to Prior Year**

For the years ended December 31 (in thousands)

	Actual 2021	Actual 2020	Increase/ (Decrease)	Percent Change
Protection	\$ 819,110	\$ 814,277	\$ 4,833	1%
Transportation	1,018,085	1,015,816	2,269	0%
Utilities and Environmental Services	710,828	704,607	6,221	1%
Community and Cultural Services	637,936	602,674	35,262	6%
General government	354,054	321,630	32,424	10%
Public works	322,733	287,582	35,151	12%
Real estate services	116,653	102,216	14,437	14%
	<b>\$ 3,979,399</b>	<b>\$ 3,848,802</b>	<b>\$ 130,597</b>	<b>3%</b>

**Community and cultural services** expenses increased by approximately 6 per cent primarily due to an increase in funding to Civic Partner organizations during 2021 associated with COVID-19 relief grants. The increased expenses were partially offset by a reduction in costs associated with the cancellation of The City's Youth Probation program, the impact of the continued restrictions on Recreation facilities and lower amortization expense due to the transfer of buildings to Facility Management. The buildings were transferred as part of the Corporate Coordinated Operations and Maintenance program that is expected to result in cost savings and efficiencies in The City's operations and maintenance budget.

**General Government** expenses increased by approximately 10 per cent largely due to the increased costs associated with the municipal election, increased security presence around The City resulting from the protests during 2021 and lower internal cost recoveries from other business units. This was partially offset by a decrease in salary and wages from the 2020 Council directive to eliminate the retirement allowance.

**Public works** expenses include the costs of Calgary Community Standards, Calgary Growth Strategies, Community Planning, Calgary Approvals, Calgary Building Services, Facility Management, Fleet and Corporate Analytics and Innovation. Expenses were approximately 12 per cent higher compared to 2020 primarily due to increased amortization expense in Facility Management due to the transfer of buildings from Community and Cultural Services and Transportation. The buildings were transferred as part of the Corporate Coordinated Operations and Maintenance program that is expected to result in cost savings and efficiencies in The City's operations and maintenance budget. More buildings are expected to transfer under the program in 2022. The increased amortization was partially offset by reduced expenses associated with 911 Operations as salary and wages were lower due to less overtime and a staff reduction as a result of the Alberta Health Services contract expiration in January 2021.

**Real estate services** increased by approximately 14 per cent largely due to higher cost of industrial land sales from Real Estate and Development Services. The increase in expense during the year was partially offset with lower material costs incurred by Attainable Homes Calgary Corporation as fewer units were sold in 2021.

**Revenues – Budget to Actual Comparison**

For the years ended December 31 (in thousands)

	Budget 2021	Actual 2021	Favourable/ (Unfavourable)	Percent Change
Net taxes available for municipal purposes	\$ 2,164,177	\$ 2,209,013	\$ 44,836	2%
Sales of goods and services	1,387,310	1,235,238	(152,072)	(11%)
Government transfers related to operating	165,137	154,780	(10,357)	(6%)
Investment income	86,546	131,393	44,847	52%
Fines and penalties	82,545	64,421	(18,124)	(22%)
Licences, permits and fees	102,978	106,405	3,427	3%
Miscellaneous revenue	28,121	51,798	23,677	84%
Equity in earnings of ENMAX Corporation	146,000	295,777	149,777	103%
<b>Total revenues (before external transfers for infrastructure)</b>	<b>\$ 4,162,814</b>	<b>\$ 4,248,825</b>	<b>\$ 86,010</b>	<b>2%</b>
Developer contributions	\$ 314,927	\$ 158,763	\$ (156,164)	(50%)
Government transfers related to capital	952,835	416,393	(536,442)	(56%)
Developer contributions-in-kind related to capital	–	206,662	206,662	100%
<b>Total external transfers for infrastructure</b>	<b>\$ 1,267,762</b>	<b>\$ 781,818</b>	<b>\$ (485,944)</b>	<b>(38%)</b>

Total City consolidated revenues (before external transfers for infrastructure) were 2 per cent higher than the total budgeted amount for 2021, mainly as a result of higher than expected equity in earnings of ENMAX, investment income and net taxes available for municipal purposes which were partially offset by a decline in sales of goods and services revenue and fines and penalties revenue.

**Net taxes for municipal purposes** were approximately 2 per cent higher than budgeted primarily due to increased revenue in-lieu of taxes from ENMAX due to the increased weighted average price of electricity and higher than budgeted franchise fees as a result of higher weighted average natural gas prices. The favourable variances were partially offset by unbudgeted business improvement levy that was rebated and funded through the COFLEX program.

**Sales of goods and services** were approximately 11 per cent lower than budgeted primarily due to the unfavourable impacts of COVID-19 on various service lines. Calgary Transit had a decrease in fare revenue as the annual transit ridership dropped by approximately 54 per cent. Calgary Parking Authority has also suffered a major decline in revenue due to lower parking demands as a result of the pandemic and Provincial lockdown. Recreation also experienced lower revenue as a result of COVID-19 due to temporary closures of facilities. The reduced revenue was partially offset by higher than budgeted Water Services and Resources revenue as result of the hot and dry summer season, higher than budgeted landfill tipping fees from waste tonnage brought to the landfills and an unbudgeted one-off sale of carbon offset credits and renewable energy certificates.

**Government transfers related to operating** were approximately 6 per cent lower than budget primarily due to slower than anticipated spending of restricted grants by the Calgary Housing Company. This amount was partially offset by the unbudgeted \$15 million MOST grant funding recognized during the year.

**Investment income** was approximately 52 per cent higher than budgeted largely due to externally managed fixed income portfolios and unbudgeted income from the new internally managed short-term investment portfolio.

**Fines and penalties** were approximately 22 per cent lower than budgeted primarily due to Calgary Police Service having lower revenue due to a decrease in the number of summonses issued, Calgary Parking Authority issuing lower than expected parking tickets due to the pandemic and lower than budgeted property tax penalties due to the July 1st penalty period being reduced to 3.5 per cent and the October 1st penalty period being waived to provide relief to taxpayers.

**Miscellaneous revenue** was approximately 84 per cent higher than budgeted largely due to higher than budgeted proceeds from the sale of tangible capital assets, insurance claim settlements and unbudgeted contributions from external organizations. Further, the budget did not include the Provincial grant and cost recovery from the school boards in miscellaneous revenue.

**Equity in earnings of ENMAX** were approximately 103 per cent higher than budgeted largely due to unrealized gains on electricity and gas commodity forward contracts that were not included in the budget. As a result of the higher commodity pricing in 2021, ENMAX recognized a gain of \$127 million.

**Developer contributions** were approximately 50 per cent lower than budgeted due to a timing difference in the contributions used during the year from reduced expenditures and construction delays. COVID-19 was a major contributing factor to the construction delays and project scope modifications. Transportation Infrastructure had a spend rate of approximately 62 per cent of the capital budget and was one of the primary contributors for this variance.

**Government transfers related to capital** were approximately 56 per cent lower than budgeted primarily due to unanticipated changes in the receipt and usage of government grants and lower than budgeted capital expenditures. Due to COVID-19 and other project scope modifications, Calgary Transit and Transportation Infrastructure spent 28 per cent and 62 per cent of their capital budgets respectively. Calgary Housing also experienced lower than budgeted revenue as projects have been put on hold until full funding is achieved. Green Line and Water Services and Resources, experienced unanticipated changes in timing of government grants received from both Provincial and Federal governments.

**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 highly volatile from year to year.

## Innovation is key to our success.

In 2021, we were able to adapt to challenges brought on by pandemic restrictions by making careful and responsible decisions to manage costs, while still providing the critical services Calgarians rely upon.

City Manager David Duckworth



**Expenses – Budget to Actual Comparison**

For the years ended December 31 (in thousands)

	2021 Budget (excluding Amortization)	2021 Actual (excluding Amortization)	Favourable/ (Unfavourable)	Percent Change	2021 Budget Amortization Expense	2021 Actual Amortization Expense
Protection	\$ 796,162	\$ 792,109	\$ 4,053	1%	\$ –	\$ 27,001
Transportation	788,056	707,576	80,480	10%	6,387	310,509
Utilities and Environmental Services	584,353	550,810	33,543	6%	95,970	160,018
Community and cultural services	605,124	562,605	42,519	7%	3,150	75,331
General government	432,285	329,727	102,558	24%	–	24,327
Public works	244,683	222,380	22,303	9%	33,779	100,353
Real estate services	129,039	107,849	21,190	16%	–	8,804
	<b>\$ 3,579,702</b>	<b>\$ 3,273,056</b>	<b>\$ 306,646</b>	<b>9%</b>	<b>\$ 139,286</b>	<b>\$ 706,343</b>

Due to ambiguity in the Municipal Government Act (MGA) around balanced operating budgets and associated contents, The City only budgets for amortization charges for self-supported business activities. Further amortization inclusion in the budget is under review to study and determine the impact that this change would have relative to the MGA requirements.

During 2021, The City continued to find efficiencies and savings in expenditures which allowed The City to keep taxes and fees as low as possible while still responding to the economic changes, and priorities and needs of citizens.

**The following variance explanations exclude the impact of amortization expense:**

**Transportation** expenses were approximately 10 per cent lower than budgeted primarily due to the impact of the pandemic on Calgary Transit ridership. The lower expenses were the result of delayed hiring which resulted in savings from salary, wages and benefits. The reduction in trips and fuel consumption, reduced the contract services, materials and supplies amount. There were further favourable variances in electricity by going from four car trains to three car trains as a result of low ridership. Calgary Parking Authority also experienced a positive variance from budget due to unfilled vacant positions, lower towing fees associated with the pandemic and the introduction of cost saving strategies including the reduction of maintenance and supply expense in response to the decrease in revenue. Roads experienced lower than budgeted expenses for reduced traffic expenses associated with less contract work. The favourable variance was partially offset by the transfer of assets to the Province of Alberta, associated with the construction of the Ring Road.

**Utilities and environmental services** expenses were approximately 6 per cent lower than budgeted due to the impact of the pandemic resulting in higher vacancies, operational improvements, and intentional workforce management. Consulting related costs were reduced for engineering and architecture services as less storm pond work was performed and a delay in several projects as a result of staff shortages and COVID-19 restrictions. Further, material tonnage processed by the Recycling Facility was lower than planned resulting in lower than budgeted processing costs.

**Community and cultural services** expenses include the costs of Calgary Neighbourhoods, Calgary Housing, Calgary Housing Company, Calgary Economic Development, Calgary TELUS Convention Centre, Parks and Recreation and were approximately 7 per cent lower than budgeted. This is largely due to the impact of facility closures and the associated lay-off of temporary and on-call staff during the additional waves of COVID-19 restrictions on both parks and recreation facilities and the Calgary Public Library. Further cost savings during the year were achieved on non-recurring maintenance due to slower-than-anticipated spending on restricted grants. These cost savings were partially offset by unbudgeted grant payments made to community partners and organizations including COVID-19 community relief programs, the Mental Health and Addiction grant payments, The City's Cold Weather Winter Response, transfers to the community service providers of the Seniors Home Maintenance program, and several other social, prevention and community initiatives.

**General government** expenses include the costs of Council, City Manager, Finance, Supply, Mayor, City Auditor, City Clerk's, Law, Assessment, Customer Service & Communications, Human Resources, Information Technology and Corporate Revenues and Costs. Expenses were approximately 24 per cent lower than budgeted primarily due to intentional management of corporate contingency estimates and was partially offset by lower fringe benefits recoveries due to lower than forecasted gross pay.

**Public works** expenses include the costs of Calgary Community Standards, Calgary Growth Strategies, Community Planning, Calgary Approvals, Calgary Building Services, Facility Management, Fleet and Corporate Analytics and Innovation. Expenses were approximately 9 per cent lower than budgeted primarily due to reduced spending on materials and equipment. The lower than budgeted expenses were slightly offset by higher contract and general expense due to pandemic related expenses, such as additional cleaning protocols.

**Real estate services** expenses were approximately 16 per cent lower than budgeted primarily due lower than budgeted sales activity experienced by Attainable Homes Calgary Corporation due to the continuous effect of the pandemic during 2021 which resulted in lower material costs.

**Tangible Capital Assets**

For the years ended December 31 (in thousands)

	<b>2021 Net book value</b>	2020 Net book value	Increase/ (Decrease)
Land	<b>\$ 2,695,764</b>	\$ 2,563,504	\$ 132,260
Land improvements	<b>576,594</b>	560,046	16,548
Engineered structures	<b>11,414,745</b>	11,042,060	372,685
Buildings	<b>2,313,255</b>	2,281,973	31,282
Machinery and equipment	<b>228,005</b>	248,291	(20,286)
Vehicles	<b>830,500</b>	867,280	(36,780)
	<b>\$ 18,058,863</b>	\$ 17,563,154	\$ 495,709
Work in progress			
Land	<b>\$ 13,646</b>	\$ 13,434	\$ 212
Construction	<b>1,210,117</b>	1,357,891	(147,774)
Tangible capital assets	<b>\$ 19,282,626</b>	\$ 18,934,479	\$ 348,147

During 2021, the net book value of tangible capital assets increased by \$348 million (2020 – \$453 million). Spending on capital projects was primarily for roads and water infrastructure projects, the Green Line LRT project and Calgary Housing initiatives.

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.

During 2021, amortization expense of \$706 million was recorded (2020 – \$693 million). In total there was \$207 million (2020 – \$169 million) of donated and contributed assets which were mainly for water, facility management, parks, and roads. Disposals with a net book value of \$112 million were made in 2021 which consists of land, engineered structures, buildings, machinery and equipment, and vehicles.

## SIGNIFICANT TRENDS

### Revenues (before external transfers for infrastructure)

For the years ended December 31 (in thousands)

	Actual 2021	Actual 2020	Actual 2019	Actual 2018	Actual 2017 (Restated)
Net taxes available for municipal purposes	\$ 2,209,013	\$ 2,123,471	\$ 2,088,755	\$ 2,068,070	\$ 1,955,429
Sales of goods and services	1,235,238	1,131,088	1,323,154	1,278,099	1,274,060
Government transfers	154,780	336,250	152,337	162,123	145,168
Investment income	131,393	102,795	198,927	101,236	104,520
Fines and penalties	64,421	69,080	98,646	95,747	92,040
Licences, permits and fees	106,405	96,372	113,111	117,254	124,356
Miscellaneous revenue	51,798	33,660	40,542	44,951	90,806
Equity in earnings of ENMAX Corporation	295,777	288,114	156,162	5,094	(30,312)
<b>Total revenues (before external transfers for infrastructure)</b>	<b>\$ 4,248,825</b>	<b>\$ 4,180,830</b>	<b>\$ 4,171,634</b>	<b>\$ 3,872,574</b>	<b>\$ 3,756,067</b>

The five-year trend for revenues largely reflects rate and growth-related increases for the 2017-2019 years, with COVID-19 impacts largely reducing growth for 2020 year offset by Government transfers. Revenues increased in 2021 due to the resilient economic growth during the year.

**Net taxes available for municipal purposes** generally increases with growth and tax rate changes; however, it includes local access fees that are charged in lieu of taxes to some utilities for using The City right-of-way based on the cost of the service and commodity being provided. Fluctuations in commodity prices affect this revenue stream.

**Sales of goods and services** in 2021 was higher than 2020 revenues primarily due to an increase in land sales on account of favourable industrial land market conditions, an increase in revenues from Water Services and Resources due to higher consumption during the hot and dry summer and the sale of carbon offset credits and renewable energy certificates during the year. These increases were slightly offset by the impact of COVID-19 on public transit and recreation facilities for a 12-month period as compared to the impact of a partial year in 2020. In 2020 the sales of goods and services were lower than 2019 revenues primarily due to adverse impacts of COVID-19 on revenues generated by Calgary Transit, Recreation, Real Estate and Development Services, and other related authorities. These decreases in revenues were slightly offset by higher revenues earned due to increased installations and higher landfill tipping, green cart and recyclable revenue. The 2019 revenues were higher than 2018, primarily due to revenues generated through land sales, green and black cart programs, higher residential recycling and commercial collection, and higher transit and recreation rates. Wastewater, water and drainage services saw decreases in revenue in 2019 due to reduced customer water meter installations. Historically, this trend of increased revenue was consistent for the period of 2017-2019 where the variations in rates and demand for wastewater, water and drainage services, along with changing transit rates and ridership, affect the trend in this revenue stream, usually countered by trends in property and land sales, depending upon the current economic conditions.

**Government transfers** in 2021 were lower than 2020 primarily due to the recognition of MOST and social services COVID-19 relief grants in 2020 which caused government transfer revenue to spike. 2019 revenue was lower than 2018 primarily due to reduced provincial grants received by the Calgary Housing Company for properties, and reduced provincial funding for Disaster Recovery grants, partially offset by higher grants received under other provincial and municipal programs. The increase in 2018 from 2017 was mainly due to additional grants received by the Calgary Housing Company. Historically, there has been minimal fluctuation in federal transfers over the years except 2020 where COVID-19 related government transfers of \$187 million have caused a large variance.

**Investment income** for 2021 was positively influenced by favourable equity markets, an increase of income associated with higher equity investment balances and gains from foreign exchange strategies. 2020 was influenced by previously unrealized losses materializing on the termination of the small capital mandate, lower yield on money market investment, and an allocation of previously unallocated investment income to off-site levy balances. In 2019, the variance was influenced by a change in investment management strategy involving transfer of funds to a higher income earning portfolio which triggered a realized gain. The fluctuations in interest rates and variations in the investment balances are the main contributors to changes in this revenue stream.

**Fines and penalties** were lower in 2021 and 2020 due to fewer summons infractions being issued by the Calgary Police Service. COVID-19 also resulted in lower parking activity and reduced parking fines issued by Calgary Parking Authority. To provide some relief to taxpayers The City reduced the July 1st penalty period being billed at 50 per cent of the original amount (2020 – the amount was waived) and waiving the October 1st penalty (2020 – billed at 50 per cent of the original amount). Fines and penalty income was relatively consistent from 2017 through 2019.

**Licences, permits and fees** reflect building and other permit revenues which experiences variability between years. In 2021, revenues were higher due to the rebound from the impact of COVID-19 in activity from permits and licences granted by The City. In 2020, COVID-19 resulted in an overall decrease in various kinds of permits and licences granted by The City. In 2019, revenues were lower due to a decrease in land use amendment and land development fees, which was partially offset by increase in the application fees for Water Services and Resources. 2018 also experienced reductions from 2017 due to a permit and licence fee freeze. 2017 represent higher revenue years because of increased excavation permits and completion of residential and commercial development activities.

**Miscellaneous revenue** increased in 2021 due to an increase in revenue from the sale of tangible capital assets and higher insurance claim settlements. 2020 was relatively lower due to reduced gains on the sale of tangible capital assets and lower carbon offset credits monetized, along with the Calgary Public Library experiencing lower grants due to the pandemic. In 2019, the reduced gains resulted from the sale of tangible capital assets, partially offset by higher land parcel sales by Calgary Municipal Land Corporation and insurance settlements from third parties. The reduction in 2018 was due to lower land sales activity as compared to 2017 amounts.

**Equity in earnings of ENMAX Corporation** comprises the net equity increase in The City's government business enterprise ENMAX. In 2021, the increase was largely due to gains on cumulative foreign exchange translation impacts on the consolidation of foreign operations, remeasurement gains on retirement benefits and the full years contribution from Versant Power (formally Emera Maine) which was acquired effective March 24, 2020. In 2020, the increase was due to increased transmission, distribution and electricity margins, along with foreign exchange gains recognized which were absent in 2019. This was offset by higher operations, maintenance and administration expenses as compared to prior year. In 2019, there was also an increase due to increased transmission, distribution and contractual services margins. These favourable impacts were partially offset by the reduced electricity margins. In 2018, there was an increase in electricity, natural gas, transmission and distribution margins. However, the gains from market improvements were reduced by a settlement of significant current and deferred income tax expense. In 2017, ENMAX experienced lower net earnings due to increased portfolio supply costs in ENMAX power delivery.





**LIQUIDITY AND DEBT****Financial Position – Net Financial Assets**

As at December 31 (in thousands)

	Actual 2021	Actual 2020	Actual 2019	Actual 2018	Actual 2017 (Restated)
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	\$ 1,149,220	\$ 632,626	\$ 263,209	\$ 246,116	\$ 134,006
Investments	4,804,797	4,423,320	4,230,756	4,038,562	3,893,757
Receivables	384,329	373,481	375,636	357,296	327,725
Land inventory	257,031	279,307	275,592	279,532	276,418
Other assets	114,148	101,415	94,701	106,386	109,434
Investment in ENMAX Corporation	2,714,462	2,416,472	2,339,699	2,261,350	2,314,000
	<b>9,423,987</b>	<b>8,226,621</b>	<b>7,579,593</b>	<b>7,289,242</b>	<b>7,055,340</b>
<b>LIABILITIES</b>					
Bank indebtedness	355,179	224,159	51,711	73,640	46,200
Accounts payable and accrued liabilities	828,217	800,092	811,799	947,274	860,453
Deferred revenue	98,768	109,765	103,629	96,249	92,926
Capital deposits	1,203,110	838,562	675,135	771,294	712,685
Provision for landfill rehabilitation	101,806	104,593	101,198	93,709	88,905
Employee benefit obligations	516,455	514,061	495,564	499,641	493,870
Long-term debt	2,770,590	2,845,144	2,883,447	2,888,831	3,066,263
	<b>5,874,125</b>	<b>5,436,376</b>	<b>5,122,483</b>	<b>5,370,638</b>	<b>5,361,302</b>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 3,549,862</b>	<b>\$ 2,790,245</b>	<b>\$ 2,457,110</b>	<b>\$ 1,918,604</b>	<b>\$ 1,694,038</b>

There was an increase of \$759 million in net financial assets in 2021 relative to 2020 with increases in cash and cash equivalents, investments and investment in ENMAX driving the change. This was offset by increases in bank indebtedness and capital deposits that are restricted to specific types of capital. A trend of increasing cash and cash equivalents, investments, and receivables have been the primary factors of the net financial asset growth trend through the 2017 to 2021 years.

The downward trend in long-term debt levels from 2017 to 2018 is due to higher principal repayments compared to borrowings for tax-supported and self-sufficient tax-supported (especially Municipal Sustainability Initiative (MSI)) debt and the decrease in these debt categories is greater than increases in self-supported debt. In 2019, the decrease was due to the full repayment of MSI debt outstanding offset by new borrowings for tax-supported debt. In 2020 and 2021, the downward trend continued due to repayments in tax-supported and self-supported debt.

## Long-Term Debt

As at December 31 (in thousands)

	2021	2020	2019	2018	2017
<b>Opening balance</b>	<b>\$ 2,845,144</b>	\$ 2,883,447	\$ 2,888,831	\$ 3,066,263	\$ 3,216,672
<b>Increase (Decrease)</b>					
Tax-supported	<b>(33,854)</b>	(40,342)	75,973	(41,385)	(43,667)
Self-sufficient tax-supported	<b>5,531</b>	3,946	(78,021)	(60,196)	(205,404)
Self-supported	<b>(46,231)</b>	(1,907)	(3,336)	(75,851)	98,662
<b>Net decrease during the year</b>	<b>(74,554)</b>	(38,303)	(5,384)	(177,432)	(150,409)
Closing balance	<b>2,770,590</b>	2,845,144	2,883,447	2,888,831	3,066,263
ENMAX debt in The City's name	<b>1,455,813</b>	1,371,972	1,283,320	1,185,380	1,078,522
<b>Total debt attributable to The City</b>	<b>\$ 4,226,403</b>	\$ 4,217,116	\$ 4,166,767	\$ 4,074,211	\$ 4,144,785

In 2021, DBRS reaffirmed 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. In affirming the rating, DBRS stated that "the ratings are supported by The City's approach to fiscal management, its relatively low debt burden, and its robust liquidity." In addition, Standard & Poor's 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.

The City utilizes 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 are self-funded by revenues or cash flows from a dedicated funding source; and
- Self-supported – debt mainly for utility services which is not funded by tax revenues but by rates charged directly to users and cash flows generated from operations.

Council's capital financing policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10 per cent of the tax-supported gross expenditure (net of recoveries) and it is approved by Council. The policy would allow The City to provide some additional growth-related capital infrastructure if desired.

In 2021, The City issued \$1.3 million tax-supported debt to finance growth-related projects, and repaid \$35.2 million in tax-supported debt, resulting in a net reduction in tax-supported debt of \$33.9 million to \$367.3 million as at December 31, 2021. In 2020, The City issued \$1.8 million tax-supported debt to finance growth-related projects, and repaid \$42.1 million in tax-supported debt, resulting in a net reduction in tax-supported debt of \$40.3 million to \$401.1 million as at December 31, 2020.

The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 2 per cent (including self-sufficient tax supported), which is within The City's 10 per cent policy limitation.

Self-sufficient tax-supported debt comprises debt for Calgary Municipal Land Corporation's 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, 2021, Calgary Municipal Land Corporation has \$220 million in outstanding debt (2020 – \$214 million). In 2009, Council approved a maximum debt of \$1 billion to provide bridge financing for MSI-funded projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total capacity to approximately \$1.6 billion. As at December 31, 2021, The City has no outstanding debt for these projects. Although no new borrowing is identified, with the extension of the MSI program to 2024 there remains the possibility of new MSI debt issue depending on provincial funding and capital cash flow demands.

Also in 2021, \$149 million (2020 – \$191 million) in new self-supported debt (primarily related to Water Services and Resources) was obtained and \$195 million (2020 – \$194 million) was repaid, resulting in a net reduction in self-supported debt of \$46 million (2020 – \$3 million) to \$2,184 million, excluding \$1,456 million in debt attributable to ENMAX (2020 – \$2,229 million, excluding \$1,372 million in debt attributable to ENMAX).

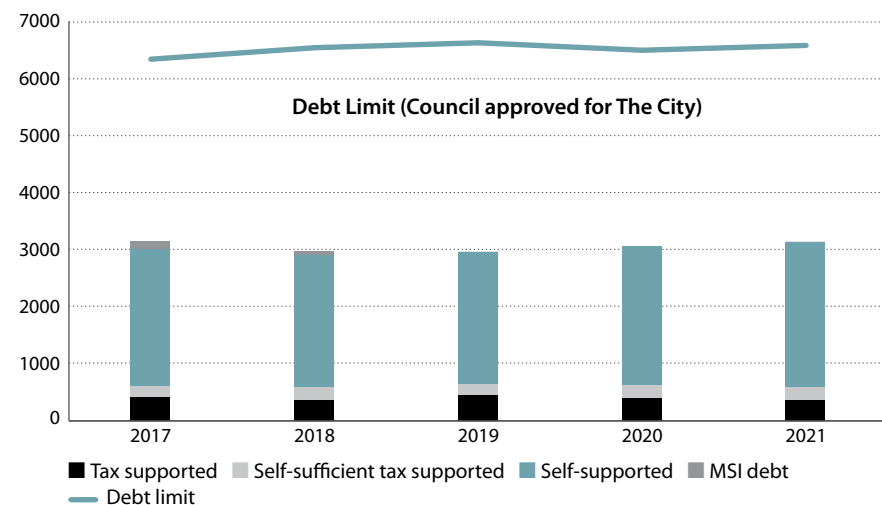
The City's Charter Regulation allows The City to establish its own debt limits, provided it has both a credit rating and a Council-approved debt policy. The City has maintained a credit rating for a number of years; therefore, with Council Policy CP2020-05, the limits set out in the policy supersede the limits specified in the MGA regulation. The City's new debt policy took effect as of January 2021 and supersedes the MGA's Debt Limit used in prior years. The debt limit was previously calculated at 2 times the revenue (as defined in the Debt limit regulation 255/200) and is now calculated at 1.6 times revenue (as defined in The City's Debt Policy CP2020-05) and the debt service limit was previously calculated at 0.35 times revenue and is now calculated at 0.28 times.

The City's debt policy states that The City will strive to maintain or improve its current Credit Rating (AA (high) according to DBRS Morningstar and AA+ according to Standard & Poor's Global Ratings) for long term debt in order to minimize the cost of debt and be able to access capital markets in an efficient manner.

Administration continued to monitor and report on an internal maximum level of 80 per cent, as well as the mandated 100 per cent maximums of the MGA Limit through 2020, with only the Policy debt limit reported beginning in 2021. In 2011, the Provincial government enacted a regulation that exempted The City's MSI related debt issued after December 31, 2011 from the debt service limit calculation. As a result, debt servicing for MSI bridge financing originated in 2012 or beyond is not included in the figures below. All MSI bridge financing has been repaid as of 2019.

**Chart A — The City Historic Debt Levels  
Debt Limits Trend 2017–2021\***

(in millions of dollars)



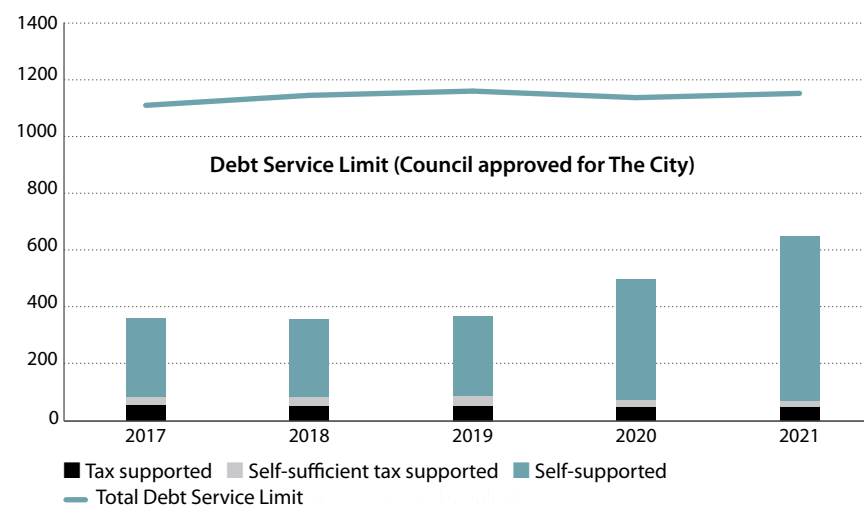
\* For comparative purposes, The City has presented 2017 – 2020 debt limits in accordance with Council Policy CP2020-05 at 1.6 times revenues.

