

AC2015-0344

Revised Attachment



► BUILDING. CARING. CONNECTING.

*The City of Calgary* | **2014 Annual Report**

calgary.ca | contact 311





The City of Calgary, Alberta

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# ANNUAL REPORT

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**January 1 – December 31, 2014**

Produced by the Chief Financial Officer's Department of The City of Calgary, in cooperation with all civic departments, offices and agencies. This report coincides with the conclusion of The City's 2012-2014 business plans and budgets cycle.

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## INTRODUCTION