The City's new Debt Policy has two separate debt related limits which are expressed as a percentage of revenue. The Debt Limit stipulates the maximum amount of debt principal that The City can have outstanding debt, including loan guarantees, and is calculated at 1.6 times revenue (MGA debt limit of two times the revenue used in prior years). Chart A reports The City's total historical outstanding debt from 2017 to 2021. It indicates that as at December 31, 2021 The City had used 47.8 per cent (2020 – 47.2 per cent) of its debt limit.

Council Policy CP2020-05 also sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur and is calculated at 0.28 times revenue. For MSI debt, the total principal and interest is recognized as debt servicing in the year the debt matures. Chart B reports The City's total historical Debt Service Limit from 2017 to 2021. It indicates that as at December 31, 2021 The City had used 56.5 per cent (2020 – 44.0 per cent) of its debt service limit.

**Chart B —  
Debt Service Limit Trend 2017–2021\***

(in millions of dollars)



\* For comparative purposes, The City has presented 2017 – 2020 debt service limits in accordance with Council Policy CP2020-05 at 0.28 times revenue.

## Reserves

As at December 31 (in thousands)

	2021	2020	2019	2018	2017 (Restated)
	\$ 3,281,056	\$ 2,743,827	\$ 2,493,588	\$ 2,299,998	\$ 2,032,652

The reserve balances totaled \$3,281 million at the end of 2021 (2020 - \$2,744 million). The net increase was primarily the result of:

- The addition of the Calgary Parking Authority Reserve as the subcommittee overseeing the Calgary Parking Authority Reserve was dissolved in 2021 resulting in Council having oversight for the reserve,
- Increases in the Fiscal stability and operating budget savings account reserve,
- Increases in the Reserve for future capital and lifecycle maintenance upgrade, and
- Increases in the Real estate services, Community investment, Planning and development sustainment, and the Utilities sustainment reserves.

This was partially offset by reductions in Major Capital Projects (MCP) Reserve.

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 closed. The 2020 and 2021 triennial review processes were suspended with Council approval and alternate procedures were performed to review reserves as part of The City's SAVE program. The SAVE Financial Reserves Optimization review included twelve reserves totaling \$1,549 million. This reserves review identified total ongoing base budget savings of \$20 million for 2022 and onwards and one-time savings of \$14.4 million in 2021 and \$8.5 million in 2022. In addition, several operational recommendations were made to improve the transparency and administration of reserves and these recommendations will be actioned in 2022.

Maintaining financial reserves is good management, allowing funds to be collected as available and spent judiciously as needed to ensure service levels to citizens 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, to comply with a contractual agreement, or for contingency funds for operational emergencies.
- Capital reserves are used to fund capital expenses.
- Sustainment reserves are used to fund both operating and capital expenses for activities that are treated as self-sustaining. Surpluses from these activities are retained in these reserves to offset any future deficits.

In July (PFC2021-1002), Council approved the merger of the Fiscal Stability Reserve (FSR) with the Budget Savings Account (BSA) as well as the merger of the Reserve for Future Capital (RFC) with the Lifecycle Maintenance and Upgrade Reserve (LMUR), while separating the Green Line portion into a stand-alone reserve, the Green Line Fund. New terms for the merged reserves will be brought forward for Council approval in 2022. The balance of the FSR/BSA merged reserve is \$732 million at the end of 2021, while the balance of the RFC/LMUR merged reserve after separating the Green Line Fund is \$633 million.

During 2021, IT Reserve and Revolving Fund Reserve for General Land Purchases contributed a total of \$4.4 million to BSA reserve (now the FSR/BSA merged reserve) to fund one-time SAVE implementation costs per C2020-1215. Other business units transferred \$1 million of no longer required one-time funding back to the FSR/BSA merged reserve. The contribution of budget variances to BSA reserve was discontinued in 2021 (2020 – \$93 million) as business unit and Corporate favourable variances now all flow to the FSR/BSA merged reserve. Capital savings of \$1.8 million (2020 – \$1.5 million) were contributed to the BSA program in 2021 residing in the original funding sources as per their funding restrictions.

The MCP Reserve includes the BMO Centre expansion, Event Centre, Foothills Fieldhouse and Arts Commons transformation. The Foothills Fieldhouse and Arts Commons transformation (other than Phase 1) are still in the process of receiving full Council approval. As part of this strategy, the MCP Reserve was created in 2019 with a total of \$424 million. The balance of the MCP Reserve at the end of 2021 is \$381 million.



## RISK MANAGEMENT

The City is committed to an integrated approach to risk management, where it is an essential component of good management, sound business practices, decisions and due diligence. Integrated Risk Management (IRM) is a continuous, proactive and systematic process to understand, manage and communicate risks from an organization wide perspective. It is part of The City's Performance Management System and is embedded with other components of the system: performance measurement and accountability, service plans and budgets, service review and improvement and individual performance development to better serve Calgarians, businesses and the community. Through the IRM framework and process, risks are identified at all levels across The City.

### Risk Context in 2021

Approximately two years into the COVID-19 pandemic when there was an uncertain economic recovery, The City and the community worked together to manage and respond to these challenges. The 2021 year end corporate risk review process revealed that while The City is managing the impacts of the pandemic, it is anticipating a more stable economic recovery over time. Despite the projected stable economic recovery, risks remain due to the economic uncertainty surrounding the COVID-19 pandemic and The City's ongoing financial recovery, therefore, Financial Sustainability Risk is a principal corporate risk that is being monitored by The City.

### Financial Sustainability Risk

The Financial Sustainability Principal Corporate Risk is defined as:

The City is unable to maintain strong financial capacity over time. It could manifest as a sudden financial constraint – 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, inflation or cost for service delivery. Generally, this risk increases if the variability in the broader economic context for The City's operations triggers a significant shift in any revenue or expense category. These shifts would require thoughtful offsetting measures, including spending decisions to maintain financial capacity.

### Key trends related to this risk in 2021

To help manage these varied and complex risk areas, The City researches trends and anticipates how the needs of citizens can change in the short to medium term. By understanding trends, we can anticipate service demands and prepare for future community needs.

Pressure on operating funds has slightly decreased compared to Fall 2020, as tax payments have been received on time. However, user fee revenue, while recovering from 2020, continues to be impacted by COVID-19 restrictions. The inflation rate edged higher in 2021 and The City's financing constraints are under pressure with expected rising interest rates.

We are continuing to monitor the ability of Calgarians to pay property taxes, which appears to be strong. We are also actively managing The City's debt financing, including longer term projections.

### Relationship to other Principal Corporate Risks

The Financial Sustainability Risk is closely related to other Principal Corporate Risks, in particular: the Capital Infrastructure Risk, the Service Delivery Risk, and the Sustainable City Risk.

- The Capital Infrastructure Risk is currently facing a funding gap that is widening due to impacts related to COVID-19, uncertain economic recovery, labour shortages and inflation. Further, the current reductions in capital funding and unpredictable tax income has put increased pressure on the infrastructure gap and asset conditions.
- The Service Delivery Risk's exposure is tied to constraints on operating funds needed to keep pace with growth and lifecycle renewal (e.g., absorption of new parkland), or to address cost variability for emerging requirements (e.g., electric vehicle fleet conversion). Recent supply chain disruptions due to COVID-19, extreme weather, material shortages (e.g., microchips for vehicles) and international policies (e.g., recycling markets) pose a growing risk to service delivery.
- The Sustainable City Risk is continuing to manage the ongoing tension between supporting new development and The City's capacity to deliver existing services.

Despite a widespread increase in volatility due to the rapid spread of the COVID-19 Omicron variant, global financial markets posted positive returns in Q4 2021 as investor sentiment improved due to economic resiliency, strong corporate earnings growth, and widespread vaccination. The City's investment portfolio generated a return of 2.1 per cent net of fees and exceeded their respective benchmarks. The City mitigates risk within its investment portfolios through a sound governance structure, adherence to government regulations, and The City's Investment Policy. Investment managers retained by The City, manage risk by investing in quality investments and ensuring sufficient diversification among holdings in their portfolios. The Investment Advisory Committee oversees investment strategy and regularly reviews the investment activity, compliance and risk mitigation practices of both internal and external managers to meet The City's investment objectives.

Within The City's investment portfolio there are sources of funds including operations, capital deposits, operating and capital reserves as well as funded employee benefit obligations. Each of these funds has a different time horizon and risk profile. The majority of the funds have a horizon of five years or less which directs The City's asset mix, of which 85 per cent is cash and fixed income, 11 per cent equity and 4 per cent direct infrastructure, is very conservative and designed to provide liquidity as needed.

### Normal Operations Risk

As part of normal operating risks, 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 counter parties to which The City provides services may not be able to fulfill their obligations to The City. The City has numerous controls in place to mitigate these risks including having a vast diversity of taxpayers and customers.

The City has cash management policies which include all cash handling, banking, investing and borrowing activities to meet the needs of The City. All cash and cash equivalents, and investments are held with credible financial institutions.

The City is often required to pay for goods and services in currencies other than Canadian dollars. Transacting in foreign currencies exposes The City to risk of currency volatility and foreign exchange risk. As part of the risk management strategy, The City has hired an external investment manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk. The manager is authorized to purchase Canadian dollars against foreign currencies held in The City's portfolio. At December 31, 2021, this portfolio held 15 forward contracts (2020 – 15) that have a settlement date of February 10, 2021 (2020 – March 10, 2021). The total fair market value of the forward contracts is a loss of \$1.12 million CAD (2020 – a gain of \$0.72 million CAD), in addition to U.S. foreign exchange fixed contracts.

At December 31, 2021, The City had 19 (2020 – 19) U.S. dollar foreign exchange fixed contracts in place. Delivery dates for these contracts range from January 2022 to August 2023. Total committed future foreign exchange purchases are \$31.6 million USD (2020 – \$46.0 million USD). Total committed future foreign merchandise purchases are \$77.7 million USD (2020 – \$80.9 million USD), and €2 thousand (2020 – €2.6 million). Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with Canadian Schedule 1 banks at rates ranging from 1.22 to 1.32 Canadian dollars. The Canadian dollar equivalent of these contracts at December 31, 2021 was \$40.9 million CAD (2020 – \$61.7 million CAD). During the fiscal year ended December 31, 2021, the various arrangements for foreign merchandise cost The City \$1.2 million more (2020 – \$1.2 million less) than if the arrangements had not been entered into.

The City has fully met its current year cash contributions for employee benefit obligations at December 31, 2021. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial loss of \$0.7 million (2020 – \$35.4 million). The City has a plan in place to set aside funding for these losses and the action plan is reviewed and adjusted annually by the Pension Governance Committee.

In addition, there are certain employee benefit obligations with respect to multi-employer pension plans. Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP). Police officers are members of 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 administered by Alberta Pension Services (APS).

Both LAPP and SFPP have a plan surplus, where the actuarial value of the assets are greater than the accrued benefit obligations. The total surplus at December 31, 2020 for LAPP was \$4,961 million (2019 – \$7,913 million) and for SFPP a surplus of \$10 million (2019 – surplus of \$185 million). At December 31, 2020, The City employees represented approximately 7.8 per cent (2019 – 8.0 per cent) of the employees in LAPP and 48.6 per cent (2019 – 48.8 per cent) of the employees in SFPP. More recent information was not available at the time of preparing the 2021 Financial Statement Discussion and Analysis. LAPP Corporation is actively monitoring the Plan's overall financial condition throughout the COVID-19 pandemic. While the Plan is not immune to market losses and volatility, LAPP Corporation spearheaded the implementation of a market risk management strategy in late 2019. This strategy was specifically designed to provide protection for the Plan in the event of a severe market downturn. Similarly, the SFPP Corporation ensures that a broadly

diversified portfolio of assets is designed to withstand episodes of market volatility such as those associated with the COVID-19 pandemic. 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 the future plan requirements through contribution rates. 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.

### **ENMAX (The City's Wholly-Owned Subsidiary)**

ENMAX is a private Alberta corporation owned by The City. The City's investment in ENMAX comprises 29 per cent of The City's financial assets on the consolidated statement of financial position, and as a rate regulated entity providing electricity and natural gas as part of its business, has earnings volatility that is captured on The City's consolidated statement of operations and accumulated surplus. 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 the COVID-19 pandemic, commodity price, volume, wholesale and retail competition, operational, environmental, climate, regulatory, human resources, technological, liquidity, credit, developmental, legal, corporate structure, reporting/disclosure, income tax and strategic risks. ENMAX has an integrated approach to risk management across all ENMAX companies and has implemented an Enterprise Risk Management framework. The Risk Management Committee and the Commodity Risk Management Committee, consisting of ENMAX senior management team members, oversee risk management and report risk exposures to the Board of Directors.

In 2019, The City, as ENMAX's shareholder, reviewed and confirmed the company's strategic direction and annual operating plans. Approvals for ENMAX's annual budget and major capital projects in excess of \$75 million are sought from the shareholder, and ENMAX provides The City with annual dividends. ENMAX's 2021 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Summary financial information for ENMAX is included in Note 7 to the consolidated financial statements.

On March 24, 2020, ENMAX completed its acquisition of BHE Holdings, Inc., the parent company of Emera Maine. On May 11, 2020 ENMAX changed the name of Emera Maine to Versant Power. Versant Power's business is aligned with ENMAX's long-term strategy to grow regulated cash flows and diversify revenue streams within North America. The aggregate purchase price was approximately \$1,393 million (\$962 million USD) on closing, in addition to the assumption of approximately \$567 million (\$391 million USD) of existing debt for an aggregate enterprise value of approximately \$1,960 million (\$1,353 million USD).

On June 11, 2021 S&P revised ENMAX's outlook from BBB- with a stable outlook to BBB- with a negative outlook due to leverage taken on during the Versant acquisition. On July 8, 2021 DBRS confirmed ENMAX's Long-Term rating at BBB (high) with a Stable outlook.

## THE OUTLOOK

### 2021 The Beginning of an Economic Recovery

Calgary experienced positive economic growth in 2021. Before that, there were three years of Gross Domestic Product (GDP) decline (2015, 2016, and 2020) and three years of economic expansion (2017, 2018, and 2019). As a result, the Calgary economy returned to the 2014 GDP level sometime in 2021.

Economies like Calgary grow at an average rate of about 2 per cent every year. It means that Calgary's economy should not be right around the 2014 level but should be about 15 per cent larger, therefore, The City's post-pandemic economic recovery is important.

In 2021, The City identified 63 City-specific plans, programs, and initiatives in five categories to support The City's post-pandemic economic recovery. The categories are:

1. Identifying necessary City-building investment
2. Enabling environment for business investment and innovation
3. Direct support for innovation in the business community
4. Investment in local community's economic wellbeing
5. Direct spending and investment or taxpayer relief to spur the economy.

These efforts have benefitted the Calgary economy and are expected to be the platform for future economic growth. An overview of notable initiatives underway in some of these categories is useful.

### COVID-19 Pandemic Response

The City and its partners are continuing to support community response initiatives to help reduce the social and economic impact of COVID-19 health restrictions on citizens and local business. Since the onset of COVID-19, The City has maintained a flexible approach to changing service demands and public health orders to ensure The City was able to continue delivering the services that Calgarians need and expect through the pandemic.

In November 2020, The City announced the COFLEX Program, which provides funding services to help Administration respond quickly to changing demands on The City's services while ensuring decisions are optimized for maximum benefit to citizens and businesses. The COFLEX Program manages the allocation of MOST grant funding as well as ongoing corporate expenditure management around the delivery of regular services. As of December 31, 2021, 96 per cent of COFLEX funding has been allocated to non-emergency pandemic response initiatives.

Many of The City's services and partners continued with adapted delivery methods to meet pandemic restrictions and changes in community demand for safe social interaction. Calgary Recreation launched a pilot for virtual fitness programs, expanded outdoor opportunities including a Community Nature program in partnership with Parks, and distributed take home activity kits to Calgary After School participants when in-person programs were not possible. Affordable Housing applied more flexible Home Program grant conditions to partner organization which allowed more time to deliver programs delayed by COVID-19.

A variety of funding sources including COFLEX, Emergency Relief Fund, Social Services Supports, Community Out Reach Table enabled Community Services to provide social and recreational programming and community support throughout 2021. Calgary Neighbourhood's collaborated with The City's partners to administer COVID-19 relief funding and deliver programs that support mental health and addiction issues. 151 organizations received a total of \$57.6 million in funding support to deliver 332 social programs. \$1.2 million in Social Services Supports and \$3.2 million in Community Out Reach Table was invested in COVID-19 response initiatives to support vulnerable Calgarians. As part of the COVID-19 Relief Fund, Civic Partners were able to access \$5 million in the Emergency Resiliency Fund to offset losses in revenue due to temporary closures. Community Associations and Social Recreation Groups benefited from \$4.6 million, which enabled the continuation of operations in 2021. Calgary Parks launched several initiatives to encourage outdoor activity and enhance park enjoyment, including Frost Fest and the Fire Pit Program. This work was made possible through \$2 million of COFLEX funding and \$0.5 million of added one-time budget funding. Social Programs continued to adapt its programming streams to align with public-health restrictions to maintain service delivery and access to programming. 155 program opportunities were made available and 13,640 program visits was accomplished in 2021. These initiatives received unanimous support from survey participants who responded that they felt safe with the COVID-19 measures implemented.

In 2021, Transportation has continued to make adjustments to its regular business due to COVID-19 impacts including the continuation of "adaptive roadways" to allow pedestrians and cyclists to move more freely during lockdown restrictions and the temporary patio program. Transportation continued to quickly adapt to fast-moving and ever-evolving circumstances. Transit ridership and revenues continued to be severely impacted in 2021. Initiatives were undertaken to reduce costs to offset some of the revenue shortfall and to also align with COVID-19 related directives of the Provincial government. Investments into customer focused initiatives in 2021 included the expansion of MYFare app to use UPass, installing automatic passenger counters on all of Calgary Transit fleet, and investments in safety to hire security guards to help with the increased social disorder situation on Calgary Transit properties. In 2022, Transit will continue to monitor the service demand and manage service adjustments accordingly.

In 2021, Facility Management and Real Estate and Development Services continued to work with Alberta Health Services on delivering COVID-19 related services. The initial agreement between The City and Alberta Health Services in 2020 was for the former Greyhound bus station to be managed as a mass vaccination site, which in late Q3 2020 was then transitioned to a mass assessment and testing facility which continued into 2021. By mid-2021, Alberta Health Services chose to vacate the former Greyhound building, but then entered into a new agreement to occupy the building just prior to year end and is now the only mass vaccination site in Calgary for adults as all other facilities concentrated on immunizing pediatric clients. For the first half of 2021, Spring Gardens continued to be occupied by Alberta Health Services as a primary in-vehicle COVID-19 assessment and testing site but was transitioned to a Drive Thru clinic that provides immunization by appointment for up to four occupants of each vehicle.



The City is delivering \$153 million in capital investments through Municipal Stimulus Program funding through 2021-2022. Infrastructure Calgary was successful in securing a one-year extension to the original deadline to successfully deliver these stimulus investments.

### Supporting the recovery of Calgary's Downtown

Calgary's downtown has faced significant challenges since 2015 and is facing a long road to recovery. There is over 14 million square feet of total vacant office space downtown and the office vacancy rate currently sits at 33.2 per cent (CBRE, Q4-2021). Downtown office buildings have lost \$17.3 billion in property values since 2015. Plummeting downtown property values means a tax shift to businesses and property owners around the city. In addition to the vacancy and property value challenges, the pandemic has exacerbated these issues with more people working remotely, further reducing the market demand for restaurants, retail and personal services in downtown. This reduction in downtown activity is amplifying concerns regarding safety for those living, working, learning, and visiting downtown.

However, these challenges also present opportunities to reimagine Calgary's downtown – the economic and cultural heart of the city, a hub for business, innovation, and creativity. What happens downtown has a direct impact on all Calgarians and Calgary needs a strong core to grow the economy, create jobs and fund The City's services we rely on every day.

In 2021, Council approved *Calgary's Greater Downtown Plan*, a long-range plan that will help city-builders, decision-makers, investors, and citizens understand the direction over the next decade. It is the vision, roadmap and commitment to building a thriving, future-focused downtown. The goal is to create a diverse mix of residential, office, retail, entertainment, tourism and culture. In 2021, Council approved \$255 million in initial investments to implement *Calgary's Greater Downtown Plan*. It is an investment to: provide incentives for building owners to convert empty office space to residential units, kick-start vibrancy-enhancing capital projects and programming efforts, establish a dedicated downtown team, and to support the Arts Commons Transformation project.

A major component of these efforts is to remove six million square feet of downtown office space over a 10-year period. Council has approved \$100 million specifically for the Downtown Calgary Development Incentive Program to start realizing this goal, which would help restore downtown property values and reduce the impact of the non-residential tax shift over the next decade. The first phase of the Downtown Calgary Development Incentive Program is focused on office to residential conversions. Since the program launched in August 2021, it has been an exciting story with significant market interest. Of the 13 applications received, 11 applications are on the short list for funding. This is expected to lead to 1,400 residential units being constructed and approximately 1.3 million square feet of vacant office space being removed from the downtown inventory. The Downtown Strategy team is working at the speed of business with applicants.

### Financial Task Force Implementation

To support Calgary's economic recovery and financial resiliency, Council identified a need for a Financial Task Force (FTF) in 2018. The goal was to identify and assess innovative solutions to address the challenges of the current municipal property assessment and tax system and improve financial resiliency for The City through short-term economic mitigation, long-term recovery solutions and revenue options. The City's Chief Financial Officer was the FTF Chair. The FTF consisted of 12 external members with expertise in policy formulation, business strategy, property valuations.

Council accepted 35 recommendations of the FTF as well as eight identified success factors:

- Improving the understanding of municipal finance circumstances
- Bringing property taxation into the twenty-first century
- Improving tax efficiency for long-term fiscal sustainability
- Responding to Calgary's cyclical economy using existing tools
- Preparing for changes that would occur as the economy evolves
- Making Calgary more competitive, livable and attractive
- Supporting regional economic development
- Working better with partners in achieving progress

Council subsequently approved Administration's Action Items to deliver on the recommendations and support Calgary's success. 2021 was the first year of implementation. There are broad implications across The City because of the focus on improving the assessment and taxation system, clearer communication of value, more diversity in revenue sources, more regional coordination, and a clear focus on economic development.

A few of the successes achieved in 2021 include:

- Identification of new revenue for The City through fleet fabrication workshop innovations.
- Modernization of the Tax Installment Payment Plan (TIPP) program to smooth City cash flows over time and limit the strain on resources during tax season.
- Explicitly outlining principles to guide the development of four-year service plans and budgets and the addition of equity as a principle.

## Economic Resilience Task Force Implementation

For Calgary's medium-term economic recovery, targeted at attracting investments and creating jobs, the Economic Resilience Task Force proposed four programs in the fall of 2020 that are now underway.

1. Green investments and financing
2. Innovation through public procurement
3. Better value for The City's assets
4. Youth and community spirit

The focus of the Green Investments and Financing program is to retrofit buildings to support the long-term targets of Calgary's Climate Resilience Strategy. It will significantly reduce greenhouse gas emissions and support local job creation in the building industry and related service sectors. Despite a solid economic case for energy efficiency and improved energy performance, many residential and commercial building owners are not investing in better energy performance due to several barriers. The Green Investment and Financing Program aims to tackle one key barrier – access to capital. In 2021, The City engaged with industry experts and stakeholders to design a Clean Energy Improvement Program (CEIP). Through CEIP, residential property owners will be able to access flexible financing through The City to pay for eligible upgrades, with repayment collected through property taxes.

Innovation through Public Procurement contributes to Calgary's economic resilience by creating an environment that attracts start-ups and small and medium-sized businesses with innovative ideas or technology. This is achieved by The City proactively pursuing problem-based procurement and releasing Challenge Statements to the market, asking for evaluated solutions to problems The City is trying to solve. In 2021, The City used its procurement channels to innovate and test new ideas through multiple pilots. These pilots will inform a framework to implement Innovation through Procurement on a broader scale. Council also approved a Public Value through Procurement policy to leverage corporate strategies to create public value (such as social, environmental, economic, and public participation) through City procurement spending.

The focus of the Better Value for City Assets program is to unlock "idle" capital to deliver improved or additional benefits. Physical capital includes assets like land, buildings and roads. The 2020 Infrastructure Status Report highlighted that The City owns and administers a large infrastructure asset portfolio. As this portfolio steadily increases in value, it has become more apparent that The City's required infrastructure investment continually exceeds available funding, contributing to a growing infrastructure gap and posing a significant risk to The City's resilience. In 2021, Administration drafted the program charter and planned for Phase 1 of a multi-phase program. Phase 1 work will review and assess The City's entire infrastructure asset portfolio. It is the starting point for assessing whether The City's physical capital is underperforming with respect to the return on investment.

The focus of the Youth and Community Spirit program is youth engagement, youth employment, and youth in the economy. In 2021, youth engagement work included innovation accelerator sessions with youth cohorts, including the Mayor's Youth Council. Using the outcome, Calgary applied for and successfully joined a cohort of 14 cities funded by the Bloomberg Cities Network to apply innovation practices to complex municipal problems. Calgary introduced youth employment services in community hub locations throughout the city. Calgary also completed a scan of best practices in youth employment across Canada. These efforts will pave the way to apply innovation principles in attracting youth to live, work and play in Calgary. They will also help modernize The City's approach to delivering youth employment services, making it more relevant and accessible to a diverse range of youth in the city.

The Calgary Metropolitan Region Board Regulation AR190/2017 came into effect on January 1, 2018. This regulation formalized Provincial intent to mandate The City and nine other municipalities to form a Growth Management Board as defined in the Modernized Municipal Government Act. The Calgary Metropolitan Region Board (Board) has been meeting for the past four years. Mayor Gondek is The City's Council appointed representative to the Board and Councillor Carra is the Board alternate. On May 21, 2021 the Calgary Metropolitan Region Board approved the Growth and Servicing Plans, and Regional Evaluation Framework. The Growth Plan has been submitted to the Minister of Municipal Affairs for approval through a Ministerial Order and the Servicing Plan has been submitted for information purposes. Until the Minister approves the Growth Plan, all new statutory plans and certain statutory plan amendments developed by member municipalities (including The City) must go to the Board for review and demonstrate alignment to the Interim Growth Plan and Interim Regional Evaluation Framework. These plans were adopted through Ministerial Order MSL:092/18.

Through the Citywide Growth Strategy, The City, developers, and other stakeholders work together to address infrastructure investments and timing, and to understand the financial impact of development in new communities, established areas, and industrial areas. Shared goals include realizing a city that is financially sustainable, offers affordable housing options and employment opportunities, and achieves the vision of the Municipal Development Plan and Calgary Transportation Plan. In 2021, the Citywide Growth Strategy began to establish a foundation for making growth enabling investments across the city for the next four-year service plan and budget cycle.

## Intergovernmental and Corporate Strategy

Moving forward, The City must identify local methods of spurring growth in the local economy and match those efforts with funding from, and collaboration with, other orders of government. As the lead on government relations, Intergovernmental and Corporate Strategy (ICS) has and will continue to be critical in how The City responds to the new economic, social, and political environment.

ICS works collaboratively with The City's departments and business units to identify issues and opportunities to advocate for positive change to other orders of government. ICS also helps The City ensure a state of readiness in responding to policy and funding changes from other orders of government, providing clarity and understanding of evolving legislative frameworks and supporting the development of actionable opportunities to reach The City's full corporate potential. Most importantly, this approach applies to the way The City is financed.

2021 was an important year for government relations. The COVID-19 pandemic entered its second year, further necessitating continued Federal and Provincial support for municipalities. ICS coordinated and supported corporate-wide advocacy campaigns aimed at elevating The City's five COVID-19 Priorities:

1. Aid to vulnerable citizens and non-profits
2. Aid to business
3. Aid to municipalities
4. Stimulative infrastructure
5. Long-term economic resilience and a new deal for cities

2022 is expected to be a busy year for government relations with important advocacy opportunities. Federally, the Government of Canada is looking to establish stronger, more direct relationships with municipalities mainly to ensure efficient funding, offering a unique opportunity to advance its full range of social, environmental and economic priorities. The Federal government continues to announce a range of new programming available to cities, which requires increased coordination at The City to ensure we are maximizing these opportunities.

Provincially, the Government of Alberta is looking to move on recovery efforts from the COVID-19 pandemic and economic recession. The City will continue to advocate for a reversal to reductions announced in Budget 2021 and will pursue other opportunities to advance The City's interests. There is an opportunity for The City to work more closely with Government of Alberta administration to achieve goals. Significant changes within The City's local government occurred in October 2021 as the municipal election resulted in a new mayor and twelve new Councillors. Careful coordination of government relations will be essential to delivering the new Council priorities, while continuing to progress on important initiatives and projects that advance The City's goals and maintain an excellent level of service for citizens.

## Resilient Calgary

The Resilient Calgary strategy, developed in collaboration with community groups and internal and external stakeholders include actions to address the economic downtown, rising issues of inequity, reduced funding from other orders of government, the growing importance of natural and traditional infrastructure investment, and the increased need for The City to be future-ready. The strategy was approved in July 2019 and includes a shared theme of a Future Focused Calgary as well as four pillars on the Future of Calgary's Economy, Inclusive Futures, the Future of Natural Infrastructure and Traditional Infrastructure.

From 2020 through 2021, workplans were adapted to respond to the emerging needs and skills required in The City's response and recovery to the COVID-19 pandemic. Adapted efforts included leading strategic foresight work with Administration and Calgary communities, supporting the Economic Resilience Task Force and Downtown Strategy, and examining the psycho-social impacts of the pandemic on different communities. Resilience contributions in 2021 include finalization of the 2013 flood recovery work, completing a year-long pilot for Community Futures Literacy Learning, creating a Future Focused Calgary Toolkit that includes a set of corporate trends and scenarios that explore possible futures of Calgary in 2035, and partnering with the Calgary Board of Education and Microsoft to develop Level Up Calgary, aimed at gamifying student curriculum and city policy to engage youth in city building for the downtown. Other 2021 work includes contributing to reports on "The Future Calgary's Equity Deserving Communities Want in the Post-Pandemic" and a natural infrastructure study to understand the value of The City's natural assets, as well as supporting a Digital Equity project for our city.

We build resilience through the collaborative work of the community while we apply the resilience qualities of being reflective, inclusive, robust, flexible, integrated, redundant, and resourceful. In 2022, the work of resilience will continue to facilitate informed decision making for a prosperous, safe, green and equitable city, now and in the future. A future focused and resilient lens will help The City find solutions and strategies that meet current and future needs and prepare Calgary for emerging stresses and shocks as we create The City's four-year business plan and budget and support The City's economic and pandemic recovery.

## Council and City Administration Actions

One Calgary represents The City's four-year spending plan for meeting Council's priorities. It represents a significant change from previous plans and budgets as it was approved at the service level rather than at the business unit level. This was done to:

- Provide clarity on the value of The City services received by citizens for tax dollars paid.
- Make it easier for Council to assess a service and make more informed investment decisions.
- Provide improved information on a service's value to enable better strategic decision-making.

One Calgary includes total operating expenditures of \$17 billion over the four years (\$4.1 billion in 2019, rising to \$4.5 billion by 2022), and \$5 billion in capital investment. This is based on delivering services to an additional 65,000 people over the four-year period. The cumulative population increase for the years 2019 to 2021 is approximately 56,400 people, with a forecasted total increase of 74,300 people at the end of 2022. In 2019, Council approved an overall 2.45 per cent tax increase, with 3.45 per cent to residential properties and 1.01 per cent for non-residential properties. Tax rate increases of 3.03 per cent were approved for 2020, 2021 and 2022 as part of the original One Calgary spending plan.

In addition to the recommended budget, Council approved \$43 million in remaining, one-time capital funding allocated as follows:

- \$6.0 million to the Parks Leveraged Partner Program, which also supports Parks Foundation Calgary for their major capital projects.
- \$6.5 million to Recreation to support community associations and social recreation groups.
- \$5.5 million to Streets and Pathways to fund active mobility in the 42 Avenue SE multiuse pathway and other priority pathway connections.
- \$17.5 million to Public Transit for additional Light Rail Vehicle train cars.
- \$7.5 million to support urban forestry.
- 50 per cent of available balance from the Community Investment Fund to lifecycle maintenance for recreation facilities.

While The City revises the four-year plan to reflect changing conditions through the annual budget adjustment process, in 2019 Council directed additional in-year base operating reductions of \$60 million. Council further directed that the \$60 million be used in 2020 to reduce non-residential property taxes. This was in response to the continued challenges resulting from the shifting of non-residential property tax from downtown commercial properties to other non-residential properties. At the end of 2019, Council approved adjustments to the 2020 budget that reduced the tax rate increase to 1.5 per cent along with an additional \$13 million increase to offset impacts to Police from the Provincial budget, provided a \$24 million rebate in 2020 and 2021, and shifted tax revenues such that 52 per cent of property tax revenue came from residential properties and 48 per cent from non-residential properties. Council also directed that Administration target reductions in operating budgets of \$24 million in 2021 and \$50 million in 2022.

In November 2020, as part of the mid-cycle budget adjustment process, Council approved a 1.77 per cent property tax decrease for 2021, equivalent to approximately \$31 million in base operating reductions. In addition, Administration identified that \$6.3 million from unused 2020 tax loss provision could be applied to the 2021 provision in order to reduce the revenue levied through the 2021 Property Tax Bylaw, resulting in an effective tax decrease of 2.14 per cent. Council also approved a rebate in 2021 to residential taxpayers sufficient to bring the typical single residential home to a zero per cent increase in net municipal property tax payable in 2021.

In November 2020, Council approved the creation of the COFLEX Program to manage the allocation of MOST grant funding as well as ongoing corporate expenditure management around the delivery of regular services. The COFLEX Program has been designed to quickly and nimbly direct funding in response to the quickly changing nature of the COVID-19 pandemic. COFLEX funding prioritized the following four areas: 1) Coping with COVID-19, 2) Supporting The City's Partners during COVID-19, 3) Preparing for Uncertainty around COVID-19, and 4) Planning for Life with/after COVID-19.

Since late 2020, a wide range of initiatives across these priority areas have supported and maintained The City's operations, as well as helping The City's partners, citizens and businesses adapt to disruptions from the pandemic and associated restrictions. As of December 31, 2021, 96 per cent of COFLEX funding has been allocated to non-emergency pandemic response initiatives, with 66 per cent being spent during the year.

In April 2021, Council approved \$200 million for the initial investment to support the implementation of Calgary's Greater Downtown Plan: Roadmap to Reinvention, and to respond to a Council Notice of Motion for providing incentives for residential development in the downtown core. The initial investment is funded by \$123 million from the Fiscal Stability and Operating Budget Savings Account merged reserve, \$77 million from the Canada Community Building Fund. Council also approved \$45 million in April 2021 and an additional budget adjustment of \$55 million in November 2021.

On December 5, 2019, The City entered into an agreement with Calgary Municipal Land Corporation and Calgary Sport and Entertainment Corporation (CSEC) to build a new event centre that was to be owned by The City and operated by CSEC. In 2021, the agreement was not executed as planned and the transaction will not proceed in the current form. At the direction of Council, a new Event Centre Committee has been formed to establish a path forward to build an event centre. As at December 31, 2021, there are no material outstanding commitments associated with the termination of the existing agreement.

### **SAVE Program**

The SAVE program is an example of how The City has continued to become more agile and better able to meet the changing needs of citizens and businesses. Through Council's direction to enhance The City's financial sustainability, drive innovation, and modernize service delivery, the program delivered \$26.4 million in base operating reductions in 2021 and will deliver a further \$52.2 million in base operating reductions in 2022, including revenue opportunities and one-time savings. These reductions enabled Council to lower the tax rate in 2021 and make critical investments in the community in 2022, including funding for affordable housing, the Climate Strategy and Action Plans, and improvements to snow and ice control, public safety, and maintenance of green spaces in parks.

## CONCLUSION

Throughout 2021, while facing the on-going impacts of the COVID-19 pandemic, The City demonstrated resilience and remained focused on supporting Calgarians and economic recovery. The City continued assisting Calgarians in need, ensuring delivery of essential services without interruptions, making strategic investment in infrastructure, supporting business opportunities and financial sustainability.

Strategic ongoing investment continued in the BMO Centre expansion project, Arts Commons transformation and the Green Line project, supporting business, arts, entertainment and accessibility for Calgarians to make life better every day. The City's resilience and prudent financial management have allowed it to maintain its AA+ credit rating.

The municipal election resulted in significant changes within The City's local government, including a new mayor and twelve new Councillors who are committed to identifying and delivering City-specific plans, programs and initiatives to support the post-pandemic economic recovery. These continued efforts have benefitted the Calgary economy and are intended to be the platform for future economic growth.

The City and Council declared a Climate Emergency in November 2021, directing the pace and scale of action to be accelerated as responding to climate change is a strategic priority.

The ongoing effect of the COVID-19 pandemic and economic uncertainty in recent years has emphasized the need to have a robust governance structure that can adapt to emerging risks and ensure citizens are provided with continuing essential services with minimal disruptions. As we look forward to 2022, we will continue to focus on reducing The City's costs, modernizing service delivery, and supporting communities both now and in the long-term.



Carla Male, Chief Financial Officer  
April 25, 2022



Government Finance Officers Association

# Canadian Award for Financial Reporting

Presented to

**City of Calgary**

**Alberta**

For its Annual  
Financial Report  
for the Year Ended

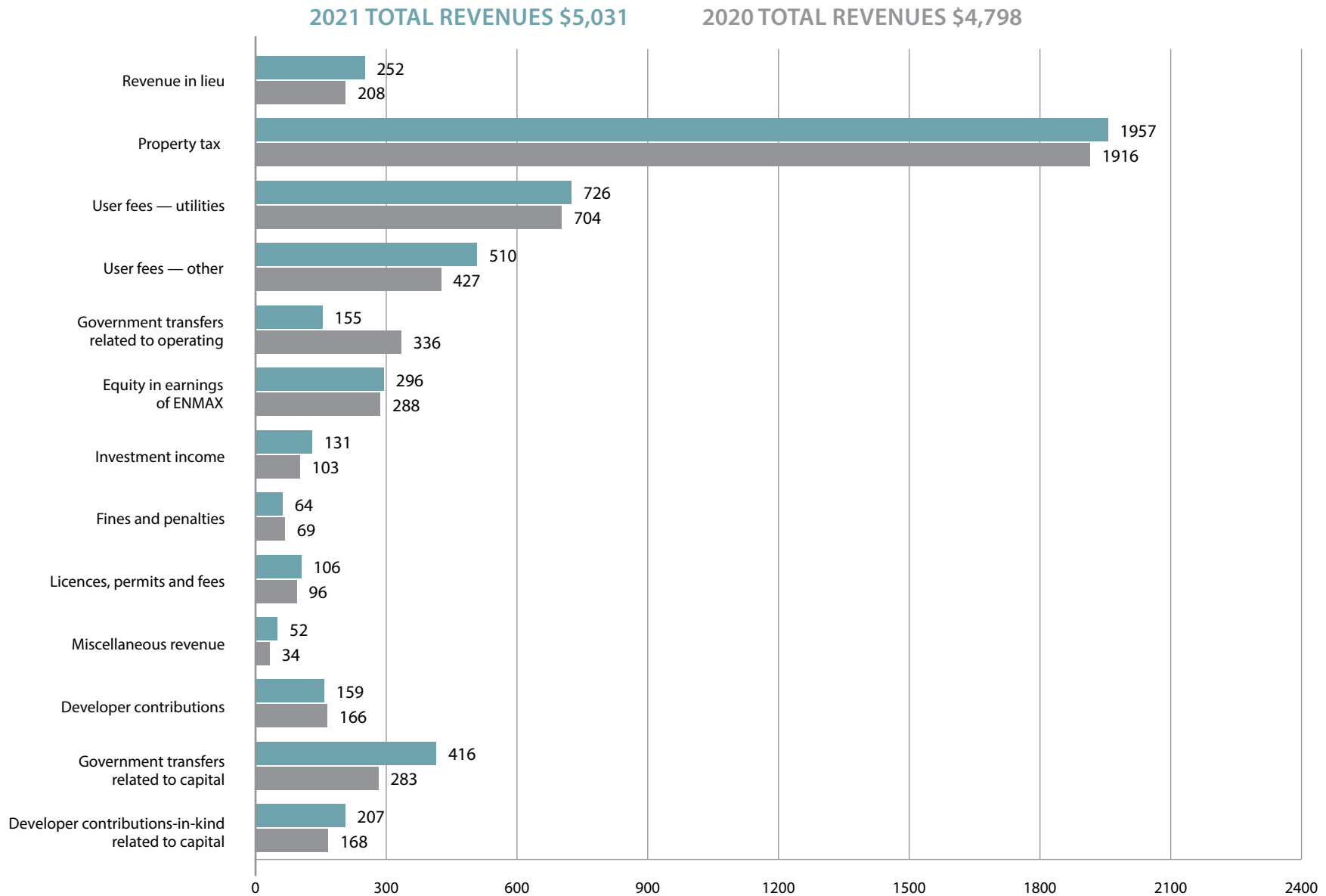
**December 31, 2020**

A handwritten signature in black ink that reads "Christopher P. Morill". The signature is written in a cursive, flowing style.

Executive Director/CEO

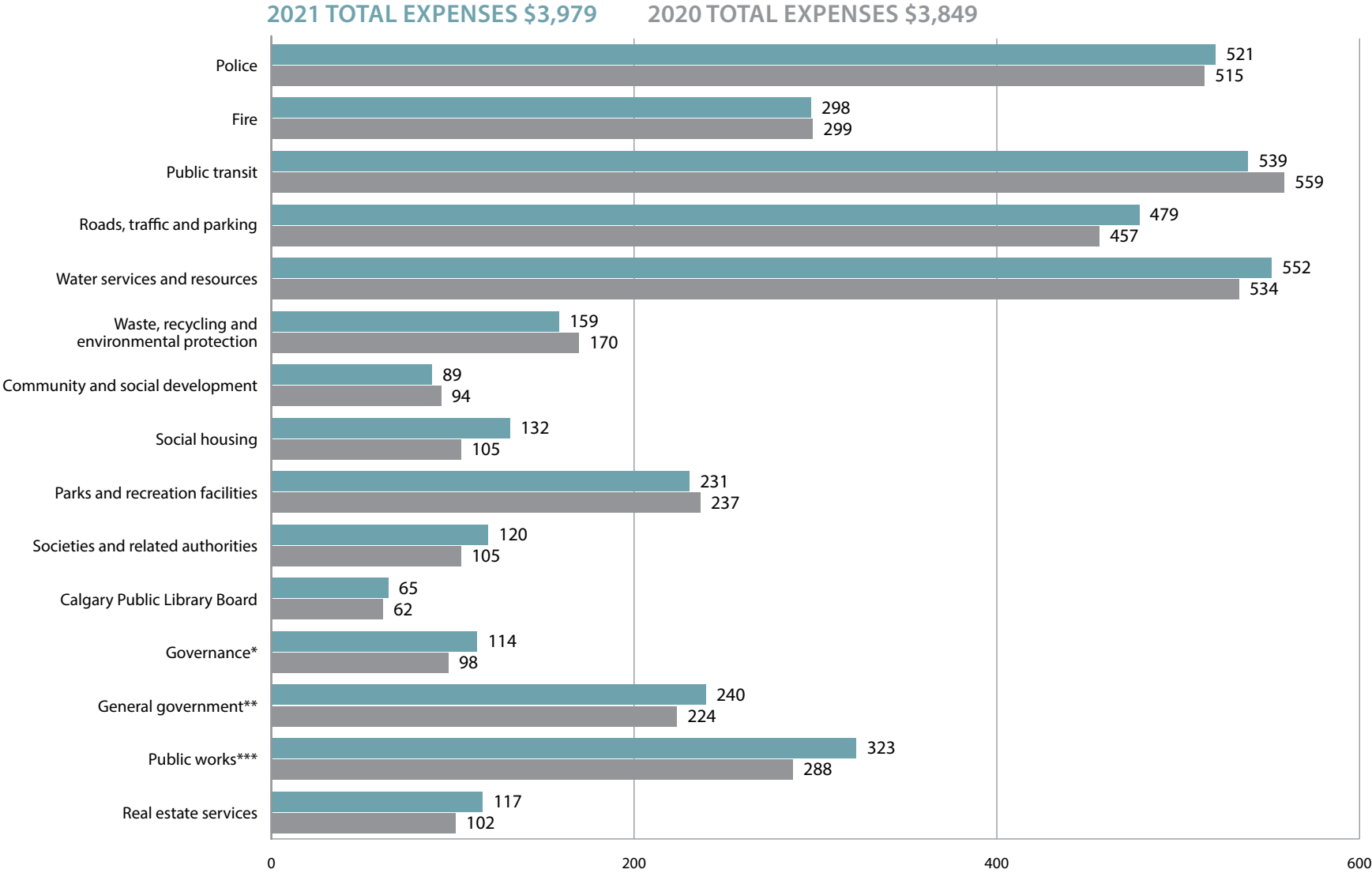
# Financial Synopsis 2021 Sources of Revenue

For the Years Ended December 31 (in millions of dollars)



# Financial Synopsis 2021 Expenses

For the Years Ended December 31 (in millions of dollars)



\* Includes offices of the Mayor, Councillors, City Manager, Finance, Supply, City Auditor, City Clerk and Law and Legislative Services.

\*\* Includes Assessment, Customer Service & Communications, Human Resources, Information Technology and Corporate Revenue & Costs.

\*\*\* Includes Calgary Community Standards, Calgary Growth Strategies, Community Planning, Calgary Approvals Coordination, Corporate Analytics & Innovation, Calgary Building Services, Facility Management and Fleet Services.





# Responsibility for Financial Reporting

## MANAGEMENT'S REPORT

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

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

To assist in its responsibility, management 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 preparation of the consolidated financial statements.

The City Auditor's Office reports directly to 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 2021, City Council fulfilled its responsibility for financial reporting through the Executive Committee (formerly Priorities and Finance Committee) and its Audit Committee. The Executive Committee, which consists of the Mayor, the Chairs of each Standing Policy Committees, the Chair of the Audit Committee and a 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 citizen representatives, which 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, City Manager



Carla Male, Chief Financial Officer

Calgary, Canada  
April 25, 2022

# Responsibility for Financial Reporting

## INDEPENDENT AUDITOR'S REPORT

### To Mayor Jyoti Gondek 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, 2021, and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the 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, 2021, 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 (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

Management 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 City Administration and Those Charged with Governance for the Consolidated Financial Statements

City Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as City 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, City 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 City 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 City Administration.
- Conclude on the appropriateness of City 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within The City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 25, 2022

# Consolidated Statement of Financial Position

As at December 31 (in thousands)

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,149,220	\$ 632,626
Investments (Note 3)	4,804,797	4,423,320
Receivables (Notes 4 and 7 c)	384,329	373,481
Land inventory (Note 5)	257,031	279,307
Other assets (Note 6)	114,148	101,415
Investment in ENMAX Corporation (Note 7)	2,714,462	2,416,472
	<b>9,423,987</b>	<b>8,226,621</b>
<b>FINANCIAL LIABILITIES</b>		
Bank indebtedness (Note 8)	355,179	224,159
Accounts payable and accrued liabilities (Notes 7 c) and 9)	828,217	800,092
Deferred revenue (Note 10)	98,768	109,765
Capital deposits (Note 11)	1,203,110	838,562
Provision for landfill rehabilitation (Note 12)	101,806	104,593
Employee benefit obligations (Note 13)	516,455	514,061
Long-term debt (Notes 14 and 34)	2,770,590	2,845,144
	<b>5,874,125</b>	<b>5,436,376</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,549,862</b>	<b>2,790,245</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 15)	19,282,626	18,934,479
Inventory	65,462	63,552
Prepaid assets	31,038	29,255
	<b>19,379,126</b>	<b>19,027,286</b>
<b>ACCUMULATED SURPLUS</b> (Note 17)	<b>\$ 22,928,988</b>	<b>\$ 21,817,531</b>

**Commitments, contingent liabilities and guarantees** (Notes 28 and 29)

See accompanying notes to the consolidated financial statements.

Approved on behalf of City Council:



Mayor Jyoti Gondek

# Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31 (in thousands)

	Budget 2021 (Note 16)	Actual 2021	Actual 2020
<b>REVENUES</b>			
Net taxes available for municipal purposes (Note 20)	\$ 2,164,177	\$ 2,209,013	\$ 2,123,471
Sales of goods and services	1,387,310	1,235,238	1,131,088
Government transfers related to operating (Note 23)	165,137	154,780	336,250
Investment income	86,546	131,393	102,795
Fines and penalties	82,545	64,421	69,080
Licences, permits and fees	102,978	106,405	96,372
Miscellaneous revenue	28,121	51,798	33,660
Equity in earnings of ENMAX Corporation (Note 7)	146,000	295,777	288,114
	<b>4,162,814</b>	<b>4,248,825</b>	<b>4,180,830</b>
<b>EXPENSES</b>			
Protection			
Police	512,984	520,784	515,088
Fire	283,178	298,326	299,189
	<b>796,162</b>	<b>819,110</b>	<b>814,277</b>
Transportation			
Public transit	485,259	539,274	558,435
Roads, traffic and parking	309,184	478,811	457,381
	<b>794,443</b>	<b>1,018,085</b>	<b>1,015,816</b>
Utilities and environmental services			
Water services and resources	522,799	551,503	534,446
Waste, recycling and environmental services	157,524	159,325	170,161
	<b>680,323</b>	<b>710,828</b>	<b>704,607</b>
Community and cultural services			
Community and social development	77,803	89,324	93,749
Social housing	157,100	132,024	104,846
Parks and recreation facilities	211,066	231,448	237,083
Societies and related authorities	98,725	120,428	105,190
Calgary Public Library Board	63,580	64,712	61,806
	<b>608,274</b>	<b>637,936</b>	<b>602,674</b>
General government	432,285	354,054	321,630
Public works	278,462	322,733	287,582
Real estate services	129,039	116,653	102,216
	<b>3,718,988</b>	<b>3,979,399</b>	<b>3,848,802</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>443,826</b>	<b>269,426</b>	<b>332,028</b>
<b>OTHER</b>			
Developer contributions	314,927	158,763	166,008
Government transfers related to capital (Note 23)	952,835	416,393	282,756
Developer contributions-in-kind related to capital	-	206,662	168,674
	<b>1,267,762</b>	<b>781,818</b>	<b>617,438</b>
<b>NET REVENUES</b>	<b>1,711,588</b>	<b>1,051,244</b>	<b>949,466</b>
ENMAX Corporation – other comprehensive income (loss) (Note 7)	-	60,213	(157,341)
<b>ANNUAL SURPLUS</b>	<b>1,711,588</b>	<b>1,111,457</b>	<b>792,125</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>21,817,531</b>	<b>21,817,531</b>	<b>21,025,406</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 23,529,119</b>	<b>\$ 22,928,988</b>	<b>\$ 21,817,531</b>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended December 31 (in thousands)

	2021	2020
<b>NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 1,111,457	\$ 792,125
Deduct items not affecting cash:		
Equity in earnings of ENMAX Corporation (Note 7)	(295,777)	(288,114)
ENMAX Corporation – other comprehensive (income) loss (Note 7)	(60,213)	157,341
Amortization of tangible capital assets	706,343	692,962
Net loss on disposal of tangible capital assets	18,384	4,893
Developer contributions-in-kind related to capital	(206,662)	(168,674)
Change in non-cash items:		
Receivables	(10,848)	2,155
Land inventory	22,276	(3,715)
Other assets	(12,733)	(6,714)
Inventory	(1,910)	(4,151)
Prepaid assets	(1,783)	(2,311)
Accounts payable and accrued liabilities	28,125	(11,707)
Deferred revenue	(10,997)	6,136
Capital deposits	364,548	163,427
Provision for landfill rehabilitation	(2,787)	3,395
Employee benefit obligations	2,394	18,497
	<b>1,649,817</b>	<b>1,355,545</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(900,000)	(994,025)
Proceeds on sale of tangible capital assets	33,788	12,316
	<b>(866,212)</b>	<b>(981,709)</b>
<b>INVESTING ACTIVITIES</b>		
Dividends from ENMAX Corporation	58,000	54,000
Net purchases of investments	(381,477)	(192,564)
	<b>(323,477)</b>	<b>(138,564)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt issued	172,575	222,925
Long-term debt repaid	(247,129)	(261,228)
Net increase in bank indebtedness	131,020	172,448
	<b>56,466</b>	<b>134,145</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>516,594</b>	<b>369,417</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>632,626</b>	<b>263,209</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,149,220</b>	<b>\$ 632,626</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 2021 (Note 16)	Actual 2021	Actual 2020
<b>ANNUAL SURPLUS</b>	<b>\$ 1,711,588</b>	<b>\$ 1,111,457</b>	\$ 792,125
Amortization of tangible capital assets	139,286	706,343	692,962
Proceeds on sale of tangible capital assets	603	33,788	12,316
Tangible capital assets received as contributions	-	(206,662)	(168,674)
Net loss on disposal of tangible capital assets	-	18,384	4,893
Acquisition of tangible capital assets	(552,312)	(900,000)	(994,025)
Acquisition of supplies inventories	-	160,937	211,235
Use of supplies inventories	-	(162,846)	(215,386)
Acquisition of prepaid assets	-	234,452	240,511
Use of prepaid assets	-	(236,236)	(242,822)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,299,165</b>	<b>759,617</b>	333,135
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>2,790,245</b>	<b>2,790,245</b>	2,457,110
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,089,410</b>	<b>\$ 3,549,862</b>	\$ 2,790,245

See accompanying notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

December 31, 2021 (in thousands)

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 management 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 controlled by The City, as defined below as Related Authorities, except for The City's government business enterprise, ENMAX Corporation (ENMAX) which is accounted for on a modified equity basis. The City's inter-departmental transactions and balances have been 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 7). 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 (loss) due to fair value adjustments is reported on the consolidated statement of operations and accumulated surplus as an adjustment to accumulated surplus.

#### Related Authorities

The seven (2020 – eight) related authorities (Note 21) are controlled by The City and included in the consolidated financial statements, these include:

Attainable Homes Calgary Corporation (AHCC)  
Calgary Arts Development Authority Ltd.  
The Calgary Convention Centre Authority  
(operating as Calgary TELUS Convention Centre)  
Calgary Economic Development Ltd.  
Calgary Municipal Land Corporation  
Calgary Public Library Board  
Calhome Properties Ltd. (operating as Calgary Housing Company)

The City and related authorities' inter-entity transactions and balances have been eliminated.

On September 15, 2021 Council repealed Bylaw 28M2022, which resulted in Administration directly overseeing governance and operations of parking facilities, parking enforcement and the management of the municipal vehicle impound lot. As a result, Calgary Parking Authority (CPA) was operating as a business unit of The City and not a related authority and its financial results are included in The City operations as at and for the year ended December 31, 2021. As at and for the year ended December 31, 2020, CPA is disclosed as a related authority in Note 21.

#### City Partners

The City has relationships with many organizations for which control lies outside of Council. City Partners are organizations that have a working relationship with The City to deliver positive results for Calgarians. City Partners have a financial relationship but are not controlled by The City, they do not meet the definition of a partnership and therefore, the financial results of these organizations are not included in the consolidated financial statements. Separate financial information may be sought directly from the City Partner organizations:

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

#### Civic Partners

The City has relationships with many organizations for which control lies outside of Council. Civic Partners are independent organizations that partner with The City to deliver programs and services; operate major City-owned facilities; or steward land, artifacts or other assets, through the management or a nominal lease, or an operating or capital grant. As Civic Partners are not controlled by The City, the financial results of these organizations are not included in the consolidated financial statements. Separate financial information may be sought directly from the Civic Partner organizations:

Aero Space Museum of Association Calgary (operating as the Hangar Flight Museum)  
Arts Commons  
Calgary Exhibition and Stampede Limited  
Calgary Female Sport Development Association  
(operating as Great Plains Recreation Facility)  
Calgary Heritage Authority (operating as Heritage Calgary)  
Calgary Science Centre Society (operating as TELUS Spark)  
Calgary Sport Council Society (operating as Sport Calgary)  
Calgary Technologies Inc. (operating as Platform 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)



Fort Calgary Preservation Society  
Glenbow Alberta-Institute  
Heritage Park Society  
Lindsay Park Sports Society (operating as Repsol Sport Centre)  
NE Centre of Community Society (operating as Genesis Centre)  
Parks Foundation, 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. 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 k) and 13.

### 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 32, Funds Held in Trust.

## b) Basis of Accounting

- i) Revenues are accounted for 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 accounted for as deferred revenue until used for the purpose specified.
- ii) 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 of December 31, 2021.
- iii) 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.
- iv) Government transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing 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.
- v) Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.
- vi) 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.
- vii) 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/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) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit, treasury bills and Guaranteed Investment Certificates (GICs) with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

## d) Investments

Included in investments are internally managed portfolios consisting of investments in money market instruments and short-term bonds. The City also has externally managed investment portfolios consisting of short and long-term investments including money market securities, bonds, mortgages, equities and fixed-income securities. Investments

are recorded at the lower of original cost net of amortized discounts and premiums on a portfolio basis. When there has been a loss in market value that is not determined to be a temporary decline, the respective investment is written down to recognize the loss.

**e) 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.

**f) Bank Indebtedness**

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

**g) 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 it is 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.

**h) 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 expenditures are made.

**i) Provision for Landfill Rehabilitation**

The *Environmental Protection and Enhancement Act* (Alberta) sets out the regulatory requirements to properly close and maintain all landfill sites. Under environmental law, there is a requirement for closure and post-closure care of landfill sites. This requirement is being provided for over the estimated remaining life of the landfill sites based on usage, and is funded through tipping fees. The annual provision is reported as an operating fund expense in Waste and Recycling Services, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

**j) Provision for Contaminated Sites**

The *Environmental Protection and Enhancement Act* (Alberta) sets out the regulatory requirements in regards 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 is provided for non-productive 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. Non-productive sites include any site where the contamination is a result of past on-site activities not related to the current use of the site.

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 of the financial statement date. The provision is determined on a site-by-site basis, and is adjusted to reflect the passage of time, new obligations, and changes to management'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.

**k) Employee Benefit Obligations**

The City has fully met its current year cash contribution requirements for employee benefit obligations at December 31, 2021. Long-term unamortized actuarial losses will be funded in future periods.

- i) Contributions to multi-employer plans are expensed when the contributions are due.
- ii) 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 management'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.
- iii) 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. 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.
- iv) Adjustments arising from actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service period of the active employee group. Adjustments arising from: actuarial gains and losses for plans closed to new entrants, prior service costs related to plan amendments, and changes in the valuation allowance, are fully recognized in the year they arise.

**l) 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, is provided in the consolidated statement of changes in net financial assets for the year.

**m) Accumulated Surplus/Deficit**

Accumulated surplus/deficit represents The City’s net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that The City has net resources (financial and non-financial) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

**n) 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 which are not available for use and therefore are not subject to amortization.

Works of art for display are not recognized as tangible capital assets (Note 25).

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:

	Years
<b>Buildings</b>	
Buildings	10 – 75
Leasehold improvements	5
<b>Vehicles</b>	
Light rail transit	25
Transit buses and fire trucks	5 – 20
Vehicles	5 – 10
<b>Land improvements</b>	15 – 25
<b>Engineered structures</b>	
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 – 45
<b>Machinery and equipment</b>	
Computer equipment	5
Computer software	7
Other equipment and machinery	5 – 20

**o) Inventories**

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

**p) 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.

**q) Equity in Non-Financial Assets**

Equity in non-financial assets represents the investment in non-financial assets after deducting the portion of these assets that have been financed by long-term debt.

**r) Budget Figures**

The 2021 budget is reflected on the consolidated statement of operations and accumulated surplus. The budget consists of the Council-approved amounts for the operating fund and the capital fund, modified for capital revenue adjustments, assets capitalized on the statement of financial position, and amortization expense for tax-supported assets. The budgets established for the capital fund 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.

**s) Environmental Provisions**

The City has a formal environmental assessment and management program in place to ensure that it complies with environmental legislation. 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.

**t) Financial Instruments and Fair Values**

The City is exposed to the risks of financial markets which may include but not be limited to, interest rate risk, currency risk, equity market risk, counterparty risk and liquidity risk.

The City may utilize derivative financial instruments in order to manage the impact of fluctuating interest rates and foreign currencies on its investment income, and to manage foreign exchange on expected future expenses in foreign currencies. Gains (losses) on these financial instruments are included as revenues (losses). The City’s policy is not to utilize derivative financial instruments for trading or speculative purposes.

The settlements of financial instruments are recorded through The City’s cash and investments.

Based on available market information, the carrying value of The City’s derivative financial instruments approximates their fair value due to their short period to maturity, except with respect to investments as indicated in Note 3 and long-term debt, as indicated in Note 14 e).

**u) 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.

**v) Use of Estimates**

The preparation of the consolidated financial statements requires management 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. Actual results could differ from estimates. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, accrued liabilities, employee benefit obligations, provision for tax appeals, provision for landfill rehabilitation, contaminated sites and environmental assessments and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**w) Loans Receivable**

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

**x) Public-Private Partnerships**

A public private partnership (P3s) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services.

The City's P3s are assessed based on the substance of the underlying agreement. In the event The City is seen to control the acquired and/or constructed asset(s), P3 costs will be accounted 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.

If The City does not control the asset(s) arising from P3s, then all costs associated with the transaction will be expensed in the period in which the costs are incurred.

**y) Related Party Disclosure**

Related Party Disclosure (PS 2200) standard covers disclosure of related parties and establishes disclosures required for related party transactions. Parties are considered related when one party has the ability to exercise control or shared control over the other, which could be an individual or an entity. Key management personnel include members of Council, general managers and their close family members including their spouse and any dependents.

Disclosure will include information about the types of related party transactions and the relationship underlying them especially when they have occurred at a value different from that which would have been arrived as if the parties were unrelated. And they have, or could have, a material financial effect on the consolidated financial statements.

As of December 31, 2021, there are no material transactions for disclosure from key management personnel (2020 – none). Refer to Note 7 c) for ENMAX related party disclosures.

**z) Restructuring Transactions**

Restructuring Transactions (PS 3430) establishes how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. For the year ended December 31, 2021, there were no restructuring transactions.

**aa) Future Accounting Pronouncements****Standards effective for the fiscal year ending December 31, 2023****i) Financial Statement Presentation**

Financial Statement Presentation (PS 1201) was amended to conform to Financial Instruments (PS 3450), and requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

**ii) Portfolio Investments**

Portfolio Investments (PS 3041) has removed the distinction between temporary and portfolio investments. This section was amended to conform to Financial Instruments (PS 3450), and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, Temporary Investments (PS 3030) will no longer apply.

**iii) Foreign Currency Translation**

Foreign Currency Translation (PS 2601) requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item.

**iv) Financial Instruments**

Financial Instruments (PS 3450) establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for de-recognition of financial liabilities.

**v) Asset Retirement Obligations**

Asset Retirement Obligation (PS 3280) establishes standards on when to recognize, and how to account for and report a liability for asset retirement obligations associated with the tangible capital assets controlled by a public sector entity. This standard covers the entity's legal obligations established by agreement, contract or legislation including obligations created by a promissory estoppel for tangible assets controlled by a public sector entity that are in productive and that are no longer in productive use. This standard includes obligations for solid waste landfill sites and post-closure obligations. Once adopted the existing Solid Waste Landfill Closure and Post-Closure Liability (PS 3270) will be withdrawn.

The City continues to assess the impacts of the above standards. While the timing of standards adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS 1201), Financial Instruments (PS 3450), Foreign Currency Translation (PS 2601) and Portfolio Investments (PS 3041) must be implemented at the same time.

**Standards effective for the fiscal year ending December 31, 2024****vi) Revenue**

Revenue (PS 3400) establishes standards on how to account for and report on revenue. This standard covers the identification, recognition, measurement, and disclosure for revenues arising from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.

**vii) Purchased Intangibles**

Purchased Intangibles (PSG 8) establishes guidelines on how to account for identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.

**viii) Public Private Partnerships**

Public private partnerships (PS 3160) establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The City will assess the impact of this standard on The City's current treatment of public private partnerships as described in Note 1 x).

The City continues to assess the impact of these standards on the consolidated financial statements.

## 2. CASH AND CASH EQUIVALENTS

	2021	2020
Cash on deposit	\$ 1,149,220	\$ 632,576
Treasury bills and GICs with original maturities of 90 days or less	-	50
	<b>\$ 1,149,220</b>	<b>\$ 632,626</b>

Treasury bills and GICs interest rates are approximately 0.1 per cent in 2021 and 0.4 per cent in 2020.

## 3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of \$2,461 (2020 – \$2,345) are managed by the Parks Foundation Calgary<sup>(1)</sup>, and include equity investments of \$1,575 (2020 – \$1,537). The cost and market value of all investments as at December 31 are as follows:

	2021 Cost	2021 Market value	2020 Cost	2020 Market Value
Government of Canada	\$ 529,238	\$ 528,682	\$ 240,785	\$ 245,592
Other Government	514,557	516,800	512,225	533,604
Corporate	1,796,700	1,784,361	2,197,535	2,233,484
Global fixed income investments	1,179,526	1,183,142	821,671	866,195
Equity investments	784,776	910,266	651,104	728,719
	<b>\$4,804,797</b>	<b>\$4,923,251</b>	<b>\$ 4,423,320</b>	<b>\$ 4,607,594</b>

The average yield earned from investments during the year ended December 31, 2021 was 2.9 per cent (2020 – 3.6 per cent). Maturity dates on the investments range from 2022 to 2082. Investments include \$590,440 (2020 – \$488,000) in an internally managed portfolio composed of short-term money market instruments and bonds.

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

(1) Parks Foundation Calgary is an endowment fund which uses investment income to fund the administrative costs of the Parks Foundation which reduces the annual contribution from The City to its operating budget.

## 4. RECEIVABLES

	2021	2020
Taxes	\$ 72,034	\$ 69,510
Federal and Provincial governments	36,056	42,465
General	276,239	261,506
	<b>\$ 384,329</b>	<b>\$ 373,481</b>

## 5. 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.

	2021	2020
Developed land	\$ 65,669	\$ 87,050
Under development	105,609	106,504
Long-term inventory	85,753	85,753
	<b>\$ 257,031</b>	<b>\$ 279,307</b>

## 6. OTHER ASSETS

	2021	2020
Long-term debt recoverable	\$ 29,907	\$ 19,011
Long-term receivables	60,032	70,191
Other receivables	18,700	6,741
Loans receivable	5,509	5,472
	<b>\$ 114,148</b>	<b>\$ 101,415</b>

Long-term debt recoverable includes debentures issued to fund local improvements which are collectible from property owners for work authorized by them and performed by The City, and term loans granted on previously owned city sites.

Long-term receivables consist primarily of local improvement levies recognized as revenue on the basis of full or partial completion of the related projects, a receivable from St. Mary's University (Note 14 a) i) and vendor take-back (VTB) mortgages granted to AHCC.

Loans receivable consist of interest-free loans offered by AHCC to citizens 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 are recognized as an expense. In 2021, an allowance for doubtful accounts of \$2,773 (2020 –\$3,021) 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.

## 7. INVESTMENT IN ENMAX

- a) ENMAX is a wholly-owned subsidiary of The City and was formed to continue the electric utility transmission and distribution operations previously provided by the Calgary Electric System, a former department of The City. ENMAX operates in four segments: 1) ENMAX Power is primarily a regulated operating segment established to own and operate electricity transmission and distribution assets in the Calgary service area through various legal entities and affiliated companies. ENMAX Power also delivers project execution for customer infrastructure in areas such as power infrastructure, light rail transit, and commercial and residential development; 2) Versant Power operates as a separate and distinct regulated electricity transmission and distribution utility, serving customers in northern and eastern Maine, USA; 3) ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services throughout Alberta. ENMAX Energy also carries out retail energy supply and related functions for the Calgary Regulated Rate Option through affiliated legal entities; and 4) Corporate segment provides financing and shared legal, finance and accounting, human resources, governance, information technology and other administrative functions to the operating segments.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission subsidiary, has been regulated by the Alberta Utilities Commission (AUC) since January 1, 2008. This includes rate regulation approval responsibilities for ENMAX Power's electricity transmission and distribution rates charged to customers within ENMAX's service area.

Effective March 24, 2020, ENMAX successfully closed the transaction to purchase Versant Power (formerly Emera Maine) for approximately \$1,393 million from Emera Inc. in addition to the assumption of approximately \$567 million of existing debt for an aggregate enterprise value of approximately \$1,960 million. Versant Power's operations are subject to the rate-setting authority of the Federal Energy Regulatory Commissions (FERC) and the Maine Public Utilities Commission (MPUC). The operations of Versant Power are accounted for using U.S. Generally Accepted Accounting Principles. ENMAX is required to convert Versant Power's transactions under U.S. GAAP to ENMAX's basis of presentation in accordance with International Financial Reporting Standards (IFRS). ENMAX has effectively implemented various programs to reinforce internal controls over cash flow management to mitigate the exposure to extreme foreign exchange rate movements.

Certain legal entities in ENMAX are exempt from taxation under the *Income Tax Act* and the *Alberta Corporate Tax Act* (collectively to be referred to as "the Act"). This exemption from taxation generally requires that corporation be wholly owned by a municipality with all or substantially all income derived from sources within the geographic boundaries of the municipality. Those entities exempt from taxation under the Act, may instead be subject to the Payment-in-Lieu-of-Tax (PILOT) Regulation of the Electric Utilities Act, which requires that certain exempt entities compute and remit a similar tax obligation to the Balancing Pool of Alberta.

Debentures in the amount of \$1,455,813 (2020 – \$1,371,972) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 14 a)).

- b) The financial statements of ENMAX are prepared in accordance with International Financial Reporting Standards (IFRS). There were no new accounting standards effective for 2021.

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

	2021	2020
<b>Financial Position</b>		
Current assets	\$ 1,209,518	\$ 997,044
Deferred income taxes	60,169	56,367
Capital and intangible assets	6,235,836	6,063,491
Other assets	951,766	880,843
<b>Total assets</b>	<b>8,457,289</b>	7,997,745
Regulatory deferral account debit balances	148,113	189,367
<b>Total assets and regulatory deferral account debit balances</b>	<b>8,605,402</b>	8,187,112
Current liabilities		
(including current portion of long-term debt; 2021 – \$480,041; 2020 – \$73,617)	1,682,850	1,003,268
Deferred income tax liabilities	278,831	267,680
Other long-term liabilities	814,771	837,777
Asset retirement obligations	125,377	142,455
Long-term debt	2,851,772	3,368,123
<b>Total liabilities</b>	<b>5,753,601</b>	5,619,303
Regulatory deferral account credit balances	137,339	151,337
<b>Total liabilities and regulatory deferral account credit balances</b>	<b>5,890,940</b>	5,770,640
<b>ENMAX net assets</b>	<b>2,714,462</b>	2,416,472
Accumulated other comprehensive loss	(129,633)	(189,779)
Retained earnings	2,844,095	2,606,251
<b>Investment in ENMAX Corporation</b>	<b>\$ 2,714,462</b>	\$ 2,416,472

	2021	2020
<b>Results of Operations</b>		
Revenues	\$ 3,096,807	\$ 2,626,199
Operating expenses	2,672,770	2,242,523
Interest charges (net)	129,018	134,161
Net earnings before income tax	295,019	249,515
Income tax recovery	16,299	28,075
Net earnings before net movements in regulatory deferral account balances	311,318	277,590
Net movement in regulatory deferral account balances	(15,541)	10,524
Net earnings before dividends paid	295,777	288,114
Dividends paid	(58,000)	(54,000)
Net earnings after dividends paid	237,777	234,114
Other comprehensive income (loss)	60,213	(157,341)
Net earnings after other comprehensive income (loss)	297,990	76,773
Net assets, beginning of year	2,416,472	2,339,699
<b>Equity in ENMAX Corporation</b>	<b>\$ 2,714,462</b>	<b>\$ 2,416,472</b>

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

	2021	2020
<b>Received by The City</b>		
Dividends	\$ 58,000	\$ 54,000
Local access fee	165,339	132,378
Sales of services	47,596	22,632
<b>Purchased by The City</b>		
Power and other services	\$ 153,297	\$ 155,563
Capital expenditures paid or payable	\$ 12,089	\$ 10,407

The City's accounts payable and accrued liabilities and deferred revenue include \$13,781 (2020 – \$23,604) for amounts owed to ENMAX at December 31, 2021. The City's receivables include \$17,533 (2020 – \$13,152) for amounts owing to The City by ENMAX at December 31, 2021. 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.

## 8. BANK INDEBTEDNESS

An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of \$160,000 (2020 – \$160,000). As at December 31, 2021, The City had a total of \$48,169 (2020 – \$70,418) of bank indebtedness comprised of cheques issued in excess of deposits, included in this balance is \$31,395 (2020 – \$36,422) from two related authorities (2020 – three related authorities).

The City has the approved authority to issue up to \$600,000 (2020 – \$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, 2021, The City had \$307,010 (2020 – \$153,741) of short-term borrowings, which consisted of promissory notes held by The City and demand loans held by AHCC and Calgary Arts Development Authority Ltd. The City has 19 promissory notes valued at \$299,867 with maturity dates from January 5 to March 23, 2022 with interest rates ranging from 0.26 per cent to 0.30 per cent (2020 – 13 promissory notes that matured by March 31, 2021 valued at \$149,894 with interest rates ranging from 0.32 per cent to 0.36 per cent).

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade	\$ 770,183	\$ 752,728
Federal and Provincial governments	42,468	30,763
Accrued interest	15,566	16,601
	<b>\$ 828,217</b>	<b>\$ 800,092</b>



## 10. 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, 2020	Inflows	Revenue Recognized	December 31, 2021
Advance sales of goods and services	\$ 25,349	\$ 51,794	\$ (48,261)	\$ 28,882
Licences, permits and application fees	31,460	28,503	(21,366)	38,597
Government grants	34,109	51,169	(66,185)	19,093
Other contributions	18,847	6,410	(13,061)	12,196
	\$ 109,765	\$ 137,876	\$ (148,873)	\$ 98,768

## 11. 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. Year end balances are summarized below:

	2021	2020
Developers contributions	\$ 144,892	\$ 138,731
Off-site levies	387,192	330,024
Deferred capital contribution – Event Centre	11,172	4,635
Other private contributions	12,798	18,234
Provincial government grants	427,845	176,029
Federal government grants	219,211	170,909
	\$ 1,203,110	\$ 838,562

## 12. PROVISION FOR LANDFILL REHABILITATION

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 2021, The City reviewed the model supporting the provision of the landfill liability. The model was revised to ensure alignment with Alberta Environment and Parks' (AEP) requirements and to reflect the current economic conditions.

As at December 31, 2021, management estimates that the total liability for operating and closed landfill sites is \$163,193 (2020 – \$165,607). This is the sum of the discounted future cash flows for closure and post-closure activities for 25 years following the closure of operating sites, and the estimated requirements at currently closed sites. The duration of post-closure care is dependent on the overall activities that are required at each landfill site – a discount rate of 3.0 per cent (2020 – 3.2 per cent) was used for the active landfills and 2.9 per cent (2020 – 3.1 per cent) for the closed landfills.

The calculation of the reported liability of \$101,806 (2020 – \$104,593) is based on the cumulative capacity used at December 31, 2021 compared to the total estimated landfill capacity at that same date. The change in calculation resulted in \$8,210 (2020 – \$12,253) of unfunded liability being recognized in 2021. The unfunded liability will be funded through future contributions from the Waste and Recycling Sustainment Reserve. At December 31, 2021, the balance of the Waste and Recycling Sustainment Reserve is \$83,565 (2020 – \$73,878).

The estimated remaining capacity of the landfill sites is 54.3 (2020 – 45.3) million cubic metres, which is 50 per cent (2020 – 46 per cent) of the sites' total capacity. The City determined that the landfills' expected remaining life is 48 years (2020 – 44 years) due to the Shepard landfill capacity increase from site improvements. Remaining life was based on factors including total landfill capacities, current capacity remaining, and projected annual rate of filling. Change in the available landfill capacity is reviewed every three years and the next review is due in 2024.

### 13. EMPLOYEE BENEFIT OBLIGATIONS

The City participates in multi-employer pension plans and 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, 2021.

The City has fully met its current year cash contribution requirements for employee benefit obligations as at December 31, 2021. Employee benefit obligations recognized on The City's consolidated statement of financial position in respect to employee benefits is as follows:

	2021	2020
	*Funded	*Funded
a) Registered defined-benefit pension plans	\$ 57,922	\$ 54,061
b) Non-registered defined-benefit pension plans	43,030	41,202
c) Post-retirement benefits	170,754	181,389
d) Vacation and overtime (undiscounted)	244,749	237,409
	<b>\$ 516,455</b>	<b>\$ 514,061</b>

\* The concept of funding refers to amounts recorded as an expense in the consolidated financial statements with associated funding held for this purpose within The City's investments.

In addition to the funded obligations referred to above, The City has long-term unamortized net actuarial gains/(losses) that are amortized over the expected average remaining service life of the related active employee groups as follows:

	2021	2020
Registered defined-benefit pension plans	\$ (10,044)	\$ 19,692
Non-registered defined-benefit pension plans	10,752	15,680
Post-retirement benefits	(42,256)	(41,765)
	<b>\$ (41,548)</b>	<b>\$ (6,393)</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 13 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 actuarial projected benefit method prorated on service to determine 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:

	Dec 31, 2021	Dec 31, 2020
Year end obligation discount rate (%)	<b>2.81</b>	2.50
Inflation rate (%)	<b>2.00</b>	2.00
Expected rate of return on plan assets (%)	<b>5.50/6.00*</b>	6.00

\* Expected rate of return on plan assets for The City of Calgary Supplementary Pension Plan (SPP) and the Pension Plan for Elected Officials of The City of Calgary (EOPP) is 5.5%, the Calgary Firefighters' Supplementary Pension Plan (FSPP) is 6.0%. The expected rate of return reflects the individual asset mix of each pension plan.

#### 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.

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:

	2021	2020
Fair value of plan assets – beginning of year	\$ 170,172	\$ 164,258
Contributions – employer	8,341	8,066
Contributions – member	132	136
Expected interest on plan assets	9,928	9,828
Less benefits paid	(9,038)	(9,126)
Actuarial gain (loss)	13,127	(2,990)
Fair value of plan assets – end of year	\$ 192,662	\$ 170,172
Accrued benefit obligation – beginning of year	\$ 243,925	\$ 217,442
Current period benefit cost	12,178	10,507
Interest on accrued benefit obligation	6,290	6,367
Less benefits paid	(9,038)	(9,126)
Actuarial (gain) loss	(12,815)	18,735
Accrued benefit obligation – end of year	\$ 240,540	\$ 243,925
Funded status – plan deficit	\$ 47,878	\$ 73,753
Unamortized net actuarial gain (loss)	10,044	(19,692)
Accrued benefit liability	\$ 57,922	\$ 54,061
Current period benefit cost	\$ 12,178	\$ 10,507
Amortization of actuarial losses	3,794	2,734
Less member contributions	(132)	(136)
Benefit expense	\$ 15,840	\$ 13,105
Interest on accrued benefit obligation	6,290	6,367
Less expected interest on plan assets	(9,928)	(9,828)
Benefit interest	(3,638)	(3,461)
Total expense	\$ 12,202	\$ 9,644

Unamortized net actuarial gains and losses are amortized over the expected average remaining service life (EARSL) of the active employee groups, except for the Calgary Police Supplementary Pension Plan (PSPP) which is deemed a closed plan, and commence in the period following the determination of the gain or loss. The EARSL for each plan is:

	2021	2020
Calgary Firefighters' Supplementary Pension Plan (FSPP)	15.0	15.0
The City of Calgary Supplementary Pension Plan (SPP)	8.0	8.2
Pension Plan for Elected Officials of The City of Calgary (EOPP)	9.1	9.1
Calgary Police Supplementary Pension Plan (PSPP)	Not applicable	Not applicable

In accordance with regulations, actuarial valuations for funding purposes are performed at least triennially for the registered plans, except for the Calgary Police Supplementary Pension Plan (Note 13 e ii)), to determine The City's required contributions to the plan trusts. The most recent actuarial valuations for the purposes of developing funding requirements were (will be) prepared as of the following dates:

Pension Plan	Latest Valuation Date	Next Valuation Date
FSPP	December 31, 2018	December 31, 2021*
SPP	December 31, 2019	December 31, 2022
EOPP	December 31, 2018	December 31, 2021*
PSPP	Not applicable	Not applicable

\* The valuation for these pension plans was based on the latest valuation date.

### 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 13 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, 2021, 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, 2018 as follows:

	2021 Employer	2021 Members	2020 Employer	2020 Members
Current service contributions	\$ 4,809	\$ 4,004	\$ 4,588	\$ 3,843
Contribution rates (% of pensionable salaries)	2.83%	2.32%	2.83%	2.32%

## 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 13 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 later 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, 2021, 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, 2019 as follows:

	2021 Employer	2021 Members	2020 Employer	2020 Members
Current service contributions	\$ 3,087	\$ 2,521	\$ 3,031	\$ 2,436
Contribution rates (% of pensionable salaries)	*2.90%	*2.37%	2.92%	2.35%

\*Contribution rate change effective January 1, 2021

## 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, 2021, 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, 2018 as follows:

	2021 Employer	2021 Members	2020 Employer	2020 Members
Current service contributions	\$ 271	\$ 131	\$ 281	\$ 136
Contribution rates (% of pensionable salaries)	18.64%	9.00%	18.64%	9.00%

## 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 13 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 PSAS Handbook Section 3250 (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, 2021.

## 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 (will be) performed as follows:

Pension Plan	Latest Valuation Date	Next Valuation Date
The City of Calgary Overcap Pension Plan (OCP)	December 31, 2021	December 31, 2022
The City of Calgary Police Chief and Deputy Overcap Pension Plan (PCDOP)	December 31, 2021	December 31, 2022
The City of Calgary Fire Chief and Deputies Overcap Pension Plan (FCDOP)	December 31, 2021	December 31, 2022
Supplementary Pension Plan for Elected Officials of The City of Calgary (EOSP)	December 31, 2021	December 31, 2022
Executive Pension Plan (EPP)	December 31, 2021	December 31, 2022
Contractual obligations	December 31, 2021	December 31, 2022

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2021 valuations for accounting purposes for the non-registered pension plans:

	2021	2020
Accrued benefit obligation – beginning of year	\$ 56,882	\$ 58,128
Current period benefit cost	693	864
Interest on accrued benefit obligation	1,401	1,604
Less benefits paid	(3,088)	(5,439)
Actuarial (gain) loss	(2,106)	1,725
Accrued benefit obligation – end of year	\$ 53,782	\$ 56,882
Funded status – plan deficit	\$ 53,782	\$ 56,882
Unamortized net actuarial loss	(10,752)	(15,680)
Accrued benefit liability <sup>(1)</sup>	\$ 43,030	\$ 41,202
Current period benefit cost	\$ 693	\$ 864
Amortization of actuarial losses	2,822	4,221
Interest on accrued benefit obligation	1,401	1,604
Total expense	\$ 4,916	\$ 6,689

(1) To satisfy the obligations under these plans, assets in the amount of \$43,030 (2020 – \$41,202) are held within The City's investments.

Unamortized net actuarial gains and losses of the OCP and EOSP 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:

	2021	2020
OCP	7.9	8.1
PCDOP	8.6	6.8
FCDOP (closed plan)	Not applicable	Not applicable
EOSP	0.0	12.7
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 OCP 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 OCP for management employees provides a coordinated benefit with the LAPP (Note 13 e i)), and the SPP (Note 13 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 OCP for the Police Chief and Deputies and the OCP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 13 e ii)) and the FSPP (Note 13 a i)) respectively. The OCP 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 EOSP commenced on October 1, 1999. This plan is sponsored and administered by The City and provides a coordinated benefit with the EOPP to provide an annual retirement benefit of 2 per cent of all pensionable earnings for the years of service recognized under the EOPP (Note 13 a iii)). The decision made by Council to end service accruals in the EOSP 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 OCP 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.

#### c) Post-retirement benefits

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

The City and the CPA sponsor 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 (this benefit is not available to CPA retirees). 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) Retirement Allowance

The City and CPA sponsor a non-contributory retirement allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense and an accrued benefit liability. Council made the decision on December 16, 2019 to discontinue the retirement allowance as of December 31, 2021, subject to applicable Labour Code requirements. The City's management exempt employees that do not qualify for retirement before December 31, 2021 have been removed from the retirement allowance obligation. CPA made the decision to discontinue the retirement allowance for exempt employees as of February 1, 2022. Exempt employees that do not qualify for retirement before February 1, 2022 have been removed from the retirement allowance obligation.

##### iii) 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.

Actuarial valuations for accounting purposes were (will be) performed as follows:

	Latest Valuation Date: The City and CPA	Next Valuation Date: The City and CPA
PWB	December 31, 2021	December 31, 2022
Retirement Allowance	December 31, 2021	December 31, 2022
Supplementation of Compensation	December 31, 2021	December 31, 2022

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2021 valuations for accounting purposes for post-retirement benefits:

	2021	2020
Accrued benefit obligation – beginning of year	\$ 141,766	\$ 139,754
Current period benefit cost	9,023	9,241
Interest on accrued benefit obligation	3,659	4,142
Less benefits paid	(8,786)	(7,160)
Curtailed gain <sup>(1)</sup>	(8,360)	–
Actuarial gain	(6,449)	(4,211)
Accrued benefit obligation – end of year	\$ 130,853	\$ 141,766
Funded status – plan deficit	\$ 130,853	\$ 141,766
Plan assets <sup>(2)</sup>	(2,355)	(2,142)
Unamortized net actuarial gain	42,256	41,765
Accrued benefit liability <sup>(3)</sup>	\$ 170,754	\$ 181,389
Current period benefit cost	\$ 9,023	\$ 9,241
Amortization of actuarial gain	(6,170)	(3,927)
Curtailed gain <sup>(1)</sup>	(8,360)	(153)
Interest on accrued benefit obligation	3,659	4,141
Total expense	\$ (1,848)	\$ 9,302
Annual increase in extended health costs <sup>(4)</sup>	4.6%	4.4%
Annual increase in dental costs <sup>(4)</sup>	4.6%	4.4%

(1) Changes made to the CPA retirement allowance benefit effective February 1, 2022 have resulted in a curtailment gain of \$8,360 (2020 – curtailment gain of \$153 due to changes made to The City's retirement allowance benefit).

(2) Plan assets in the amount of \$2,355 (2020 – \$2,142) to satisfy future life claims are equal to fair market value.

(3) Assets in the amount of \$170,754 (2020 – \$181,389) to satisfy the obligations under these plans are held within The City's investment portfolio.

(4) Actuarial gains and losses are amortized as follows:

- for plans where employees are actively accruing benefits (i.e. PWB and Retirement Allowance), on a straight line basis over the EARSL of such employees beginning at the times such amounts are determined; and
- for plans where employees are not actively accruing benefits (i.e. Supplemental Compensation), recognized in the year in which they arise.

The EARSL for each plan is:

	2021	2020
The City PWB	12.0	12.3
The City Retirement Allowance	11.8	12.2
The City Supplemental Compensation	Not applicable	Not applicable
CPA PWB and Retirement Allowance	7.8	7.8

**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 \$244,749 (2020 – \$237,409) 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, 2020, 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:

	2021 Employer	2021 Members	2020 Employer	2020 Members
Current service contributions	\$ 131,447	\$ 119,123	\$ 133,829	\$ 120,807
Contribution Rates (% of pensionable salaries)	<b>9.39% up to YMPE and 13.84% over YMPE</b>	<b>8.39% up to YMPE and 12.84% over YMPE</b>	9.39% up to YMPE and 13.84 % over YMPE	8.39% up to YMPE and 12.84% over YMPE

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2020 of \$4,961,337 (2019 – \$7,913,261). More recent information was not available at the time of preparing these consolidated financial statements.

LAPP consists of 164,370 active members. The City's active plan membership represents approximately 7.8 per cent (2019 – 8.0 per cent) of the total LAPP active membership as at December 31, 2020.

**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 Income Tax Act (Canada). Under the Alberta *Public Sector Pension Plans Act*, The City and members of the SFPP made the following contributions:

	2021 Employer	2021 Members	2020 Employer	2020 Members
Current service contributions	\$ 36,456	\$ 33,614	\$ 36,729	\$ 33,736
Contribution Rates (% of pensionable salaries)	<b>14.55%</b>	<b>13.45%</b>	14.55%	13.45%

The SFPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2020 of \$9,741 (2019 – surplus of \$184,631). More recent information was not available at the time of preparing these financial statements. The City's 2021 contribution rates did not change as a result of this surplus.

SFPP consists of 4,569 active members. The City active plan membership represents approximately 48.5 per cent (2019 – 48.8 per cent) of the total SFPP active membership as at December 31, 2020.

**14. LONG-TERM DEBT**

a) Debt payable by and issued in the name of The City includes the following amounts:

	2021				2020			
	Tax Supported	Self Sufficient Tax Supported	Self Supported	Total	Tax Supported	Self Sufficient Tax Supported	Self Supported	Total
i) Debentures	\$ 305,048	\$ 219,799	\$ 3,623,442	\$ 4,148,289	\$ 337,695	\$ 214,268	\$ 3,584,085	\$ 4,136,048
ii) Mortgages and other debt	62,220	-	15,894	78,114	63,427	-	17,641	81,068
	<b>367,268</b>	<b>219,799</b>	<b>3,639,336</b>	<b>4,226,403</b>	401,122	214,268	3,601,726	4,217,116
Less								
iii) Debt attributable to ENMAX	-	-	(1,455,813)	(1,455,813)	-	-	(1,371,972)	(1,371,972)
	<b>\$ 367,268</b>	<b>\$ 219,799</b>	<b>\$ 2,183,523</b>	<b>\$ 2,770,590</b>	\$ 401,122	\$ 214,268	\$ 2,229,754	\$ 2,845,144

i) Debentures, which are predominantly held by the Province of Alberta, mature in annual amounts to the year 2049.

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, which is primarily related to Water Services and Resources, includes debentures in the amount of \$59,403 (2020 – \$62,304) which has been issued to fund improvements and 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.

Included in the self-supported debt is the debenture issued in 2014 by The City on behalf of the St. Mary's University College (SMUC) in the amount of \$3,475 (2020 – \$3,691). In accordance with the Credit Agreements between SMUC 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. SMUC 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, 2021, SMUC is in compliance with the Credit Agreement.

ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2036. Capital assets with a cost of \$49,886 (2020 – \$43,859) are pledged as collateral against the mortgages.

iii) Debenture debt attributable to ENMAX was initially issued by The City on behalf of the Calgary Electric System (CE) pursuant to City Bylaw authorizations prior to January 1, 1998. Pursuant to the Master Agreement between ENMAX and The City, a liability equivalent to the debentures attributable to ENMAX was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of CE from The City to ENMAX at January 1, 1998. The City continues to borrow on behalf of ENMAX in accordance with a Debt Management Service Level Agreement between The City and ENMAX. The City shall service the existing debentures, which included debt issuance of \$160,304 in 2021 (2020 – \$164,914), through the disbursement of principal and interest payments. The City is liable for the outstanding ENMAX debenture debt to the debenture debt holders. ENMAX is required to reimburse The City for all principal and interest payments with respect to the debentures on the same day as The City disburses the payments to the debt holders. In addition, ENMAX is required to pay to The City a loan guarantee and administration fee of 0.25 per cent on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.



b) Long-term debt is repayable as follows:

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Less: Debt attributable to ENMAX	Total
2022	\$ 35,667	\$ 16,956	\$ 271,788	\$ (75,228)	\$ 249,183
2023	32,422	16,128	247,860	(76,048)	220,362
2024	27,647	16,241	241,692	(75,795)	209,785
2025	25,644	15,662	235,047	(75,871)	200,482
2026	24,165	14,090	235,883	(76,324)	197,814
Thereafter	221,723	140,722	2,407,066	(1,076,547)	1,692,964
	\$ 367,268	\$ 219,799	\$ 3,639,336	\$ (1,455,813)	\$ 2,770,590

c) Debenture interest is payable, before provincial subsidy, at rates ranging from 0.86 per cent to 8.25 per cent (2020 – 0.86 per cent to 8.25 per cent) per annum. Debenture debt held at year end has an average rate of interest of 3.39 per cent (2020 – 3.51 per cent) with no provincial subsidy in 2021 (2020 – Nil).

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Average Interest	
Average interest		3.69%	3.39%	2.73%	3.39%

The mortgages of Calgary Housing Company in the amount of \$6,037 (2020 – \$7,491) is payable with interest of 0.68 per cent (2020 – 0.68 per cent) before interest rate subsidy. The effective interest rate after the subsidy for the fixed-subsidy project is 2 per cent (2020 – 2 per cent).

d) Interest charges are as follows:

	2021				2020			
	Tax Supported	Self Sufficient Tax Supported	Self Supported	Total	Tax Supported	Self Sufficient Tax Supported	Self Supported	Total
Debenture interest	\$ 11,531	\$ 5,919	\$ 75,308	\$ 92,758	\$ 12,900	\$ 7,013	\$ 78,211	\$ 98,124
Other interest and charges	4,398	–	3,039	7,437	3,380	6,806	3,066	13,252
	\$ 15,929	\$ 5,919	\$ 78,347	\$ 100,195	\$ 16,280	\$ 13,819	\$ 81,277	\$ 111,376

e) The estimated fair value of The City's long-term debt is \$3,474,756 (2020 – \$3,088,846). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2021 for debentures with comparable maturities from The City's primary lender, the Province of Alberta.

f) Section 271 of the *Municipal Government Act* requires disclosure of debt, debt limits and the debt service limits, which include both interest and principal payments. The debt limit was previously calculated at 2 times revenue (as defined in the Debt limit regulation 255/200) and is now calculated at 1.6 times revenue (as defined in the City's Debt Policy CP2020-05) and the debt service limit was previously calculated at 0.35 times revenue and is now 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 municipality as the financial statements must be interpreted as a whole.

	2021	2020 (Note 34)
Total debt limit (1.6 times revenue)	\$ 6,578,898	\$ 6,493,957
Total debt (short and long-term)	3,141,306	3,063,919
Percentage of debt capacity used	47.75%	47.18%
Total debt service limit (0.28 times revenue)	\$ 1,151,307	\$ 1,136,443
Total debt service	650,614	499,457
Percentage of debt servicing capacity used	56.51%	43.95%

The City's related authorities are subject to certain financial and non-financial covenants over their credit facilities. As at December 31, 2021, one related authority was not in compliance with certain borrower covenants. The lender has not provided a waiver of repayment as of December 31, 2021, therefore, this may cast significant doubt about the related authority's ability as a going concern. However, the bank acknowledges that they have previously met their obligations in the past and that the situation is acceptable.

**15. TANGIBLE CAPITAL ASSETS**

Cost	December 31, 2020	Additions/ Transfers	Disposals	December 31, 2021
Land	\$ 2,563,504	\$ 142,606	\$ (10,346)	<b>\$ 2,695,764</b>
Land improvements	1,268,070	65,104	(4,212)	<b>1,328,962</b>
Engineered structures	17,152,389	782,220	(43,609)	<b>17,891,000</b>
Buildings	3,525,083	165,006	(23,725)	<b>3,666,364</b>
Machinery and equipment	720,756	39,816	(36,929)	<b>723,643</b>
Vehicles	1,657,926	59,334	(87,486)	<b>1,629,774</b>
	\$ 26,887,728	\$ 1,254,086	\$ (206,307)	<b>\$ 27,935,507</b>
Work in progress				
Land	13,434	347	(135)	<b>13,646</b>
Construction	1,357,891	(87,768)	(60,006)	<b>1,210,117</b>
	\$ 28,259,053	\$ 1,166,665	\$ (266,448)	<b>\$ 29,159,270</b>
Accumulated amortization	December 31, 2020	Additions	Disposals	December 31, 2021
Land improvements	\$ 708,024	\$ 47,557	\$ (3,213)	<b>\$ 752,368</b>
Engineered structures	6,110,329	387,218	(21,292)	<b>6,476,255</b>
Buildings	1,243,110	124,366	(14,367)	<b>1,353,109</b>
Machinery and equipment	472,465	58,997	(35,824)	<b>495,638</b>
Vehicles	790,646	88,205	(79,577)	<b>799,274</b>
	\$ 9,324,574	\$ 706,343	\$ (154,273)	<b>\$ 9,876,644</b>
Net book value	\$ 18,934,479	\$ 460,322	\$ (112,175)	<b>\$ 19,282,626</b>

In 2021, \$206,662 (2020 – \$168,674) 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 2021 and 2020 consist of certain buildings and land. In 2021 and 2020 the write-downs of tangible capital assets were \$nil.

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 25).

In accordance with policy, no interest was capitalized by The City in 2021 (2020 – \$nil).

**16. 2021 BUDGET**

Budget data presented in these consolidated financial statements are based upon the 2021 operating and capital budgets as approved by Council. Council approved budgets are prepared in accordance with the MGA which in some cases differs from budget amounts reported on the consolidated statement of operations and accumulated surplus and consolidated changes in net financial assets which are prepared in accordance with PSAS. The table below reconciles the approved budget to the 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
Budget as approved by Council			
Operating	\$ 4,276,823	\$ 4,366,713	\$ 89,892
Capital	–	1,127,847	1,127,847
Add			
Capital budget adjustments and revisions	–	1,301,913	1,301,913
Related authorities	283,312	207,067	8,941
Equity in earnings of ENMAX Corporation	99,000	–	–
Transfers between capital and operating	–	–	206,485
	<b>\$ 4,659,135</b>	<b>\$ 7,003,540</b>	<b>\$ 2,735,078</b>
Less			
Operating budget adjustments and revisions	(200,486)	(200,486)	–
Intercompany eliminations	(15,523)	(54,558)	(48,112)
Contributions from Utilities	(132,749)	(99,772)	–
Contributions from reserves and operations	(147,561)	(772,871)	–
Debt principal repayments	–	(59,083)	–
Tangible capital asset adjustments	–	(1,958,496)	–
Debt issued	–	–	(516,713)
Transfers from reserves	–	–	(902,491)
Amortization	–	(139,286)	–
<b>BUDGET FOR FINANCIAL STATEMENT PURPOSES</b>	<b>\$ 4,162,814</b>	<b>\$ 3,718,988</b>	<b>\$ 1,267,762</b>

## 17. ACCUMULATED SURPLUS

Accumulated Surplus consists of restricted and unrestricted amounts of equity in non-financial assets as follows:

	2021	2020
Operating fund	\$ 143,422	\$ 164,156
Capital fund	141,009	258,012
Local improvements to be funded in future years	56,411	66,119
Obligation to be funded in future years <sup>(1)</sup>	(19,383)	(16,888)
Reserves (Note 19)	3,281,056	2,743,827
Equity in ENMAX (Note 7)	2,714,462	2,416,472
Equity in non-financial assets (Note 18)	16,612,011	16,185,833
	<b>\$22,928,988</b>	<b>\$ 21,817,531</b>

(1) Obligation to be funded in future years consists of unfunded liabilities of \$8,210 (2020 – \$12,253) for the landfill rehabilitation provision (Note 12).

## 18. EQUITY IN NON FINANCIAL ASSETS

	2021	2020
Tangible capital assets (Note 15)	\$ 19,282,626	\$ 18,934,479
Long-term debt (Note 14)	(2,770,590)	(2,845,144)
Long-term debt recoverable – non capital (Note 14 a) i))	3,475	3,691
Inventory	65,462	63,552
Prepaid assets	31,038	29,255
	<b>\$ 16,612,011</b>	<b>\$ 16,185,833</b>

## 19. RESERVES

Reserves are established and managed in accordance with the reserve's purpose and any or all conditions and/or restriction placed on the reserve by Council. Reserve funds are transferred either to operating or capital funds for use.

	2021	2020
Calgary Housing Company	\$ 30,419	\$ 29,770
ENMAX dividend stabilization	18,000	18,000
Fiscal stability and operating budget savings account merged	731,952	608,595
Other operating	74,357	56,223
Total operating reserves	<b>\$ 854,728</b>	<b>\$ 712,588</b>
Calgary Parking Authority	\$ 159,374	\$ –
Community investment	107,497	81,101
Debt servicing	52,570	52,570
Established area investments	51,200	52,326
Green Line Fund	152,310	153,591
Legacy parks	19,695	10,719
Major capital projects	380,991	384,634
Police services	41,195	44,062
Reserve for future capital and lifecycle maintenance and upgrade merged	633,449	547,296
Other capital	89,537	85,178
Total capital reserves	<b>\$ 1,687,818</b>	<b>\$ 1,411,477</b>
Cash in Lieu lifecycle sustainment	\$ 37,435	\$ 44,028
Corporate housing reserve	43,442	36,573
Planning and Development sustainment	97,120	84,199
Opportunity Calgary Investment	91,102	95,839
Perpetual care	24,901	23,269
Real estate services	149,325	83,098
Utilities sustainment	164,201	133,107
Waste and recycling sustainment	83,565	73,878
Other sustainment	47,419	45,771
Total sustainment reserves	<b>\$ 738,510</b>	<b>\$ 619,762</b>
Total reserves	<b>\$ 3,281,056</b>	<b>\$ 2,743,827</b>

## 20. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2021	2020
Property taxes	\$ 2,685,513	\$ 2,651,631
Community Revitalization Levy	38,100	37,099
Business taxes	(4,295)	–
Revenue in lieu of taxes	251,571	207,728
Local improvement levies and special taxes	9,235	6,092
	<b>\$ 2,980,124</b>	<b>\$ 2,902,550</b>
Less: Provincial property taxes (see below)		
Current year levy	(767,498)	(771,295)
Prior year levy	(3,613)	(7,784)
Net taxes available for municipal use	<b>\$ 2,209,013</b>	<b>\$ 2,123,471</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 payable of \$801 (2020 – \$3,613) has been recorded at December 31, 2021 within accounts payable that will be refunded through a decrease in the subsequent year's provincial property tax rate.

Business taxes of \$4,295 (2020 – \$nil) reflect the tax relief from COVID-19 that was offered to businesses where the business improvement levy was rebated and funded through the COFLEX program.

## 21. RELATED AUTHORITIES

The assets and liabilities and the operations of the following related authorities are included in The City's consolidated financial statements.

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 and is responsible to fund net operating deficits.

Attainable Homes Calgary Corporation (AHCC) is a controlled corporation of The City and was incorporated on November 27, 2009 under the *Alberta Business Corporations Act*. The purpose of AHCC is the implementation and administration of attainable housing in The City. AHCC incurred a loss of \$1,110 for the year ended December 31, 2021 (2020 – loss of \$743). The City has consolidated these results on a going concern basis

which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should AHCC be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. In this event, the adjustments necessary to the presentation and carrying amounts of the assets and liabilities of AHCC would not be material to The City's financial position. The City has guaranteed certain indebtedness of AHCC as disclosed in Note 29 a) iii).

Calgary Parking Authority (CPA) operates and manages parking facilities owned by The City and is also responsible for parking enforcement and the management of the municipal vehicle impound lot. On September 15, 2021, Council repealed Bylaw 28M2002, as a result, Administration directly oversees governance and operations of parking facilities, parking enforcement, and the management of the municipal vehicle impound lot. As at December 31, 2021, CPA was operating as a business unit of The City rather than a related authority and has not been separately disclosed in the 2021 related authority table as a prospective change.

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.

Calhome Properties Ltd. (operating as Calgary Housing Company) owns, develops and operates low and moderate-rent housing projects on a not-for-profit basis under agreements with the Province of Alberta and Canada Mortgage and Housing Corporation, which provide subsidies for certain projects.

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. 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*.

Calgary Economic Development Ltd. (CED) is a controlled corporation of The City and was incorporated in July 1999 under the *Alberta Business Corporations Act*. The mandate of CED is to lead The City's economic development efforts in promoting The City's competitive advantages and pro-business climate. Successful economic development results in business growth and industry development, increased investment and trade activities.

Calgary Arts Development Authority Ltd. (CADA) is a controlled corporation of The City and was incorporated under the *Alberta Business Corporations Act* on March 18, 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 citizens of The City.

	2021 Calgary TELUS Convention Centre	2021 Attainable Homes Calgary Corporation	2021 Calgary Public Library Board	2021 Calgary Housing Company
<b>Financial Position</b>				
Physical assets	\$ 1,516	\$ -	\$ 43,106	\$ 95,075
Financial assets	5,592	17,586	13,419	53,611
	7,108	17,586	56,525	148,686
Long-term debt	-	-	-	6,037
Financial liabilities	6,196	9,641	4,660	55,063
	6,196	9,641	4,660	61,100
Net assets	\$ 912	\$ 7,945	\$ 51,865	\$ 87,586
<b>Results of Operations</b>				
<b>Revenues</b>				
Community Revitalization Levy	\$ -	\$ -	\$ -	\$ -
Sales of goods and services	10,096	12,195	-	51,045
Government transfers, agreements and subsidies	-	-	6,865	55,409
Investment income	-	21	113	771
Fines and penalties	-	-	-	-
Licences, permits and fees	-	-	-	-
Miscellaneous revenue	-	2	2,422	995
Loss on sale of tangible capital assets	-	-	(7)	(2,376)
Internal transfers and contributions	8,949	-	55,816	(18,262)
Total revenue	19,045	12,218	65,209	87,582
<b>Expenses</b>				
Salaries, wages, and benefits	\$ 6,524	\$ 1,118	\$ 37,326	\$ 20,087
Contracted and general services	3,772	568	13,953	43,975
Materials, equipment and supplies	4,938	11,455	7,449	1,171
Interest charges	-	185	-	227
Transfers	-	-	-	15,612
Utilities	1,025	2	1,081	12,713
Amortization	345	-	6,128	2,897
Internal Recoveries	-	-	-	-
Debt principal repayments	-	-	-	1,454
Total expenses	16,604	13,328	65,937	98,136
Income (loss) before appropriations	2,441	(1,110)	(728)	(10,554)
Internal transfers	(2,441)	1,110	728	10,554
Change in fund balance	\$ -	\$ -	\$ -	\$ -

	2021 Calgary Municipal Land Corporation	2021 Calgary Economic Development Ltd.	2021 Calgary Arts Development Authority Ltd.	2021 Total
	\$ 212,511	\$ 270	\$ 25,289	\$ 377,767
	213,998	5,338	5,558	315,102
	426,509	5,608	30,847	692,869
	219,799	-	674	226,510
	167,608	3,936	5,879	252,983
	387,407	3,936	6,553	479,493
	\$ 39,102	\$ 1,672	\$ 24,294	\$ 213,376
	\$ 68,603	\$ -	\$ -	\$ 68,603
	12,136	-	748	86,220
	-	515	26	62,815
	2	34	10	951
	-	-	-	-
	-	-	-	-
	3,645	4,735	848	12,647
	-	-	-	(2,383)
	22,500	9,753	15,749	94,505
	106,886	15,037	17,381	323,358
	\$ 4,635	\$ 7,272	\$ 2,004	\$ 78,966
	27,756	7,757	14,381	112,162
	45,408	-	163	70,584
	8,462	-	77	8,951
	-	-	-	15,612
	82	332	116	15,351
	8,381	25	1,016	18,792
	-	-	-	-
	-	-	-	1,454
	94,724	15,386	17,757	321,872
	12,162	(349)	(376)	1,486
	(12,162)	349	376	(1,486)
	\$ -	\$ -	\$ -	\$ -

	2020 Calgary TELUS Convention Centre	2020 Attainable Homes Calgary Corporation	2020 Calgary Parking Authority	2020 Calgary Public Library Board	2020 Calgary Housing Company
<b>Financial Position</b>					
Physical assets	\$ 1,861	\$ –	\$ 123,865	\$ 45,244	\$ 93,594
Financial assets	5,410	16,665	52,976	12,146	54,833
	7,271	16,665	176,841	57,390	148,427
Long-term debt	–	–	278	–	7,491
Financial liabilities	8,800	7,603	19,318	4,792	44,252
	8,800	7,603	19,596	4,792	51,743
Net (debt) assets	\$ (1,529)	\$ 9,062	\$ 157,245	\$ 52,598	\$ 96,684
<b>Results of Operations</b>					
<b>Revenues</b>					
Community Revitalization Levy	\$ –	\$ –	\$ –	\$ –	\$ –
Sales of goods and services	15,081	14,902	36,068	–	49,984
Government transfers, agreements and subsidies	–	–	10,222	7,220	50,204
Investment income	–	7	7,965	171	509
Fines and penalties	–	–	13,719	256	–
Licences, permits and fees	–	–	780	–	–
Miscellaneous revenue	–	54	1,176	2,025	1,127
Loss on sale of tangible capital assets	–	–	(78)	(12)	–
Internal transfers and contributions	3,514	–	(13,014)	52,676	(280)
Total revenue	18,595	14,963	56,838	62,336	101,544
<b>Expenses</b>					
Salaries, wages, and benefits	\$ 5,033	\$ 1,076	\$ 20,240	\$ 33,913	\$ 19,518
Contracted and general services	4,494	1,080	13,806	14,331	41,871
Materials, equipment and supplies	7,486	13,433	6,221	7,479	1,147
Interest charges	–	110	863	–	261
Transfers	–	–	–	–	17,054
Utilities	1,063	7	1,459	952	11,961
Amortization	490	–	5,338	6,429	2,793
Internal Recoveries	–	–	(64)	–	–
Debt principal repayments	–	–	535	–	1,176
Total expenses	18,566	15,706	48,398	63,104	95,781
Income (loss) before appropriations	29	(743)	8,440	(768)	5,763
Internal transfers	(29)	743	4,574	768	(5,763)
To City operating fund <sup>(1)</sup>	–	–	(13,014)	–	–
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –

(1) Distribution to The City for certain net surpluses from Calgary Parking Authority operations.



	2020 Calgary Municipal Land Corporation	2020 Calgary Economic Development Ltd.	2020 Calgary Arts Development Authority Ltd.	2020 Total
	\$ 265,833	\$ –	\$ 26,305	\$ 556,702
	226,408	3,485	1,911	373,834
	492,241	3,485	28,216	930,536
	214,268	–	1,834	223,871
	228,536	1,464	1,627	316,392
	442,804	1,464	3,461	540,263
	\$ 49,437	\$ 2,021	\$ 24,755	\$ 390,273
	\$ 69,834	\$ –	\$ –	\$ 69,834
	–	–	627	116,662
	–	574	212	68,432
	5	41	15	8,713
	–	–	–	13,975
	–	–	–	780
	4,503	2,682	438	12,005
	–	–	–	(90)
	29,000	10,078	15,223	97,197
	103,342	13,375	16,515	387,508
	\$ 4,318	\$ 6,559	\$ 1,642	\$ 92,299
	7,905	6,181	14,112	103,780
	39,436	250	47	75,499
	15,139	–	97	16,470
	–	–	–	17,054
	80	195	83	15,800
	8,403	–	1,023	24,476
	–	–	–	(64)
	–	–	–	1,711
	75,281	13,185	17,004	347,025
	28,061	190	(489)	40,483
	(28,061)	(190)	489	(27,469)
	–	–	–	(13,014)
	\$ –	\$ –	\$ –	\$ –

**22. EXPENSES BY OBJECT**

	2021	2020
Salaries, wages and benefits	<b>\$ 1,973,073</b>	\$ 1,971,506
Contracted and general services	<b>495,941</b>	438,914
Materials, equipment and supplies	<b>373,623</b>	387,207
Utilities	<b>106,309</b>	99,265
Transfers	<b>188,045</b>	138,779
Interest charges (Note 14)	<b>100,195</b>	111,376
Amortization	<b>706,343</b>	692,962
Loss on disposal of tangible capital assets	<b>35,870</b>	8,793
	<b>\$ 3,979,399</b>	\$ 3,848,802

**23. GOVERNMENT TRANSFERS**

	2021	2020
Operating		
Province of Alberta	<b>\$ 150,551</b>	\$ 333,998
Government of Canada	<b>4,229</b>	2,252
	<b>154,780</b>	336,250
Capital		
Province of Alberta	<b>248,520</b>	168,436
Government of Canada	<b>167,873</b>	114,320
	<b>416,393</b>	282,756
	<b>\$ 571,173</b>	\$ 619,006

In accordance with PSAS, government transfers and developer contributions-in-kind 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.

## 24. SEGMENTED INFORMATION

The consolidated schedule of financial activities by segment has been prepared in accordance with PSAS Handbook Section 2700 (PS 2700) *Segment Disclosures*. With the change in reporting model effective January 1, 2009, the segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of The City. For each reported segment, revenues and expenses represent amounts directly attributable to each segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget process as well as the semi-annual reporting of budget status during the year. Segments include:

- a) **Protection** a service within The City that protects life through emergency response, code inspections, enforcement and safety education.
- b) **Transportation** helps Calgarians, visitors and goods to move across The City. The service offers mobility that is safe, accessible and affordable, while managing The City's environmental footprint.
- c) **Utilities and environmental services** aids Calgarians by managing environmental risks, protecting citizens against floods, providing clean drinking water, collecting waste and managing landfills.
- d) **Community and cultural services** includes neighbourhood services, affordable housing, parks and recreation along with various family services.

- e) **General government** includes activities that are attributable to multiple segments and provides support including communications, information technology and administrative services corporately. Provides financial services to citizens, City departments and Council including financial planning, accounting services, revenues and collections, payroll, purchasing and risk management. Provides specialised advice and assistance in all facets of people management and occupational health and safety. The segment operates under a recovery model by directly charging other City departments for centralized services.
- f) **Public works** provides building safety services as well as plans, builds and operates The City's civic facilities of workplaces and civic spaces. Management of The City's fleet which operates under a full cost recovery model by directly charging other City departments for the provision of fleet services.
- g) **Real estate services** negotiate real estate transactions, manages large capital projects, and provides affordable housing to the citizens of Calgary.
- h) **ENMAX** is a wholly-owned subsidiary of The City, accounted for on a modified equity basis as a government business enterprise. Note 7 of these financial statements provides condensed financial information for ENMAX.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

**Schedule of Financial Activities by Segment**

For the Year Ended December 31, 2021 (in thousands)

	Protection	Transportation	Utilities and environmental services	Community and cultural services	General government
<b>REVENUES</b>					
Property tax	\$ –	\$ 208	\$ –	\$ 1,589	\$ 2,207,216
Sales of goods and services	30,343	120,342	852,634	81,299	16,161
Government transfers, grants and subsidies					
Federal	582	–	937	2,194	389
Provincial	38,508	4,125	(6)	89,693	17,707
Investment income	31	4,608	11,247	1,888	110,906
Fines and penalties	37,871	15,881	1,793	–	8,368
Licences, permits and fees	431	16,857	3,218	973	158
Miscellaneous revenue	804	5,219	1,306	14,565	9,422
Gain on sale	606	77	3	11	–
Dividend income from ENMAX	–	–	–	–	58,000
Equity in earnings from ENMAX	–	–	–	–	–
<b>Total Revenues</b>	<b>109,176</b>	<b>167,317</b>	<b>871,132</b>	<b>192,212</b>	<b>2,428,327</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	692,715	394,639	220,460	198,605	268,921
Contracted and general services	42,378	126,902	150,189	95,096	11,466
Materials, equipment and supplies	52,941	110,270	81,898	65,781	42,240
Utilities	3,625	39,667	25,594	20,395	55
Transfers	(1)	1,139	25	171,682	7,278
Interest charges	124	11,654	71,665	7,908	(949)
Amortization	27,001	310,509	160,018	75,331	24,327
Loss on disposal of tangible capital assets	327	23,305	979	3,138	716
<b>Total Expenses</b>	<b>819,110</b>	<b>1,018,085</b>	<b>710,828</b>	<b>637,936</b>	<b>354,054</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>(709,934)</b>	<b>(850,768)</b>	<b>160,304</b>	<b>(445,724)</b>	<b>2,074,273</b>
<b>OTHER</b>					
Developer contributions	7,531	42,944	94,370	13,681	–
Government transfers related to capital	23	271,353	36,373	86,004	5,918
Developer contributions-in-kind related to capital	–	24,067	115,811	55,769	–
<b>NET REVENUES</b>	<b>(702,380)</b>	<b>(512,404)</b>	<b>406,858</b>	<b>(290,270)</b>	<b>2,080,191</b>
ENMAX Corporation – other comprehensive income adjustment	–	–	–	–	–
<b>Annual (Deficit) Surplus</b>	<b>\$ (702,380)</b>	<b>\$ (512,404)</b>	<b>\$ 406,858</b>	<b>\$ (290,270)</b>	<b>\$ 2,080,191</b>

	Public works	Real estate services	ENMAX	Total Consolidated 2021
\$	-	\$ -	\$ -	\$ 2,209,013
	19,777	114,682	-	1,235,238
	127	-	-	4,229
	524	-	-	150,551
	2,685	28	-	131,393
	508	-	-	64,421
	84,000	768	-	106,405
	1,329	1,667	-	34,312
	281	16,508	-	17,486
	-	-	-	58,000
	-	-	237,777	237,777
	<b>109,231</b>	<b>133,653</b>	<b>237,777</b>	<b>4,248,825</b>
	181,975	15,758	-	1,973,073
	15,698	54,212	-	495,941
	(10,906)	31,399	-	373,623
	16,256	717	-	106,309
	7,945	(23)	-	188,045
	5,387	4,406	-	100,195
	100,353	8,804	-	706,343
	6,025	1,380	-	35,870
	<b>322,733</b>	<b>116,653</b>	<b>-</b>	<b>3,979,399</b>
	<b>(213,502)</b>	<b>17,000</b>	<b>237,777</b>	<b>269,426</b>
	237	-	-	158,763
	16,722	-	-	416,393
	1,764	9,251	-	206,662
	<b>(194,779)</b>	<b>26,251</b>	<b>237,777</b>	<b>1,051,244</b>
	-	-	60,213	60,213
\$	<b>(194,779)</b>	<b>\$ 26,251</b>	<b>\$ 297,990</b>	<b>\$ 1,111,457</b>

**Schedule of Financial Activities by Segment**

For the Year Ended December 31, 2020 (in thousands)

	Protection	Transportation	Utilities and environmental services	Community and cultural services	General government
<b>REVENUES</b>					
Property tax	\$ –	\$ 225	\$ 773	\$ 1,575	\$ 2,120,898
Sales of goods and services	27,736	129,148	839,398	85,024	11,702
Government transfers, grants and subsidies					
Federal	887	13	237	1,128	(78)
Provincial	38,986	88,929	166	100,957	104,950
Investment income	37	8,018	14,531	1,823	75,594
Fines and penalties	45,607	14,709	1,460	256	6,640
Licences, permits and fees	789	15,186	2,739	1,027	339
Miscellaneous revenue	842	2,012	1,140	10,613	11,189
Gain on sale	88	308	17	–	–
Dividend income from ENMAX	–	–	–	–	54,000
Equity in earnings from ENMAX	–	–	–	–	–
<b>Total Revenues</b>	<b>114,972</b>	<b>258,548</b>	<b>860,461</b>	<b>202,403</b>	<b>2,385,234</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	691,516	404,532	212,801	197,977	275,145
Contracted and general services	38,108	125,223	157,147	105,915	(28,354)
Materials, equipment and supplies	50,308	121,295	86,144	48,120	40,817
Utilities	3,826	38,173	22,964	24,515	(11)
Transfers	–	801	73	123,517	6,611
Interest charges	123	14,646	73,894	8,590	3,276
Amortization	29,331	308,715	151,535	93,401	24,146
Loss on disposal of tangible capital assets	1,065	2,431	49	639	–
<b>Total Expenses</b>	<b>814,277</b>	<b>1,015,816</b>	<b>704,607</b>	<b>602,674</b>	<b>321,630</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>(699,305)</b>	<b>(757,268)</b>	<b>155,854</b>	<b>(400,271)</b>	<b>2,063,604</b>
<b>OTHER</b>					
Developer contributions	2,694	82,249	73,483	4,875	–
Government transfers related to capital	3,477	236,289	24,708	12,954	(5,512)
Developer contributions-in-kind related to capital	–	54,233	90,382	21,183	–
<b>NET REVENUES</b>	<b>(693,134)</b>	<b>(384,497)</b>	<b>344,427</b>	<b>(361,259)</b>	<b>2,058,092</b>
ENMAX Corporation – other comprehensive income adjustment	–	–	–	–	–
<b>Annual (Deficit) Surplus</b>	<b>\$ (693,134)</b>	<b>\$ (384,497)</b>	<b>\$ 344,427</b>	<b>\$ (361,259)</b>	<b>\$ 2,058,092</b>

	Public works	Real estate services	ENMAX	Total Consolidated 2020
\$	-	\$ -	\$ -	\$ 2,123,471
	12,678	25,402	-	1,131,088
	65	-	-	2,252
	10	-	-	333,998
	2,773	19	-	102,795
	408	-	-	69,080
	75,973	319	-	96,372
	601	3,363	-	29,760
	109	3,378	-	3,900
	-	-	-	54,000
	-	-	234,114	234,114
	<b>92,617</b>	<b>32,481</b>	<b>234,114</b>	<b>4,180,830</b>
	173,001	16,534	-	1,971,506
	22,662	18,213	-	438,914
	(9,764)	50,287	-	387,207
	8,991	807	-	99,265
	7,776	1	-	138,779
	5,348	5,499	-	111,376
	76,981	8,853	-	692,962
	2,587	2,022	-	8,793
	<b>287,582</b>	<b>102,216</b>	-	<b>3,848,802</b>
	<b>(194,965)</b>	<b>(69,735)</b>	<b>234,114</b>	<b>332,028</b>
	2,707	-	-	166,008
	10,840	-	-	282,756
	-	2,876	-	168,674
	<b>(181,418)</b>	<b>(66,859)</b>	<b>234,114</b>	<b>949,466</b>
	-	-	(157,341)	(157,341)
\$	<b>(181,418)</b>	<b>\$ (66,859)</b>	<b>\$ 76,773</b>	<b>\$ 792,125</b>

## 25. 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 citizens funded by capital infrastructure projects, donated by local artists, and heritage art. As at December 31, 2021, the insured value of the various art collections is \$25,180 (2020 – \$25,180).
- b) Antique Airplanes – The City has ownership of antique airplanes, which are displayed in the Hangar Flight Museum of Calgary formerly known as the Aerospace Museum of Calgary. As at December 31, 2021, the insured value of the antique airplanes is \$6,614 (2020 – \$6,923).
- 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.

## 26. 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
2022	\$ 2,337	\$ 31,577	\$ 138,694
2023	1,613	16,016	132,010
2024	1,359	14,591	43,904
2025	1,065	3,679	5,230
2026	563	2,672	3,235
Thereafter	1,247	9,464	10,711
	<u>\$ 8,184</u>	<u>\$ 77,999</u>	<u>\$ 333,784</u>

## 27. CONTINGENT ASSETS

In the ordinary course of business, various claims and lawsuits are brought by The City. It is the opinion of management 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.

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$1,509,033 (2020 – \$1,462,041) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2021, on major projects and estimated obligations under other various 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 \$251,260 (2020 – \$235,834) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts and obligations, as at December 31, 2021, on estimated obligations under other various 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 \$69,500 (2020 – \$61,018) 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:

2022	\$ 19,139
2023	16,322
2024	10,382
2025	6,123
2026	6,800
Thereafter	10,734
	<u>\$ 69,500</u>

- 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 The City's Administration believes that there will be no material adverse effect on the financial position of The City.



- e) Where estimated environmental management costs are reasonably determinable, The City has recorded a total provision in the amount of \$2,223 (2020 – \$2,140) for environmental liabilities based on management’s estimate of these costs. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information becomes available.
- f) As at December 31, 2021, there were various assessment appeals pending with respect to properties. The outcome of those appeals would be settled from an already established provision. 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.
- g) Alberta Revenue, Tax and Revenue Administration (Alberta Finance) is responsible for assessing the income tax returns filed under the payment-in-lieu-of-taxes (PILOT) 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 management to interpret continually changing regulations and to make certain judgments.
- h) 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.
- i) The City has entered into four 20-year agreements (commencing 2010, 2011, 2013, 2020) with ENMAX Corporation, 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 Corporation’s district energy system was sold to Calgary District Heating Inc., a wholly owned subsidiary of Atlantica Sustainable Infrastructure plc, and it was agreed that all existing agreements with The City would be honoured. As at December 31, 2021, the estimated future obligation for this fixed charge is \$5,001 (2020 – \$5,533).
- j) 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 November 2037. The commitment is estimated to be \$5,119 (2020 – \$5,390).
- k) The City has also 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 \$2,413 (2020 – \$2,868).
- l) The City is responsible for the remediation of contaminated sites that are no longer in productive use 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, 2021, the provision was \$399 (2020 – \$411) and is classified in accounts payable and accrued liabilities. This provision is based on \$466 (2020 – \$466) in expenditures expected to be incurred over the next 25 years discounted at 2.9 per cent (2020 – 2.9 per cent) based on The City’s weighted average cost of capital.
- The liability for contaminated sites includes sites associated with former industrial operations. The nature of contamination includes polycyclic aromatic hydrocarbons, heavy metals and road salts. The sources of the contamination include, but are not limited to, activities related to historical operations and non-sanctioned activities on The City’s land. Sites often have multiple sources of contamination.
- From time to time, 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 contaminated site. It is not expected that the impact of any such sites would have a material impact on the financial statements. 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.
- m) On November 1, 2019, The City entered into a contribution agreement with CMLC and Calgary Exhibition and Stampede Limited (CESL) to expand the BMO Convention Centre which is owned and operated by CESL. The City through CMLC committed to fund two-thirds of the Eligible Costs of \$333,334 which will be funded via The City’s Major Capital Projects Reserve. CMLC will repay The City through the Rivers District Community Revitalization Levy starting in 2028 through 2047. In 2021, The City incurred \$35,871 (2020 – \$37,454) of costs, which were expensed as a donation to CESL. The commitment related to this is \$244,520 (2020 – \$277,314) and has been included as a capital commitment in Note 28 a).
- n) On December 5, 2019 The City entered into an agreement with CMLC and Calgary Sport and Entertainment Corporation (CSEC) to build a new event centre that was to be owned by The City and operated by CSEC. In 2021, the agreement was not executed as planned and the transaction will not proceed in the current form. At the direction of Council, a new Event Centre Committee has been formed to establish a path forward to build an event centre. As at December 31, 2021, there is no material outstanding commitment associated with the termination of the existing agreement.

## 29. 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 the Calgary Exhibition and Stampede Limited (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 2024 and 2036. The interest rates on the credit facilities held by CESL range from 1.28 per cent to 6.07 per cent (2020 – 0.78 per cent to 6.07 per cent). As at December 31, 2021, CESL has drawn a total of \$60,100 (2020 – \$60,100) on the total maximum available facility of \$73,500 (2020 – \$73,500). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$77,491 (2020 – \$77,491) charging certain lands owned by CESL.
- ii) The City has guaranteed certain indebtedness of The Calgary Zoological Society (the Zoo). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of the Zoo in the event the Zoo cannot fulfill its obligations to a Canadian chartered bank. The term of the guarantee is valid until December 18, 2024, and the related debt will mature December 18, 2024. The interest rate on the credit facility is 1.95 per cent (2020 – 1.95 per cent). As at December 31, 2021, the outstanding balance of the facility was \$1,297 (2020 – \$1,713) on the total maximum available facility of \$1,297 (2020 – \$1,713). As collateral to this guarantee, The City could terminate its Lease and Operating Agreement with the Zoo and take possession and control of all Zoo facilities, including any and all personal property owned by the Zoo at that time.

- iii) 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 expires on June 30, 2024 and the related credit facility matures February 28, 2023. The interest on the credit facility is Prime minus 0.75 per cent per annum (2020 – Prime minus 0.75 per cent). As at December 31, 2021, the outstanding balance of the facility was \$2,176 (2020 – \$3,114) on the total maximum available facility of \$10,000 (2020 – \$10,000). The City, as an unconditional guarantor, holds as security a fixed and floating debenture in the amount of \$10,000 (2020 – \$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. Historically, The City has not made any payments under such indemnifications and any potential future claims would be claimed against the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

### 30. EXECUTIVE SALARIES AND BENEFITS

Disclosure of executive salaries and benefits, as required by provincial regulations, is as follows:

	2021 Salaries	2021 Benefits	2021 Total	2020 Salaries	2020 Benefits	2020 Total
Mayor <sup>(1) (2)</sup>	\$ 200	\$ 41	\$ 241	\$ 199	\$ 40	\$ 239
Councillors <sup>(2) (3)</sup>	1,491	485	1,976	1,551	484	2,035
City Manager	339	51	390	340	50	390
Designated Officers <sup>(4)</sup>	1,170	253	1,423	1,236	240	1,476

Executive salaries and benefits obligations have been fully funded by The City.

Notes:

- (1) The former Mayor that left office in 2021 was paid a salary of \$162 and benefits of \$34. The new Mayor received a salary of \$38 and benefits of \$7.
- (2) Elected officials receive a transition allowance of two weeks pay for each year in office, up to a maximum of twenty-six years, when they leave office. These allowances may be taken over several years and are not included in the salary and benefits amounts reported above. Transitional allowances paid in 2021 to the former Councillors who left office the office were: Ward 2 – \$35 (2020 – \$nil), Ward 5 – \$17 (2020 – \$nil), Ward 6 – \$17 (2020 – \$nil), Ward 7 – \$24 (2020 – \$nil), Ward 8 – \$35 (2020 – \$nil), Ward 10 – \$56 (2020 – \$56). Transitional allowances to be paid to the former Mayor and Councillors in 2022 and beyond are: Mayor – \$85, Ward 1 – \$34, Ward 7 – \$62, Ward 12 – \$48, Ward 13 – \$91.
- (3) The Councillors who served throughout 2021 in Wards 4, 9 and 14 each received a salary of \$113 (2020 – \$113) and benefits of \$39 (2020 – \$39). In the Wards in which the Councillors left office in 2021 (1, 2, 5, 6, 7, 8, 10, 11, 12, 13) each received a salary ranging from \$85 and \$92 (2020 – \$113) and benefits ranging from \$12 to \$32 (2020 – \$14 to \$39). The new Councillors in Wards 1, 2, 3, 5, 6, 7, 8, 10, 11, 12, 13 each received a salary of \$22 and benefits ranging from \$4 to \$9.
- (4) The City's designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2021, there was \$62 (2020 – \$150) in holiday and vacation pay out of the ordinary course of business and severance payouts for these designated officers.

### 31. FINANCIAL INSTRUMENTS

At December 31, 2021, The City had 19 (2020 – 19) USD exchange fixed contracts in place. Delivery dates for these contracts range from January 2022 to August 2023. Total committed future foreign exchange purchases are \$31,627 USD (2020 – \$46,043 USD). Total committed future foreign merchandise purchases are \$77,664 USD (2020 – \$80,846 USD), and €2 (2020 – €2,570).

Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for CAD trades against the USD with Canadian Schedule 1 banks at rates ranging from \$1.22 to \$1.32 CAD (2020 – \$1.28 to \$1.56). The dollar value of these contracts at December 31, 2021 was \$40,882 CAD (2020 – \$61,693 CAD).

The City has hired an external manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk. The manager may purchase CAD against foreign currencies held in The City's portfolio. At December 31, 2021, this portfolio held 15 forward contracts that have a settlement date of February 10, 2022. The total market value of the forward contracts is negative \$1,123 CAD. The forward contracts have the following rates with the following currencies\*:

- 2 AUD per USD (\$0.73, 0.74)
- 2 CAD per JPY (¥ 90.66, 90.68)
- 1 CAD per USD (\$1.25)
- 1 CHF per USD (Fr. 0.92)
- 1 EUR per USD (€ 1.15)
- 1 GBP per USD (£ 1.34)
- 1 JPY per USD (¥ 113.71)
- 1 TWD per USD (\$27.61)
- 5 USD per CAD (\$1.25, 1.27, 1.27, 1.27, 1.28)

\* Currencies

AUD – Australian Dollar (\$)	CAD – Canadian Dollar (\$)	CHF – Swiss Franc (Fr.)
EUR – Euro (€)	GBP – British pound sterling (£)	JPY – Japanese Yen (¥)
TWD – Taiwan Dollar (\$)	USD – U.S. Dollar (\$)	

In 2020, The City had contracted for future USD denominated purchases relating to the light rail transit system. Under the supplier agreement terms, The City had fixed the exchange risk at rates ranging from \$1.03 CAD to \$1.07 CAD. At December 31, 2020, The City had remaining commitments of \$14,207 USD that settled in 2021.

## 32. FUNDS HELD IN TRUST

The City administers the following trusts 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, 2020	Receipts	Investment Income	Disbursements	December 31, 2021
Joint Use Reserve Fund	\$ 77,708	\$ 955	\$ 1,631	\$ (2,009)	\$ 78,285
Oversize roads	171	2,948	5	(2,553)	571
Oversize parks	3,560	274	19	(497)	3,356
Oversize utilities	8,232	1,690	52	(93)	9,881
Developers' cash bonds	2,573	–	15	(232)	2,356
Off-site levies	482	–	3	–	485
Candidate Campaign Surplus Fund	113	–	1	(112)	2
Other miscellaneous trusts	1,139	699	8	(497)	1,349
	\$ 93,978	\$ 6,566	\$ 1,734	\$ (5,993)	\$ 96,285

The Joint Use Reserve Fund consists of monies received from land developers in lieu of the 10 per cent reserve land requirement as set forth in Part 17 of the *Municipal Government Act*. Use of the Joint Use Reserve Fund is restricted to unanimously approved land acquisitions for future school, parks and recreation facilities.

The oversize roads, parks, and utilities fund consist of amounts provided by developers of new subdivisions in accordance with oversize rates set out in the Master Development Agreement (MDA). A MDA is a legal contract for all residential, industrial and commercial developments. The contract sets out the terms and conditions under which development of the lands are to take place within the city including the responsibility to construct public facilities and associated financial obligations.

The developers' cash bonds are monies held to secure performance by a developer under the terms of the MDA.

Off-site levies consist of monies received from developers pursuant to a special clause in the MDA prior to the year 2000. The levies are to be used for recreational facilities in designated communities.

The Candidate Campaign Surplus Funds are administered by The City on behalf of Candidate elections, the funds held in trust shall remit the funds and interest to the candidate for use the next general election.

Other miscellaneous trusts are composed of multiple funds with minimal balances that are held for external organizations

### 33. 2013 FLOOD EVENT

#### Overview

On June 20, 2013, The City experienced a major flood event and a State of Local Emergency (SOLE) was declared within The City. The flood caused significant damage to The City's tangible capital assets. The City has now completed the remediation and mitigation work to restore conditions to pre-flood state. It is expected that resiliency and enhancement work related to 2013 flood will continue into 2022 and beyond.

The City holds various insurance policies with multiple insurance providers which was used to fund a portion of the remediation and recovery efforts.

The City applied to the Province of Alberta for flood relief and mitigation funding through the following programs:

- Disaster Recovery Program (DRP) to provide financial assistance for uninsurable property damage, loss and other expenses incurred as the result of the flood;
- Flood Recovery Erosion Control (FREC) program addresses immediate repairs of erosion damage caused by the flood and long term community mitigation projects;
- Municipal Staffing Capacity Grant (MSCG) program to fund consultants and newly hired staff to perform operating flood recovery work; and
- Flood Readiness Grant program to secure operating grants to enable communities impacted by the flood to increase community resiliency and enhance operational capability to mitigate and respond to future flood risks.

#### Impact on Financial Results

Costs incurred as a result of remediation or mitigation efforts are capitalized or expensed in accordance with accounting policies in Note 1. Only costs that represent a betterment, enhancement or a new asset are capitalized, with all other costs expensed as repairs and maintenance. All operating expenditures are recognized in the current year consolidated statement of operations and accumulated surplus in the various business units that incurred those costs.

The City completed the insurance related capital expenditures in 2016.

The provincial flood program made funds available over the years through the DRP and FREC programs. The Tangible Capital Assets that were significantly impacted by the flood including buildings, various engineered structures, machinery and equipment and vehicles have been replaced and repaired. Only resiliency and enhancement related costs are to be incurred in 2022 and beyond. The City and the Province have reviewed the conditions of the affected assets by the flood and has determined that no permanent impairment is present. The overpayment to The City of \$16,249 from the DRP advance was returned to the Province and the Province has closed the funding programs.

#### Measurement Uncertainty

The City has estimated the total cost of capital expenditures related to the flood to be approximately \$298,107 (excluding resiliency), which includes repairs, replacements and mitigation strategies, of which \$676 (2020 – \$3,578) has been incurred in 2021 for a total incurred spend of \$296,162 (2020 – \$295,135).

### 34. COMPARATIVE FIGURES

Certain comparative figures have been recalculated and reclassified to conform to the current year's presentation. Recalculations have been made in 2020 for comparative purposes for the debt limit and debt service limit figures in Note 14. Reclassifications have been made in 2020 to reclassify certain balances between reserve categories in Note 19.

The impact of these changes on Note 14 was an increase in percentage of debt capacity used and an increase in percentage of debt servicing capacity used as a result of the Council approved debt policy. The debt limit was previously calculated at 2 times revenue (as defined in the Debt limit regulation 255/200) and is now calculated at 1.6 times revenue (as defined in the City's Debt Policy CP2020-05) and the debt service limit was previously calculated at 0.35 times revenue and is now calculated at 0.28 times revenue.

The impact of these changes on Note 19 were combining the balances of the Fiscal stability and Budget savings account, combining the Reserve for future capital and Lifecycle maintenance and upgrade, and separately disclosing the Green Line Fund balance. These changes have no impact on the reserve amount reported within Note 17, Accumulated Surplus as a result of this reclassification.



**“ Cities around the world are on the front lines of climate change and Calgary is no different.**

We have taken important steps to manage our own energy use, prepare our city and infrastructure for a changing climate, and show the world we mean business when it comes to addressing global warming. In doing so, we are aligning with Calgarians’ desire for their governments to take immediate action on climate, and leading energy companies’ commitments to reach net zero by 2050.

Mayor Jyoti Gondek

”

## OVERVIEW OF OUR PROGRESS

### Introduction

Climate-related impacts can occur over the short, medium, and long-term. Calgary will experience chronic, gradual impacts (such as impacts due to shifting temperature patterns), as well as acute, abrupt disruptive impacts (such as impacts from flooding or severe storm events). The City of Calgary (The City) recognizes the importance of developing and implementing resilience strategies that will allow us to survive, adapt, and thrive in the face of climate change.

Climate risk can impact the operations of The City, many which are critical to Calgarians, such as emergency operations centres, roads, and communication systems. These climate-related impacts have the potential to affect several important aspects of The City's financial performance and position, both now and in the future.

Recognizing the financial risks and opportunities of climate change to organizations around the world and in alignment with other Canadian municipalities on climate-related planning, preparation and reporting, The City is disclosing its 2021 unaudited climate-related work, according to the Task Force on Climate-related Financial Disclosures' (TCFD; created by the G20 Financial Stability Board) reporting framework. This report follows a consistent TCFD framework to describe how the issue of climate change is being managed by The City, and the range of work completed for residents, businesses, and visitors. Climate risks are identified as well as how the materiality of these risks is determined and managed, including the potential benefit from climate opportunities.

The City defines climate-related risk as the physical impacts of climate hazards (i.e. severe weather events, drought, extreme temperatures etc.) on Calgary's natural environment, built environment (buildings and infrastructure), human systems (community wellbeing), City operations and service delivery and their associated socio-economic costs. Climate-related risk is also associated with the transition to a lower-carbon economy, legal and policy risk, technology change, market response, and reputational considerations.

As a demonstration of The City's intent to develop and harmonize municipal climate-related risk disclosure standards with other cities in Canada, this first TCFD-aligned report for The City provides an overview of The City's exposure to potential climate-related impacts; the potential nature and size of climate-related impacts; governance; strategy; processes for managing climate-related risks; and performance with respect to managing climate-related risks and opportunities<sup>(1)</sup>.

Sources: (1) Task Force on Climate-Related Financial Disclosure (2021). Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures. October 2021.

### Flood Management

Climate change has and will continue to increase the risk of floods in Calgary, both from heavy rainfall and from river flooding.

Recognizing this substantial risk, The City is working on refining their understanding of how climate change is affecting the likelihood, frequency, and severity of flood events and updating maps, plans, bylaws, and policies to incorporate this refined understanding. Flood management practices seek to reduce the exposure and vulnerability of Calgarians and City infrastructure and services from flood risks.

New flood zones and maps will guide what development should or should not occur in high-risk areas. The City is also working to

improve river flood forecasting and warning systems through better monitoring, allowing residents and businesses to prepare for flooding hazards. Climate change considerations are also being incorporated into new and existing flood mitigation infrastructure design and construction, improving The City's ability to protect people and communities. Drainage improvements will also incorporate projected climate change impacts to reduce local flooding risks. To reduce the risk of river floods, The City is collaborating with partners to support upstream risk management practices.



**The City of Calgary's Climate Related Financial Disclosure (unaudited)**

**Table 1 – Summary of Disclosure**

TCFD Required Disclosures	City of Calgary Disclosure (unaudited)	
<b>Governance</b>		
Disclose the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities	<p>Council adopted the Climate Resilience Strategy and embedded Climate Adaptation and Mitigation Action Plans in 2018, and an update of the strategy and action plans is underway for 2022. The Climate Strategy provides direction on how The City can both reduce greenhouse gas emissions and improve resilience to climate change hazards.</p> <p><i>The "Calgary's Climate Strategies and Governance" section in this document further describes the oversight and actions related to climate risks and opportunities.</i></p>
	Describe management's role in assessing and managing climate-related risks and opportunities	<p>One Calgary 2019-2022 Service Plans and Budgets<sup>(1)</sup> describes how we will address ongoing challenges, implement Council's Directives, and move a step closer to achieving the long-term vision for our city. In the 2019-2022 Service Plans and Budgets we have been implementing solutions that will build community resilience to the challenges of climate change. These solutions include; caring for our tree canopy, further investing in flood protection measures and continuing to protect our rivers and green spaces.</p> <p><i>See the "Calgary's Climate Strategies and Governance" section of this report for additional detail.</i></p>
<b>Strategy</b>		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>In November 2021, Council declared a Climate Emergency<sup>(2)</sup> and adopted a net zero emissions target by 2050.</p> <p>The Climate Resilience Strategy<sup>(3)</sup> outlines the climate risk analysis and action plans to reduce Calgary's energy use and greenhouse gas (GHG) emissions that contribute to global climate change, and reduce Calgarians' vulnerability to a changing climate.</p> <p>The Environment Strategy<sup>(4)</sup> highlights and focuses on Calgary's key environmental issues, opportunities and priorities. This plan will help us to clearly define The City's environmental direction and the path forward to tackle our most critical environmental challenges and improve our environmental outcomes.</p> <p><i>See the "Climate Risk in Calgary" section of this report for additional detail.</i></p>
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>City departments actively take into account climate risks as part of their work, and the Climate Team develops tools and programs that address climate risks and opportunities as identified in the Climate Resilience Strategy<sup>(3)</sup> and Action Plans.</p> <p><i>See the "Climate Adaptation in Calgary" section of this report for additional detail.</i></p>
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>The City has completed downscaled climate modelling to provide information about projected local weather and climatic changes out to the 2050s and 2080s. This modelling informs climate risk and resilience assessments and City infrastructure planning and redevelopment projects over the projected lifespan of the capital investment.</p> <p><i>See the "Climate Risk in Calgary" section of this report for additional detail.</i></p>

Sources: (1) [calgary.ca/cfod/finance/plans-budgets-and-financial-reports/plans-and-budget-2019-2022/service-plans-and-budgets.html](http://calgary.ca/cfod/finance/plans-budgets-and-financial-reports/plans-and-budget-2019-2022/service-plans-and-budgets.html)  
(2) [calgary.ca/uep/esm/energy-savings/climate-change.html#emergency](http://calgary.ca/uep/esm/energy-savings/climate-change.html#emergency) (3) [calgary.ca/uep/esm/climate-change/climate-actions.html](http://calgary.ca/uep/esm/climate-change/climate-actions.html) (4) [engage.calgary.ca/environment](http://engage.calgary.ca/environment)

**Risk Management**

<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>The Climate Resilience Strategy<sup>(1)</sup> outlines the climate risk analysis and action plans to reduce Calgary's energy use and GHG emissions that contribute to global climate change, and reduce Calgarians' vulnerability to a changing climate.</p> <p><i>See the "Climate Adaptation in Calgary" section of this report for additional detail.</i></p>
	<p>Describe the organization's processes for managing climate-related risks.</p>	<p>The Climate Resilience Strategy and Climate Adaptation Action and Mitigation Action Plans<sup>(1)</sup> approved in 2018 outlines the approach to making Calgary resilient to climate change. The strategy is a four-year action plan, aligned with Council's budget cycles (the next iteration is underway in early 2022).</p> <p><i>See the "Climate Risk in Calgary" section of this report for additional detail.</i></p>
	<p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>Climate-related risk is included in The City's Principal Corporate Risks that are reviewed semi-annually. All City departments undertake a cross-corporate risk review, which is reviewed for trends by The City Integrated Risk Management department and then reviewed by the Executive Leadership Team before it is sent to Council. Integrated Risk Management audit information for 2021 can be found in the City Auditors Office reports<sup>(2)</sup>.</p> <p><i>See the "Climate Adaptation in Calgary" section of this report for additional detail.</i></p>

**Metrics and Targets**

<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>The Climate Resilience Strategy and Climate Adaptation Action and Mitigation Action Plans<sup>(1)</sup> approved in 2018 contain an initial set of impact metrics and indicators, and actions required to finalize performance measure indicators.</p> <p><i>See the "Calgary's Climate Metrics and Targets" section of this report for additional detail.</i></p>
	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</p>	<p>Calgary's overall city-wide unaudited GHG inventory includes Scope 1 and 2 emissions as shown in the Climate Metrics and Targets section.</p> <p><i>See the "Calgary's Climate Metrics and Targets" section of this report for additional detail.</i></p>
	<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p><i>See the "Calgary's Climate Metrics and Targets" section of this report for additional detail.</i></p>

Sources: (1) [calgary.ca/uep/esm/climate-change/climate-actions.html](http://calgary.ca/uep/esm/climate-change/climate-actions.html)  
(2) [calgary.ca/auditor/city-auditor-audits.html](http://calgary.ca/auditor/city-auditor-audits.html)

## Maturity Assessment

In 2020, the Chartered Professional Accountants of Canada (CPA) published an overview<sup>(1)</sup> of how cities can assess their progress on governance, strategy, risk management, and metrics and targets required for unaudited TCFD reporting. A Maturity Assessment framework in CPA's guidance has been qualitatively self-assessed by The City for the 2021 unaudited Climate-related Financial Disclosure.

The framework contains three phases with characteristics that track progress:

- Phase 1 – characteristics of a city beginning a TCFD reporting journey.
- Phase 2 – characteristics of a city not only increasing awareness but embedding climate change into planning and decision-making processes.
- Phase 3 – characteristics of a city routinely integrating climate change into decision-making processes.

Through the self-assessment process, The City demonstrates characteristics of a Phase 1 reporting city. However, given the recent Climate Emergency Declaration for The City in November 2021 and the updated Climate Strategy and Action Plans, The City is currently evaluating progress against Phases 2 and 3. A full Maturity Assessment of The City's TCFD journey will be reported within the unaudited Climate-Related Financial Disclosure in the 2022 Annual Financial Report.

Sources: (1) Chartered Professional Accountants Canada (CPA Canada) (2019). Enhancing Climate-Related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). October 2019.

## Urban Heat Island Analysis

One of the most substantial climate risks facing Calgary is the increasing intensity and frequency of extreme heat events. The effects of extreme heat are amplified by the urban heat island (UHI) effect, where buildings and pavements absorb and re-emit the sun's heat more than natural landscapes and become "islands" of higher temperature relative to outlying areas. The concentration of heat in urban areas impact human health and wellness, the built environment, and the natural environment. Extreme heat amplified by the UHI effect also reduces air quality, with a range of associated adverse health effects.

To better understand the risk of urban heat islands, The City has developed an Urban Heat Island Map under the Future Cities Canada project and funded by Microsoft's AI for Earth grant program. Using remote sensing satellite data, the map shows several land surface temperature readings from the same time on cloud-free days. The map also includes layers showing vegetation, built infrastructure, building age and height, and population information. This tool provides a better understanding of which locations in Calgary are

consistently exposed to higher temperatures, identifying high risk areas. This information can be used to identify where social messaging and supports should be targeted and guide community planning to prioritize neighborhood scale improvements and shading/cooling structure installation in highest risk areas.



## CALGARY'S CLIMATE STRATEGIES AND GOVERNANCE

### Governance Disclosure Requirements for TCFD

*Disclose the organization's governance around climate-related risks and opportunities*

- a) *Describe the board's oversight of climate-related risks and opportunities*
- b) *Describe management's role in assessing and managing climate-related risks and opportunities*

### Council's Role

Under the requirements of the Calgary City Charter, The City must develop plans for mitigating the causes and adapting to the effects of climate change (Sections 615.4 and 615.5 respectively). Council approves climate strategies, implementation plans and budget for priority climate initiatives in our four-year service plans and budgets cycle. Environmental and Safety Management provides information about climate-related risks and opportunities to inform Council's approval process. In 2018, Council adopted the Climate Resilience Strategy and Adaptation and Mitigation Action Plans. The Climate Strategy provides direction on how The City can both reduce greenhouse gas emissions and improve resilience to climate change hazards. An update of the strategy and action plans is underway for 2022.

### Climate Emergency Declaration

In November 2021, Council declared a climate emergency for Calgary. The declaration states that The City makes climate change a strategic priority by accelerating the timelines for climate action to reduce city-wide and corporate GHG emissions and set a reduction target of net zero by 2050. The declaration also requires that The City develop strategic business plans and budgets across all departments that identify, invest in, and accelerate climate risk reduction opportunities, prioritize GHG emissions reduction, and apply a carbon budget.

### Long-Range Planning

The City's long-range plan, the Municipal Development Plan (MDP), integrates land use and mobility and guides our current decision-making around city building. It looks 60 years ahead when our population is projected to reach two million people. The MDP recognizes that Calgary's climate is changing, creating new risks and opportunities including within the areas of jobs, housing and transportation. The MDP integrates the direction of the Climate Strategy and Action Plans on how to mitigate GHG emissions, reduce the impacts of climate change and make Calgary more resilient to climate-related events. The City is seeking ways to incorporate principles of natural infrastructure into land use, development, and transportation decisions. This includes restoring degraded natural areas to achieve greater ecosystem and municipal services.

### Integrated Risk Management Process

The City's Integrated Risk Management (IRM) Policy is the overarching systemic approach to proactively managing corporate-wide risks that impact The City's ability to achieve its results. The IRM approach consists of Principal Corporate Risks that are assigned to

responsible individuals in the Executive Leadership Team, and which are tracked within The City's Corporate IRM Framework and process. During semi-annual cross-corporate risk reviews, all City service owners undertake a holistic review of service planning, emergency management plans, climate change impacts and insurance risks. Risk patterns and trends (including climate-related risks) are identified by the IRM department, and then reviewed with the Executive Leadership Team before the Audit Committee reports the results to Council.

Strategic climate-related risks are managed and addressed by the Climate Resilience Strategy. This Strategy drives corporate policies and direction of City departments and service decisions in reducing GHG emissions, climate change impacts and maintaining overall service levels. Department general managers and leadership teams are responsible for reviewing and updating risk registries annually to effectively identify, alleviate and report risks to the service level impacts.

### Governance of Climate Action

A roadmap for climate strategies is required as part of unaudited TCFD reporting, to demonstrate that the governance of climate action is comprehensive and distributed across City activities. At The City, an external Calgary Climate Panel, made up of community organizations, technical experts and community members, provides advisory services on all policies, strategies and plans related to climate change. The Climate Panel provides guidance to City departments (primarily the Climate Team) and reports to City Council annually.

Table 1 details the management-level oversight for all relevant Council-approved climate strategies and implementation plans. Departments across The City are responsible for the implementation of these plans, and for tracking the efficacy of associated actions. The Climate Team reports annually on progress to Council.

Administration is developing a cross-corporate climate governance framework that will provide accountability and coordinated oversight of climate-related initiatives, and the integration of a climate lens on operations, business plans, budgets and growth and development decisions.

### Carbon Disclosure

The City is committed to disclosing through the Carbon Disclosure Project (CDP), a global disclosure system for investors, companies, cities and regions to manage their environmental impacts. Each year, the CDP provides a global platform for cities to measure, manage and disclose their responses to their annual climate change questionnaires. In 2018, CDP created an "A List" in CDP Cities Scoring Methodology, naming the world's cities leading on climate action. Such actions include reducing emissions, adapting to climate risks, managing water resources and leading the low carbon transition while safe-guarding citizens and ensuring they remain prosperous places to live and work.

The City has been reporting annually to the CDP since 2014 and achieved an "A" standing in its last three years of disclosure, acknowledging the strength of implementing the climate adaptation and mitigation plans.

## The City of Calgary Carbon Budget Process

The City has committed to a GHG emissions reduction target of net zero by 2050 based on 2005 levels. Municipalities require a systematic way to reduce emissions, to ensure that policies and programs do not lock in further emissions, and to maximize opportunities resulting from the energy transition.

A carbon budget framework is an effective tool for ensuring that nations and municipalities can meet emission reduction targets and thereby minimize adverse impacts caused by climate change. A carbon budget represents the total amount of emissions that can be emitted in the future in a given region while limiting global warming to a given temperature target, and shows the impact of delaying reductions in

emissions very clearly. Any project, strategy or initiative that will result in an increase in emissions, whether in the short or long-term, must be recognized as using up some of the remaining carbon budget, which then informs decision-makers by integrating long-term climate impacts into standard service and budget planning processes.

Council has directed Administration to investigate a carbon budget framework as a tool to support decision-making related to growth and development, infrastructure lifecycle replacement and project prioritization for The City. The development of the carbon budget framework and reporting through the CDP is underway.

## CLIMATE RISK IN CALGARY

### Strategy Disclosure Requirements for TCFD

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

- a) *Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.*
- b) *Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.*
- c) *Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.*

The City is refining its understanding of the climate change impacts that are and will continue to affect the people, economy, environment, and infrastructure of Calgary. As identified in the Climate Adaptation Plan, the Community Climate Risk Index (CCRI) is being developed for each community in Calgary to document how climate hazards intersect with community scale factors of vulnerability and climate adaptability.

Two rounds of cross-corporate and external climate adaptation planning in 2017 and 2021 have informed the development of the Climate Adaptation Action Plan. The engagement identified vulnerabilities to climate hazards and actions to mitigate the risks to City systems and service delivery. This allows The City to consider actual and potential financial impacts on revenues, expenditures, assets and liabilities, and capital and financing.

As a result of climate change, Calgary will experience increasing temperatures, more extreme heat events, an increase in the frequency, duration and severity of storm events, increased rainfall year-round, increased river flooding, less snowfall, more wildfires and smoky days. Table 2 provides a high-level summary of key climate-related impacts and risks, developed as part of the planning for the Climate Resilience Strategy and Climate Adaptation Action Plan.

**Table 2 – Examples of Projected Climate Impacts on Calgary**

Impacted Areas	Impacts	Timeframe	Impacted Assets/Services
<b>Human Wellbeing</b>	Climate change will cause many impacts to human health, including increased mortality and morbidity from hyperthermia during extreme heat events, poor air quality from both higher temperatures and wildfires, and water insecurity from drought events.	Short to medium-term	Public health; employee health; community and culture
	Climate change exacerbated flood risks can cause fatalities.	Medium-term	Public health; employee health; community and culture
	Climate change can cause substantial mental health impacts from climate anxiety and from seeing homes, people, and places affected by climate change impacts.	Short to medium-term	Public health; employee health; community and culture
	Climate change can affect the geographic range of diseases, introducing new medical risks in Calgary.	Medium to long-term	Public and employee health
	Climate change will cause substantial economic losses from direct damage to infrastructure, homes, and buildings and indirectly through service loss, and productivity loss.	Short to long-term	Economy; public health and safety; employee health and safety; emergency management
	Climate change can exacerbate existing inequities through disproportionate impacts to certain populations, such as the elderly, low income, and racialized people.	Short-term	Public health; employee health; community and culture
<b>Natural Environment</b>	With hotter and drier summers expected in the future, drought frequency and duration is expected to increase which could affect water availability, further posing a risk to natural infrastructure such as trees. Drought events can also cause food insecurity for Calgarians.	Short-term	Drinking water; biodiversity; urban forest; public health
	Severe storms and stronger wind can harm vegetation and fell trees.	Short-term	Biodiversity; urban forest; parks and open spaces
	Shifting seasons and climate impacts will cause biodiversity loss and stress the current flora and fauna that live in Calgary.	Medium to long-term	Biodiversity; parks and open spaces; food security
	Shifting seasons can allow new pests and predators to viably live in Calgary, with harm to existing species and ecosystems.	Medium to long-term	Biodiversity; parks and open spaces; food security

Impacted Areas	Impacts	Timeframe	Impacted Assets/Services
<b>Built Infrastructure</b>	Increasing temperatures can impact building heating and cooling design and reduce the performance of mechanical systems while increasing the demand on cooling systems.	Short-term	Residential, commercial, institutional premises; public health; emergency management; transportation
	Intense rainfall can overwhelm drainage systems, resulting in flooding and damage to infrastructure.	Short-term	Emergency management; residential, commercial, industrial, institutional premises; transport
	As severe storms are expected to increase, associated hail and wind can damage buildings.	Short to medium-term	Emergency management; residential, commercial, industrial, institutional premises; transport
	Severe storms can damage power lines and create energy insecurity for homes, key services, and buildings in Calgary.	Short to medium-term	Emergency management; residential, commercial, industrial, institutional premises; transport
	More intense weather can cause more rapid deterioration of pavements and transportation infrastructure, including bridges.	Medium to long-term	Public and private assets; water supply and sanitation; public health

### Scenario Analysis

To prepare for climate change, we need to understand what these changes will mean for The City in the future. The City has used climate projections for the 2050s and 2080s from downscaled Global Climate Models (GCMs). These were modeled using two of the Intergovernmental Panel on Climate Change (IPCC) representative concentration pathways (RCPs): RCP8.5 and RCP4.5. RCP8.5 represents a higher GHG emissions scenario, and RCP4.5 assumes that global action has been taken to limit GHG emissions. Both scenarios show similar climate projections up until the 2050s, at which point they start to diverge.

Using these climate projections provides the first phase of information necessary to support climate adaptation and has resulted in the development of technical climate projection data and climate impact indicators data for use by City departments and other technical audiences, and a public climate projections report (in development). Climate projections can help decision-makers, asset owners, and the public to understand future impacts on people, built infrastructure, the natural environment and the economy.

## CLIMATE ADAPTATION IN CALGARY

### Risk Management Disclosure Requirements for TCFD

*Disclose how the organization identifies, assesses, and manages climate-related risks.*

- a) *Describe the organization's processes for identifying and assessing climate-related risks.*
- b) *Describe the organization's processes for managing climate-related risks.*
- c) *Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.*

The Climate Resilience Strategy and Climate Mitigation and Adaptation Action Plans, approved in 2018, outlines the approach to reducing Calgary's contribution to climate change (GHG emissions), while preparing for a changing climate (local climate risk). The strategy is a four-year action plan, aligned with Council service plan and budget cycles, and is updated every four years (the next iteration is underway in early 2022). The action plans that support the delivery of the Climate Strategy include efforts to establish climate change governance; integrate and align climate change considerations and practices into City services and processes; implement outreach and education programs; reduce community and City GHG emissions (climate mitigation); and reduce climate-related risk to the community and in The City's infrastructure and operations (climate adaptation).

### Progress to Date

The City has made good progress on the action plans set out in the Climate Resilience Strategy. Most actions are underway, and many have already been embedded into business processes and programs. Out of a total of 244 actions, 41 actions are complete, 162 actions are in progress and 41 actions have not yet been started, as noted in the Climate Resilience and Action Plans 2020 Annual Report<sup>(1)</sup>.

The key target in the 2018 Climate Mitigation Action Plan has been to reduce city-wide GHG emissions by 80 per cent below 2005 levels by 2050. This target has been updated in the Climate Emergency Declaration to reach net zero emissions by 2050. These targets both require an overall reduction in total emissions even as we expect the population and economy to continue to grow.

Actions have been implemented in the Climate Adaptation Action Plan in five key theme areas: climate adaptation reporting, people, built infrastructure, natural infrastructure, and watershed management. The Adaptation Action Plan currently has no defined targets nor is it measurable by a specific reduction target. This challenge is not unique to The City, as many municipalities in Canada and around the globe are still working to benchmark corporate and community climate risk, define the boundaries of climate risk assessment, and develop the appropriate indicators and performance measures to assess adaptation progress. A measurement framework has been developed for Calgary, aligned with The City's Results-Based Accountability framework which includes a combination of climate-related risk indicators and program-based effort and effect-based performance measures.

### Economic Analysis of Calgary's Climate Risk

An economic analysis of Calgary's physical climate risks is currently underway, and includes an assessment of:

- direct damage caused to City infrastructure
- impacts to public health and labor productivity
- service loss
- economic costs of damage to the natural environment.

The detailed analysis will specify damages by category (building type, infrastructure type, natural infrastructure assets, etc.) and by climate hazard (extreme heat, river flooding, severe storms, drought, etc.). Quantifying the economic risks of climate change supports decision-making by incorporating economic justification into adaptation decisions and allows for consideration of the return on investment when choosing and prioritizing climate adaptation programs. Economic justifications through quantified unaudited dollar values for climate adaptation can also help foster support from the public and stakeholders, increasing and accelerating the development of adaptation strategies.

Sources: (1) [calgary.ca/uep/esm/energy-savings/climate-change.html](http://calgary.ca/uep/esm/energy-savings/climate-change.html)



### Community Climate Risk Index and Climate Risk Profiles

Acknowledging that climate change impacts will be disproportionately distributed among the communities of Calgary, The City has created a CCRI. Based on best practices from Canadian and international cities, the CCRI combines current and future climate hazard likelihood information, measures of exposure to impacts, and 40 indicators of vulnerability and ability to adapt (adaptive capacity) to climate impacts to calculate the climate risk of a specific community. The factors considered are categorized according to three systems of community assets: people, built infrastructure, and natural infrastructure. Quantifying climate risk in each community supports City efforts to approach climate action equitably.

Using the CCRI and other sources of information, such as the UHI analysis, natural assets analysis, and Calgary Equity Index, The City is developing Climate Risk Profiles for the communities in Calgary, detailing the sources of risk in a report format. These documents are intended to support planning teams and other internal business units working on Local Area Growth Planning Projects and other City projects to support informed decision making that can improve community climate resilience.

### Natural Asset Inventory and the Natural Infrastructure Program

Natural infrastructure includes the natural spaces in our city, such as grasslands, forests and waterbodies, as well as the structures we have built that use natural processes to manage water or provide some natural functions of an ecosystem in an urban environment. Natural infrastructure provides numerous societal, economic and environmental benefits, many of which can be assessed and quantified to describe an economic service value. Traditionally, these benefits are often undervalued or go unrecognized in financial processes, leading to an increased risk of mismanagement and loss of natural infrastructure.

The City has been developing a more holistic view of natural infrastructure as a key method in building a city that is resilient, particularly to the effects of climate change. The unaudited Natural Asset Inventory was completed to better communicate the value of Calgary's natural assets and the services they provide to inform decision-making and planning around land use, asset management and operations. This study has demonstrated that natural assets in the city of Calgary have an unaudited replacement cost of \$6.9 billion which generates a flow of unaudited annual service value of approximately \$2.5 billion.

## CALGARY'S CLIMATE METRICS AND TARGETS

### Metrics and Targets Disclosure Requirements for TCFD

*Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*

- a) *Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.*
- b) *Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.*
- c) *Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.*

Measurement of climate adaptation work is a complex discipline still under development, especially as the range of climate change impacts becomes more evident over time. The complexity of determining metrics and targets for climate adaptation comes from the (very) long time-horizons involved in adaptation outcomes; the prioritization and selection of process, outcome, and contextual indicators; and appropriate methods for quantifying avoided climate impacts due to adaptation interventions. In addition, due to the indirect and intangible nature of some climate change impacts (e.g., long-term mental health impacts due to climate change events), indicators are not yet developed, or do not have a clear path to identification of a metric.

The Climate Resilience Strategy contains an initial set of impacts metrics and indicators for climate adaptation and identified action to finalize performance measurement indicators. Some of these derive from existing City plans and strategy implementation, and others are pending completion of related plans and strategies under development at this time (e.g., 2022 updated Climate Strategy, Natural Infrastructure Valuation Program).

The climate impact indicators in initial review for climate adaptation work at The City include:

- Extreme heat
- Higher average temperatures
- Incidence and location of wildfires
- Smoke days
- Drought
- Flooding
- High rainfall and storm events
- Heavy snowfalls
- High winds
- Severe winter and summer storms
- Incidence of tornados

Regular reporting against these metrics is in development. For the preliminary Measurement Indicators and for more information, see the Climate Resilience Strategy.



### Urban Forest Strategic Plan

An Urban Forest Strategic Plan was adopted by Council in 2007 which outlined policies and best practices to increase the urban forest. This plan, in addition to the MDP, expressed a goal to increase Calgary's tree canopy from 14 per cent to 20 per cent over approximately the next 60 years, increasing at least 1 per cent per decade. The Urban Forest Strategic plan identified a number of challenges. Calgary's prairie climate does not naturally support trees, and historic photographs of Calgary show a landscape largely devoid of trees, except in river valleys. Calgary's arid climate, coupled with Chinook winds, make it difficult for trees to get necessary moisture for needed winter protection.

Natural disasters have a detrimental impact on the urban forest. Calgary's tree canopy was estimated to be at 7 per cent in 2007 and increased to 8.5 per cent by 2012. The loss of trees from the 2013 flood caused the canopy to decrease to 8.4 per cent. Then in September 2014, a late summer snowstorm event detrimentally impacted Calgary's urban forest. Trees in full leaf were weighed down causing trunks to split, and branches to break. It is estimated that more than 50 per cent of the tree canopy was impacted. It is anticipated that due to climate change, extreme weather events may continue to increase, affecting our trees.

Calgary's tree canopy is primarily located on private land and therefore it is important to engage the community and provide education programs about the benefits of trees and proper tree care.

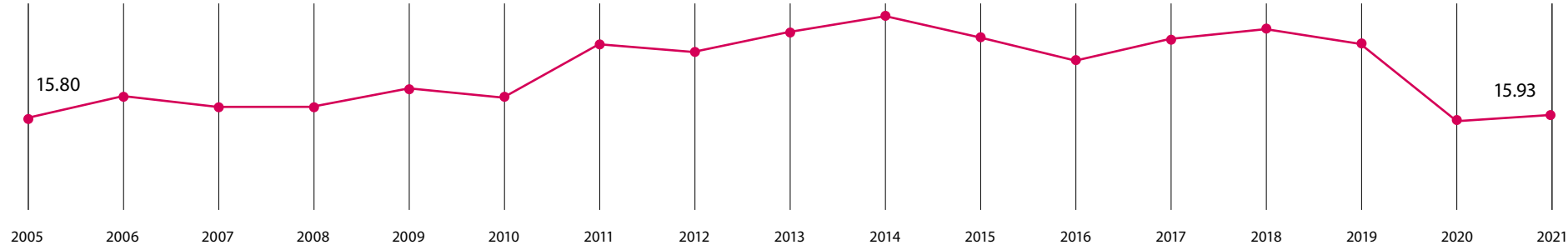
**Community GHG Emissions (unaudited)**

The City calculates both community and corporate GHG emissions inventories, following current international best practices for calculating emissions, and reports publicly on Scope 1 (i.e. direct GHG emissions from energy used by vehicles and heating buildings) and Scope 2 emissions (i.e., indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling). The City discloses through the CDP and has achieved an “A List” standing annually in the CDP Cities scoring methodology since 2018.

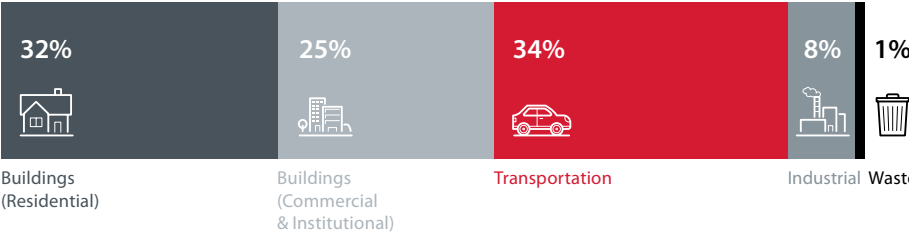
In 2021, Calgary’s GHG emissions increased by 1.2 per cent compared to 2020. Calgary’s emissions were 0.9 per cent above 2005 levels last year. We are not on track to meet our 2030 or 2050 emissions reduction target. Calgary’s 2021 city-wide emissions were 15.93 megatonnes of carbon dioxide equivalent. The residential and commercial building sectors together contribute 57 per cent of Calgary’s overall emissions, industrial facilities contribute 8 percent, transportation from personal and fleet vehicles accounts for 34 per cent, and methane emissions from our landfills and wastewater treatment facilities represent 1 per cent.

Energy patterns were mixed in 2021. Electricity use increased by 3 percent compared to 2020, with higher demand in both the residential and commercial sectors. Natural gas use decreased by 5 percent compared to 2020, with 6 per cent decrease in residential sector and 4 per cent in commercial sector. Vehicle fuel use increased by 6 percent, which is likely due to an increase in private vehicle-use due to the relaxation of some COVID-19 restrictions throughout the year.

**Calgary community-wide GHG emissions (megatonnes CO<sub>2</sub>e) unaudited**




**Total emissions by sector in 2021 (unaudited)**



On a per capita basis, the GHG trend continued downward in 2021 to 12.03 tonnes CO<sub>2</sub>e per person, compared to 16.5 tonnes in 2005. This is due to a combination of population growth and energy efficiency improvements.



 **We provide safe  
and flexible access  
to City services  
and programs...**

...to ensure physical and mental health, increase supports and relief programs to business to bolster the local economy, and adapt programs that our communities value.

City Manager David Duckworth



# Revenue by Source unaudited (see Notes) 2017 to 2021

(in thousands)

	2021			2020		
	Operating	Capital	Total	Operating	Capital	Total
Property taxes	\$ 2,685,513	\$ –	\$ 2,685,513	\$ 2,651,631	\$ –	\$ 2,651,631
Community Revitalization Levy	38,100	–	38,100	37,099	–	37,099
Business taxes	(4,295)	–	(4,295)	–	–	–
Revenue in lieu of taxes	251,571	–	251,571	207,728	–	207,728
Local improvement levies and special taxes	9,235	–	9,235	6,092	–	6,092
	<b>2,980,124</b>	<b>–</b>	<b>2,980,124</b>	<b>2,902,550</b>	<b>–</b>	<b>2,902,550</b>
Less: Provincial property taxes	(771,111)	–	(711,111)	(779,079)	–	(779,079)
<b>Net taxes available for municipal purposes</b>	<b>2,209,013</b>	<b>–</b>	<b>2,209,013</b>	<b>2,123,471</b>	<b>–</b>	<b>2,123,471</b>
<b>Sales of goods and services</b>						
Water and sewer	712,791	–	712,791	703,660	–	703,660
Public transit	79,743	–	79,743	87,572	–	87,572
Real estate	117,011	–	117,011	27,846	–	27,846
Recreation and culture	33,069	–	33,069	35,507	–	35,507
Parking	28,825	–	28,825	31,461	–	31,461
Social housing	47,530	–	47,530	49,287	–	49,287
Protective services	31,223	–	31,223	28,819	–	28,819
Waste disposal	142,128	–	142,128	142,128	–	137,320
Other	42,918	–	42,918	29,616	–	29,616
	<b>1,235,238</b>	<b>–</b>	<b>1,235,238</b>	<b>1,131,088</b>	<b>–</b>	<b>1,131,088</b>
<b>Government transfers</b>						
Federal						
Debenture interest rebates	–	14	14	–	205	205
Revenue and cost sharing agreements and grants agreements	4,229	167,859	172,087	2,252	114,115	116,367
Provincial						
Debenture interest rebates	–	–	–	14	–	14
Grants, entitlements, revenue and cost sharing agreements	150,551	248,520	399,071	333,984	168,436	502,420
	<b>154,780</b>	<b>416,393</b>	<b>571,173</b>	<b>336,250</b>	<b>282,756</b>	<b>619,006</b>
<b>Other revenue</b>						
Dividends from ENMAX	58,000	–	58,000	54,000	–	54,000
Other equity earnings in ENMAX Corporation	237,777	–	237,777	234,114	–	234,114
Other equity earnings in Co-Ownership	–	–	–	–	–	–
Developer contributions	–	158,763	158,763	–	166,008	166,008
Donated assets	–	206,662	206,662	–	168,674	168,674
Investment income	131,393	–	131,393	102,795	–	102,795
Fines and penalties	64,421	–	64,421	69,080	–	69,080
Licences, permits and fees	106,405	–	106,405	96,372	–	96,372
Miscellaneous revenue	51,798	–	51,798	33,660	–	33,660
	<b>649,794</b>	<b>365,425</b>	<b>1,015,219</b>	<b>590,021</b>	<b>334,682</b>	<b>924,703</b>
<b>Total revenue</b>	<b>\$ 4,248,825</b>	<b>\$ 781,818</b>	<b>\$ 5,030,643</b>	<b>\$ 4,180,830</b>	<b>\$ 617,438</b>	<b>\$ 4,798,268</b>

2019			2018			2017 (Restated) <sup>(1)</sup>		
Operating	Capital	Total	Operating	Capital	Total	Operating	Capital	Total
\$ 2,611,336	\$ -	\$ 2,611,336	\$ 2,564,601	\$ -	\$ 2,564,601	\$ 2,438,392	\$ -	\$ 2,438,392
39,882	-	39,882	39,582	-	39,582	37,740	-	37,740
3,500	-	3,500	43,978	-	43,978	88,105	-	88,105
214,636	-	214,636	206,488	-	206,488	169,606	-	169,606
16,476	-	16,476	6,273	-	6,273	11,852	-	11,852
2,885,830	-	2,885,830	2,860,922	-	2,860,922	2,745,695	-	2,745,695
(797,075)	-	(797,075)	(792,852)	-	(792,852)	(790,266)	-	(790,266)
2,088,755	-	2,088,755	2,068,070	-	2,068,070	1,955,429	-	1,955,429
683,757	-	683,757	701,580	-	701,580	681,048	-	681,048
181,450	-	181,450	177,204	-	177,204	173,804	-	173,804
79,893	-	79,893	51,890	-	51,890	89,725	-	89,725
71,071	-	71,071	67,690	-	67,690	68,774	-	68,774
54,784	-	54,784	57,916	-	57,916	58,340	-	58,340
49,635	-	49,635	49,525	-	49,525	46,679	-	46,679
33,259	-	33,259	34,588	-	34,588	36,279	-	36,279
132,029	-	132,029	105,873	-	105,873	85,888	-	85,888
37,276	-	37,276	31,833	-	31,833	33,523	-	33,523
1,323,154	-	1,323,154	1,278,099	-	1,278,099	1,274,060	-	1,274,060
-	-	-	203	-	203	203	-	203
1,482	149,191	180,673	1,533	121,290	122,823	4,490	115,047	119,537
-	-	-	12	-	12	34	-	34
150,855	502,825	653,680	160,375	443,362	603,737	140,441	637,478	777,919
152,337	652,016	804,353	162,123	564,652	726,775	145,168	752,525	897,693
50,000	-	50,000	40,000	-	40,000	48,000	-	48,000
106,162	-	106,162	(34,906)	-	(34,906)	(78,312)	-	(78,312)
-	-	-	-	-	-	-	-	-
-	124,988	124,988	-	218,988	218,988	-	133,103	133,103
-	323,067	323,067	-	254,799	254,799	-	204,778	204,778
198,927	-	198,927	101,236	-	101,236	104,520	-	104,520
98,646	-	98,646	95,747	-	95,747	92,040	-	92,040
113,111	-	113,111	117,254	-	117,254	124,356	-	124,356
40,542	-	40,542	44,951	-	44,951	90,806	-	90,806
607,388	448,055	1,055,443	364,282	473,787	838,069	381,410	337,881	719,291
\$ 4,171,634	\$ 1,100,071	\$ 5,271,705	\$ 3,872,574	\$ 1,038,439	\$ 4,911,013	\$ 3,756,067	\$ 1,090,406	\$ 4,846,473

Notes: (1) Figures for 2017 have been restated for the correction of developer contributions and government transfers related to capital.

## Expenses by Function unaudited (see Notes) 2017 to 2021

(in thousands)

	2021	2020	2019 <sup>(1)</sup>	2018	2017
<b>Protection</b>					
Police	\$ 520,784	\$ 515,088	\$ 517,498	\$ 521,224	\$ 508,953
Fire	298,326	299,189	298,870	310,823	325,180
	<b>819,110</b>	814,277	816,368	832,047	834,133
<b>Transportation</b>					
Public transit	539,274	558,435	604,869	567,655	554,680
Roads, traffic and parking	478,811	457,381	442,713	425,123	461,739
	<b>1,018,085</b>	1,015,816	1,047,582	992,778	1,016,419
<b>Utilities and Environmental Services</b>					
Water services and resources	551,503	534,446	529,005	517,822	514,187
Waste, recycling and environmental services	159,325	170,161	176,973	151,587	136,910
	<b>710,828</b>	704,607	705,978	669,409	651,097
<b>Social development</b>					
Community and social development	89,324	93,749	76,843	85,787	82,965
Social housing	132,024	104,846	113,553	129,831	133,279
	<b>221,348</b>	198,595	190,396	215,618	216,244
<b>Recreation and culture</b>					
Parks and recreation facilities	231,448	237,083	278,601	277,912	320,900
Societies and related authorities	120,428	105,190	110,820	103,657	83,039
Calgary Public Library Board	64,712	61,806	68,412	67,390	64,171
	<b>416,588</b>	404,079	457,833	448,959	468,110
<b>Other expenditures</b>					
General government	354,054	321,630	319,604	384,844	292,912
Public works	322,733	287,582	288,813	287,594	293,561
Real estate services	116,653	102,216	86,995	41,395	48,429
	<b>793,440</b>	711,428	695,412	713,833	634,902
<b>Total expenses</b>	<b>\$ 3,979,399</b>	\$ 3,848,802	\$ 3,913,569	\$ 3,872,644	\$ 3,820,905

Notes: (1) Figures for 2019 have been reclassified to conform to the 2020 year end reporting. Years prior to 2019 have not been reclassified for these adjustments.



## Financial Position and Net Revenues unaudited 2017 to 2021

(in thousands)

	2021	2020	2019	2018	2017 <sup>(1)</sup> (Restated)
Financial assets	\$ 9,423,987	\$ 8,226,621	\$ 7,579,593	\$ 7,289,242	\$ 7,055,340
Financial liabilities	5,874,125	5,436,376	5,122,483	5,370,638	5,361,302
Net financial assets	3,549,862	2,790,245	2,457,110	1,918,604	1,694,038
Non-financial assets	19,379,126	19,027,286	18,568,296	17,776,479	16,980,420
Accumulated surplus	22,928,988	21,817,531	21,025,406	19,695,083	18,674,458
Annual surplus	\$ 1,111,457	\$ 792,125	\$ 1,330,323	\$ 1,022,018	\$ 1,126,572

Notes: (1) Figures for 2017 have been restated for the correction of capital deposits, developer contributions, government transfers related to capital, and reserves.

## Acquisition of Tangible Capital Assets unaudited 2017 to 2021

(in thousands)

	2021	2020	2019	2018	2017
Capital additions	\$ 900,000	\$ 994,025	\$ 1,160,353	\$ 1,270,669	\$ 1,344,160

## Consolidated Accumulated Surplus unaudited 2017 to 2021

(in thousands)

	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup> (Restated)
Operating fund	\$ 143,422	\$ 164,156	\$ 110,095	\$ 38,751	\$ 80,955
Capital fund	141,009	258,012	341,047	146,082	270,854
Reserves	3,281,056	2,743,827	2,493,588	2,299,998	2,032,652
Obligation to be funded in future years <sup>(2)</sup>	(19,383)	(16,888)	(10,184)	(4,087)	(5,933)
Equity in ENMAX Corporation	2,714,462	2,416,472	2,339,699	2,261,350	2,314,000
Local improvements to be funded in future years <sup>(1)</sup>	56,411	66,119	62,234	60,715	62,618
Equity in non-financial assets	16,612,011	16,185,833	15,688,927	14,892,274	13,919,312
	\$ 22,928,988	\$ 21,817,531	\$ 21,025,406	\$ 19,695,083	\$ 18,674,458

Notes: (1) In 2013, The City adopted PS 3510 prospectively, which resulted in a change in the timing of revenue recognition of certain tax revenues. See Note 1 of the audited consolidated financial statements.

(2) Obligation to be funded in future years consists of unfunded liabilities of \$8,210 (2020 – \$12,253).

(3) Figures for 2017 have been restated for the correction of capital deposits, developer contributions, government transfers related to capital, and reserves.

(4) Figures for 2020 have been reclassified to conform to the 2021 year end reporting. Years prior to 2020 have not been reclassified for these adjustments.

## Other Financial and Statistical Schedules

### EXPENSES BY OBJECT UNAUDITED

2017 to 2021 (in thousands)

	2021	2020	2019 <sup>(1)</sup>	2018	2017
Salaries, wages and benefits	\$ 1,973,073	\$ 1,971,506	\$ 1,990,256	\$ 1,972,396	\$ 2,012,895
Contracted and general services	495,941	438,914	518,050	523,715	469,470
Materials, equipment and supplies	373,623	387,207	368,262	356,138	369,692
Interest charges					
Tax supported	21,848	30,099	24,946	27,018	31,183
Self supported	78,347	81,277	84,288	83,980	84,291
Transfers	188,045	138,779	133,050	122,426	123,837
Utilities	106,309	99,265	104,314	89,605	92,000
Amortization	706,343	692,962	678,251	678,537	628,646
Loss on disposal of tangible capital assets	35,870	8,793	12,152	18,829	8,891
<b>Total expenses</b>	<b>\$ 3,979,399</b>	<b>\$ 3,848,802</b>	<b>\$ 3,913,569</b>	<b>\$ 3,872,644</b>	<b>\$ 3,820,905</b>

Notes: (1) Figures for 2019 have been reclassified to conform to the 2020 year end reporting. Years prior to 2019 have not been reclassified for these adjustments.

### CONSOLIDATED INVESTMENTS UNAUDITED

2017 to 2021 (in thousands)

	2021	2020	2019	2018	2017
<b>Cost:</b>					
Government of Canada	\$ 529,238	\$ 240,785	\$ 314,011	\$ 358,864	\$ 448,941
Other Government	514,557	512,225	401,467	195,357	427,985
Corporate	1,796,700	2,197,535	2,128,282	2,700,491	2,107,337
Global fixed income investments	1,179,526	821,671	797,670	401,372	501,720
Equity investments	784,776	651,104	589,326	382,478	407,774
	<b>\$ 4,804,797</b>	<b>\$ 4,423,320</b>	<b>\$ 4,230,756</b>	<b>\$ 4,038,562</b>	<b>\$ 3,893,757</b>
<b>Market Value:</b>					
Government of Canada	\$ 528,682	\$ 245,592	\$ 313,910	\$ 369,707	\$ 445,545
Other government	516,800	533,604	407,729	195,829	421,092
Corporate	1,784,361	2,233,484	2,137,713	2,733,093	2,095,590
Global fixed income investments	1,183,142	866,195	803,403	358,748	496,850
Equity investments	910,266	728,719	631,881	401,215	480,860
	<b>\$ 4,923,251</b>	<b>\$ 4,607,594</b>	<b>\$ 4,294,636</b>	<b>\$ 4,058,592</b>	<b>\$ 3,939,937</b>

## Other Financial and Statistical Schedules

### CONSOLIDATED RESERVES UNAUDITED

2017 to 2021 (in thousands)

	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>	2017 <sup>(1)(2)</sup>
					(Restated)
Calgary housing company	\$ 30,419	\$ 29,770	\$ 28,726	\$ 27,653	\$ 27,349
ENMAX dividend stabilization	18,000	18,000	14,500	13,000	20,000
Fiscal stability and operating budget savings account merged	731,952	608,595	517,440	752,729	650,100
Other operating	74,357	56,223	47,601	90,939	99,551
<b>Total operating reserves</b>	<b>\$ 854,728</b>	<b>\$ 712,588</b>	<b>\$ 608,267</b>	<b>\$ 884,321</b>	<b>\$ 797,000</b>
Calgary Parking Authority	\$ 159,374	\$ –	\$ –	\$ –	\$ –
Community investment	107,497	81,101	61,481	43,704	39,079
Debt servicing	52,570	52,570	52,570	52,570	52,570
Established area investments	51,200	52,326	–	–	–
Green Line Fund	152,310	153,591	108,113	116,885	51,932
Legacy parks	19,695	10,719	7,889	7,025	8,155
Major capital projects	380,991	384,634	400,010	–	–
Police Services	41,195	44,062	37,825	40,868	40,209
Reserve for future capital and lifecycle maintenance and upgrade merged	633,449	547,296	494,908	437,450	424,544
Other capital expenditures	89,537	85,178	86,900	129,849	116,579
<b>Total capital reserves</b>	<b>\$ 1,687,818</b>	<b>\$ 1,411,477</b>	<b>\$ 1,249,696</b>	<b>\$ 828,351</b>	<b>\$ 733,068</b>
Cash in Lieu lifecycle sustainment	\$ 37,435	\$ 44,028	\$ 42,477	\$ –	\$ –
Corporate housing reserve	43,442	36,573	33,952	31,622	30,383
Development and building approvals sustainment	97,120	84,199	81,707	77,908	86,752
Opportunity Calgary Investment	91,102	95,839	95,853	101,047	55,000
Perpetual Care	24,901	23,269	21,457	19,519	18,221
Real estate services	149,325	83,098	93,238	77,971	65,831
Utilities sustainment	164,201	133,107	156,957	175,255	141,661
Waste and recycling sustainment	83,565	73,878	67,312	63,083	64,802
Other sustainment	47,419	45,771	42,672	40,921	39,934
<b>Total sustainment reserves</b>	<b>\$ 738,510</b>	<b>\$ 619,762</b>	<b>\$ 635,625</b>	<b>\$ 587,326</b>	<b>\$ 502,584</b>
<b>Total reserves</b>	<b>\$ 3,281,056</b>	<b>\$ 2,743,827</b>	<b>\$ 2,493,588</b>	<b>\$ 2,299,998</b>	<b>\$ 2,032,652</b>

Notes: (1) In 2021, the Fiscal Stability Reserve and the Budget Savings Account merged. In addition, the Reserve for Future Capital and the Lifecycle Maintenance Upgrade merged with the Green Line Fund portion of the Lifecycle Maintenance Upgrade being segregated. Years prior to 2021 have been reclassified to conform to current presentation.

(2) In 2017, corrections were made to reserves related to capital.

# Taxation and Assessments unaudited 2017 to 2021

(in thousands unless otherwise stated)

	2021	2020	2019	2018	2017	
<b>TAX RATES</b>						
Residential						
Municipal and Library	Mills	4.825	4.780	4.211	3.901	3.963
Provincial property	Mills	2.582	2.743	2.443	2.456	2.538
Non-residential						
Municipal and Library	Mills	16.513	15.828	17.775	15.323	13.882
Provincial property	Mills	4.095	3.580	4.247	4.103	3.863
<b>ASSESSED VALUES</b>						
Residential		\$208,942,946	\$210,505,364	\$215,899,419	\$214,765,997	\$206,172,452
Percentage of total (%)		78.6	77.9	78.7	76.7	75.63
Commercial, industrial and farm		\$57,012,414	\$59,729,311	\$58,382,878	\$65,306,173	\$66,440,662
Percentage of total (%)		21.4	22.1	21.3	23.3	24.4
Total assessment		\$265,955,360	\$270,234,675	\$274,282,297	\$280,072,170	\$272,613,114
<b>TAX LEVIES</b>						
Municipal property taxes						
Residential		\$996,465	\$968,850	\$853,589	\$842,238	\$813,769
Non-residential		925,535	910,370	968,036	936,707	841,003
Community Revitalization Levy		38,100	37,099	39,882	39,582	37,740
Business taxes		(4,295)	–	3,500	43,978	88,105
Revenue in lieu of taxes		243,973	201,060	207,272	199,292	162,960
Local improvement levies and special levies		9,235	6,092	16,476	6,273	11,852
		\$2,209,013	\$2,123,471	\$2,088,755	\$2,068,070	\$1,955,429
Provincial property taxes						
Residential		\$535,364	\$565,733	\$539,762	\$527,066	\$532,887
Non-residential		228,149	206,678	249,949	258,590	250,733
Revenue in lieu of taxes		7,598	6,668	7,364	7,196	6,646
		771,111	779,079	797,075	792,852	790,266
Total taxes levied		\$2,980,124	\$2,902,550	\$2,885,830	\$2,860,922	\$2,745,695
<b>PERCENTAGE OF TOTAL LEVIES</b>						
Property tax						
Residential property		51.40%	52.87%	48.28%	47.86%	49.05%
Non-residential property		38.71%	38.49%	42.21%	41.78%	39.76%
Local improvement levies		0.31%	0.21%	0.57%	0.22%	0.43%
Community Revitalization Levy		1.28%	1.28%	1.38%	1.38%	1.37%
Business tax		(0.14%)	0.00%	0.12%	1.54%	3.21%
Revenue in lieu of taxes		8.44%	7.15%	7.44%	7.22%	6.18%

# Taxation and Assessments unaudited 2017 to 2021

(in thousands unless otherwise stated)

	2021	2020	2019	2018	2017
<b>PROPERTY TAX – Continuity</b>					
Taxes receivable, January 1	\$ 72,131	\$ 53,149	\$ 48,815	\$ 49,557	\$ 37,234
Current levies					
Property taxes	2,745,711	2,753,858	2,634,604	2,625,419	2,540,761
Business taxes	–	–	(6)	47,940	95,610
Non-tax items for collection	822	3,486	1,609	1,061	1,079
Penalties	8,081	6,642	12,245	11,696	10,631
Cancellation of tax arrears	(1,671)	(647)	(14,098)	(1,684)	(2,574)
Write-off of taxes	(510)	(670)	(478)	(1,370)	(468)
Total to be collected	2,824,564	2,815,818	2,682,691	2,732,619	2,682,273
Collections during the year					
Current levies	(2,690,158)	(2,699,088)	(2,589,463)	(2,642,847)	(2,604,624)
Arrears	(59,751)	(44,599)	(40,079)	(40,957)	(28,092)
Subtotal	74,655	72,131	53,149	48,815	49,557
Allowance for doubtful accounts	(2,621)	(2,621)	(100)	(100)	(140)
Taxes receivable, December 31	\$ 72,034	\$ 69,510	\$ 53,049	\$ 48,715	\$ 49,417
Percentage of current taxes collected (%)	95.24%	95.85%	96.52%	96.71%	97.11%
Taxes outstanding as a percentage of the current year levy (%)	2.72%	2.62%	2.02%	1.83%	1.88%
<b>Other Major Tax Levies:</b>					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 165,339	\$ 132,378	\$ 142,450	\$ 136,078	\$ 95,690
Franchise fees	76,085	61,765	62,039	57,460	61,779
Governments					
Provincial	6,858	9,520	5,951	9,126	8,291
Federal	2,681	3,014	3,380	3,013	3,045
	\$ 250,963	\$ 206,677	\$ 213,820	\$ 205,677	\$ 168,805
<b>Net Taxes Available For Municipal Purposes:</b>					
Property taxes	\$ 2,685,513	\$ 2,651,631	\$ 2,611,336	\$ 2,564,601	\$ 2,438,392
Community Revitalization Levy	38,100	37,099	39,882	39,582	37,74
Business taxes	(4,295)	–	3,500	43,978	88,105
Revenue in lieu of taxes	251,571	207,728	214,636	206,488	169,606
Local improvement levies and special taxes	9,235	6,092	16,476	6,273	11,85
	2,980,124	2,902,550	2,885,830	2,860,922	2,745,695
Less: Provincial property taxes:					
Current year levy	(767,498)	(771,295)	(795,866)	(780,499)	(785,126)
Prior year levy	(3,613)	(7,784)	(1,209)	(12,353)	(5,140)
Net taxes available for municipal use	\$ 2,209,013	\$ 2,123,471	\$ 2,088,755	\$ 2,068,070	\$ 1,955,429

# Continuity of Long-Term Debt unaudited 2017 to 2021

(in thousands unless otherwise stated)

	2021	2020	2019	2018	2017
Opening Balance	\$ 2,845,144	\$ 2,883,447	\$ 2,888,831	\$ 3,066,263	\$ 3,216,672
<b>New issues or additions during the year</b>					
Tax supported					
Debentures	1,256	1,775	45,181	–	1,044
Mortgages and other debt	–	–	70,489	–	–
	<b>1,256</b>	<b>1,775</b>	<b>115,670</b>	<b>–</b>	<b>1,044</b>
Self supported					
Debentures	143,619	180,853	172,823	123,713	254,978
Local improvement debentures	5,200	10,155	4,117	3,638	4,548
Capital leases	–	–	–	–	–
Mortgages and other debt	–	1,140	(43)	153	2,959
	<b>148,819</b>	<b>192,148</b>	<b>176,897</b>	<b>127,504</b>	<b>262,485</b>
Self sufficient tax supported					
Debentures	22,500	29,000	16,500	26,000	26,500
	<b>22,500</b>	<b>29,000</b>	<b>16,500</b>	<b>26,000</b>	<b>26,500</b>
<b>Debt repaid during the year</b>					
Tax supported					
Debentures	(33,902)	(36,140)	(38,612)	(41,385)	(44,711)
Mortgages and other debt	(1,208)	(5,977)	(1,085)	–	–
	<b>(35,110)</b>	<b>(42,117)</b>	<b>(39,697)</b>	<b>(41,385)</b>	<b>(44,711)</b>
Self supported					
Debentures	(185,202)	(177,611)	(169,660)	(170,603)	(153,898)
Local improvement debentures	(8,101)	(8,111)	(7,933)	(7,451)	(6,938)
Capital leases	–	–	–	–	–
Mortgages and other debt	(1,747)	(8,333)	(2,640)	(25,301)	(2,987)
	<b>(195,050)</b>	<b>(194,055)</b>	<b>(180,233)</b>	<b>(203,355)</b>	<b>(163,823)</b>
Self sufficient tax supported					
Debentures	(16,969)	(25,054)	(94,521)	(86,196)	(231,904)
	<b>(16,969)</b>	<b>(25,054)</b>	<b>(94,521)</b>	<b>(86,196)</b>	<b>(231,904)</b>
<b>(Decrease) Increase</b>					
Tax supported	(33,854)	(40,342)	75,973	(41,385)	(43,667)
Self supported	(46,231)	(1,907)	(3,336)	(75,851)	98,662
Self sufficient tax supported	5,531	3,946	(78,021)	(60,196)	(205,404)
<b>Net decrease during the year</b>	<b>(74,554)</b>	<b>(38,303)</b>	<b>(5,384)</b>	<b>(177,432)</b>	<b>(150,409)</b>
<b>Closing balance</b>	<b>\$ 2,770,590</b>	<b>\$ 2,845,144</b>	<b>\$ 2,883,447</b>	<b>\$ 2,888,831</b>	<b>\$ 3,066,263</b>
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	1.4	1.5	1.5	1.9	1.9
Percentage of debt limit as per City Policy CP2020-05 [see Note 14 f)] <sup>(2)</sup>	47.8	47.2	35.8	36.4 <sup>(1)</sup>	39.8

Notes: (1) The 2018 total debt limit value was understated and the associated percentage has been revised. This change is for disclosure purposes only and does not change the previously reported consolidated statement of financial position or consolidated statements of operations and accumulated surplus.

(2) Commencing 2020, The City is reporting debt limits at 1.6 times revenue in accordance with policy CP2020-05. Years prior to 2020 have not been adjusted for this debt limit.

# Continuity of Long-Term Debt unaudited 2017 to 2021

(in thousands unless otherwise stated)

	2021	2020	2019	2018	2017
<b>Tax Supported</b>					
Facility management	\$ 19,116	\$ 23,325	\$ 28,349	\$ 34,089	\$ 39,713
Fire	844	1,076	1,299	1,522	1,903
Parks and recreation	196,567	211,738	225,878	240,942	255,498
Public housing	2,147	2,600	3,030	3,440	3,829
Roads	32,708	42,175	53,565	66,427	82,229
Societies & related authorities	6,901	8,068	9,190	10,269	11,335
Waste & recycling services	2,072	2,463	2,835	3,190	3,527
Public transit	106,913	109,677	112,499	5,612	8,842
Corporate analytics & innovation	–	–	4,819	–	–
	<b>367,268</b>	401,122	441,464	365,491	406,876
Tax supported, % of total	13.3	14.1	15.3	12.6	13.3
Per capita, tax supported	\$ 277	\$ 307	\$ 343	\$ 288	\$ 326
<b>Self Supported</b>					
Calgary Arts Development Authority	\$ 674	\$ 1,834	\$ 692	\$ 2,600	\$ 2,000
Calgary Economic Development Ltd.	–	–	–	–	11,949
Calgary Parking Authority	–	278	813	1,324	1,810
Calhome Properties Ltd.	6,037	7,491	8,667	10,056	12,601
Lindsay Park Sports Society (operating as Repsol Sport Centre)	–	–	176	519	851
St. Mary's University College	3,475	3,691	3,901	4,105	4,303
Water services & resources	1,867,254	1,894,613	1,889,928	1,873,995	1,905,947
Facility management	4	5	6	7	8
Fleet services	129,041	135,670	137,337	141,438	153,573
Parks and recreation	240	284	349	729	1,748
Public housing	2,921	4,191	5,372	6,471	7,493
Real estate services	9,580	9,580	9,580	9,580	9,580
Roads	59,072	61,872	59,732	63,457	67,184
Societies & related authorities	327	426	521	611	696
Waste & recycling services	104,898	109,819	114,587	120,105	131,105
	<b>2,183,523</b>	2,229,754	2,231,661	2,234,997	2,310,848
Self supported, % of total	78.8	78.4	77.4	77.4	75.3
Per capita, self supported	\$ 1,649	\$ 1,705	\$ 1,735	\$ 1,764	\$ 1,843
<b>Self Sufficient Tax Supported</b>					
CMLC	\$ 219,799	\$ 214,268	\$ 210,322	\$ 217,843	\$ 208,039
MSI	–	–	–	70,500	140,500
	<b>219,799</b>	214,268	210,322	288,343	348,539
Self sufficient tax supported, % of total	7.9	7.5	7.3	10.0	11.4
Per capita, self sufficient tax supported	\$ 166	\$ 164	\$ 164	\$ 228	\$ 280
<b>Total City debt</b>	<b>2,770,590</b>	2,845,144	2,883,447	2,888,831	3,066,263
ENMAX debt	1,455,813	1,371,972	1,283,320	1,185,380	1,078,522
<b>Total debt attributable to The City</b>	<b>\$ 4,226,403</b>	\$ 4,217,116	\$ 4,166,767	\$ 4,074,211	\$ 4,144,785

## Demographic and Other Information unaudited 2017 to 2021

	2021	2020	2019	2018	2017
<b>Population</b> <sup>(i)</sup>	<b>1,323,700</b>	1,306,700	1,285,711	1,267,344	1,246,337
Change due to natural increase	<b>8,700</b>	8,700	8,807	9,419	10,192
Change due to net migration	<b>8,600</b>	12,300	9,560	11,588	974
<b>Housing Activity</b>					
Annual applications for residential units					
Total residential	<b>16,426</b>	15,154	12,232	10,233	8,122
Change (%)	<b>8.4</b>	23.9	19.5	26.0	(26.6)
Single family housing starts	<b>4,140</b>	2,716	2,685	2,750	4,199
Change (%)	<b>52.4</b>	1.2	(2.4)	(34.5)	59.7
MLS average selling price (\$) <sup>(ii)</sup>	<b>490,027</b>	457,997	457,046	477,963	487,505
New housing price inflation (%) <sup>(iii)</sup>	<b>8.0</b>	1.8	(0.2)	(0.4)	0.0
<b>Building Permits, applied for</b>					
Number of applications	<b>21,113</b>	17,476	15,954	16,298	16,434
Change (%)	<b>20.8</b>	9.5	(2.1)	(0.9)	8.5
Value, in thousands	<b>\$ 5,687,998</b>	\$ 3,439,660	\$ 5,166,275	\$ 4,402,053	\$ 4,574,171
Change (%)	<b>65.4</b>	(33.4)	17.4	(3.8)	(1.6)
<b>Inflation, CPI annual increases (%)</b> <sup>(iii)</sup>					
Calgary	<b>3.18</b>	1.1	1.4	2.4	1.6
Alberta	<b>3.18</b>	1.1	1.8	2.4	1.6
Canada	<b>3.36</b>	0.7	1.9	2.3	1.6
<b>Unemployment Rate (%)</b> <sup>(iii)</sup>					
Calgary	<b>9.1</b>	11.7	7.1	7.6	8.7
Alberta	<b>8.7</b>	11.4	6.9	6.7	7.8
Canada	<b>7.5</b>	9.5	5.7	5.9	6.3
<b>Top ten industries in Calgary (by the number of residents employed)</b> <sup>(iii)</sup>					
1) Trade					
2) Health Care and Social Assistance					
3) Construction					
4) Educational Services					
5) Accommodation and Food Services					
6) Professional, Scientific and Technical Services					
7) Manufacturing					
8) Public Administration					
9) Transportation and Warehousing					
10) Mining, Quarrying, and Oil and Gas Extraction					

### External Sources:

(i) Figures for 2020 and 2021 were obtained from the 2020 and 2021 Fall Forecast. Figures for 2019 to 2017 were obtained from the annual Civic Census, which was last performed in April 2019.

(ii) Calgary Real Estate Board

(iii) Statistics Canada



## Demographic and Other Information unaudited 2017 to 2021

	2021	2020	2019	2018	2017
<b>Revenue sources – City general<sup>(1)</sup></b>	<b>\$ 2,714,481</b>	\$ 2,654,278	\$ 2,874,525	\$ 2,731,717	\$ 2,612,149
As a % of revenue					
Taxes and revenue in lieu of taxes	<b>70.66</b>	70.55	63.11	64.86	63.09
General	<b>27.17</b>	27.41	31.83	28.19	29.67
Utilities and related authorities contributions	<b>0.00</b>	0.00	0.00	1.92	2.00
Government transfers	<b>0.03</b>	0.01	3.32	3.57	3.40
Dividends from ENMAX	<b>2.14</b>	2.03	1.74	1.46	1.84
<b>Interest charges – City general</b>					
As a % of operating expenses					
Before subsidy	<b>3.37</b>	3.74	3.60	3.69	3.86
After subsidy	<b>3.37</b>	3.74	3.60	3.69	3.86
<b>Interest charges – consolidated</b>					
Before subsidy (000s)	<b>\$ 100,542</b>	\$ 111,766	\$ 109,537	\$ 111,337	\$ 115,847
Share of operating expenses (%)	<b>3.1</b>	3.5	3.4	3.5	3.6
After subsidy (000s)	<b>\$ 100,528</b>	\$ 111,547	\$ 109,537	\$ 111,122	\$ 115,610
Share of operating expenses (%) (net of subsidy)	<b>3.1</b>	3.5	3.5	3.5	3.6
<b>Debt service limit (principal + interest)<sup>(4)</sup></b>					
Total debt service limit	<b>\$ 1,151,307</b>	\$ 1,136,443	\$ 1,449,161	\$ 1,430,264 <sup>(3)</sup>	\$ 1,386,287
Total debt service	<b>\$ 650,614</b>	\$ 499,457	\$ 369,416	\$ 359,705	\$ 362,341
Percentage used (%)	<b>56.5</b>	44.0	25.5	25.2	26.1
<b>Debt limit<sup>(2)(4)</sup></b>					
Total debt limit (000s)	<b>\$ 6,578,898</b>	\$ 6,493,957	\$ 8,280,921	\$ 8,172,936 <sup>(3)</sup>	\$ 7,921,642
Total debt (000s)	<b>\$ 3,141,306</b>	\$ 3,063,919	\$ 2,961,444	\$ 2,976,209	\$ 3,149,658
Percentage used (%)	<b>47.8</b>	47.2	35.8	36.4	39.8
<b>Municipal full-time equivalents – (excluding ENMAX)</b>					
Total full-time equivalents – City	<b>15,894</b>	15,796	15,790	15,918	15,790
Total full-time equivalents – Related authorities	<b>1,197</b>	1,172	1,213	1,150	1,171
Full-time equivalents per 1,000 population – City	<b>12.0</b>	12.1	12.3	12.6	12.7
Full-time equivalents per 1,000 population – Related authorities	<b>0.90</b>	0.90	0.94	0.91	0.94
Area, square kilometres	<b>848</b>	848	848	848	848
Km of roads (lane km)	<b>21,440</b>	21,244	20,999	21,216	20,472
Km of roads (centreline km)	<b>8,371</b>	8,301	8,211	8,092	8,009
Transit passenger trips, annual (000s)	<b>41,175</b>	50,948	106,485	105,328	101,929
Km of wastewater mains	<b>5,107</b>	5,066	4,845	4,811	4,756
Km of water mains	<b>5,338</b>	5,312	5,288	5,262	5,165
Km of storm drainage mains	<b>5,465</b>	5,437	5,373	5,319	5,242

Notes: (1) Figures (000s) are before consolidating eliminations.

(2) Prior to 2020, calculations as prescribed by The Province of Alberta, regulations 255/2000 and 165/2011, and does not include debt attributable to ENMAX.

(3) The 2018 total debt limit and total debt service limit values were understated and have been revised including associated percentages. This change is for disclosure purposes only and does not change the previously reported consolidated statement of financial position or consolidated statements of operations and accumulated surplus.

(4) Commencing 2020, The City is reporting debt limits at 1.6 times revenue and debt service limits at 0.28 times revenue in accordance with policy CP2020-05. Years prior to 2020 have not been adjusted for these debt limits.





# Great cities have great transit.

The Green Line will act as a booster for Calgary's economy and better serve citizens in communities that have been overlooked. Creating a mix of uses and higher density opportunities along the transit lines has been a very effective way to reduce the amount of traffic on major roadways, while creating significant economic activity and having a large impact on climate change. With more Calgarians able to access rapid transit to meet their commuting needs through well planned transit, we can become a leader in the smart city movement that stands to attract and retain talented people who are proud to live and work in this city.

Mayor Jyoti Gondek



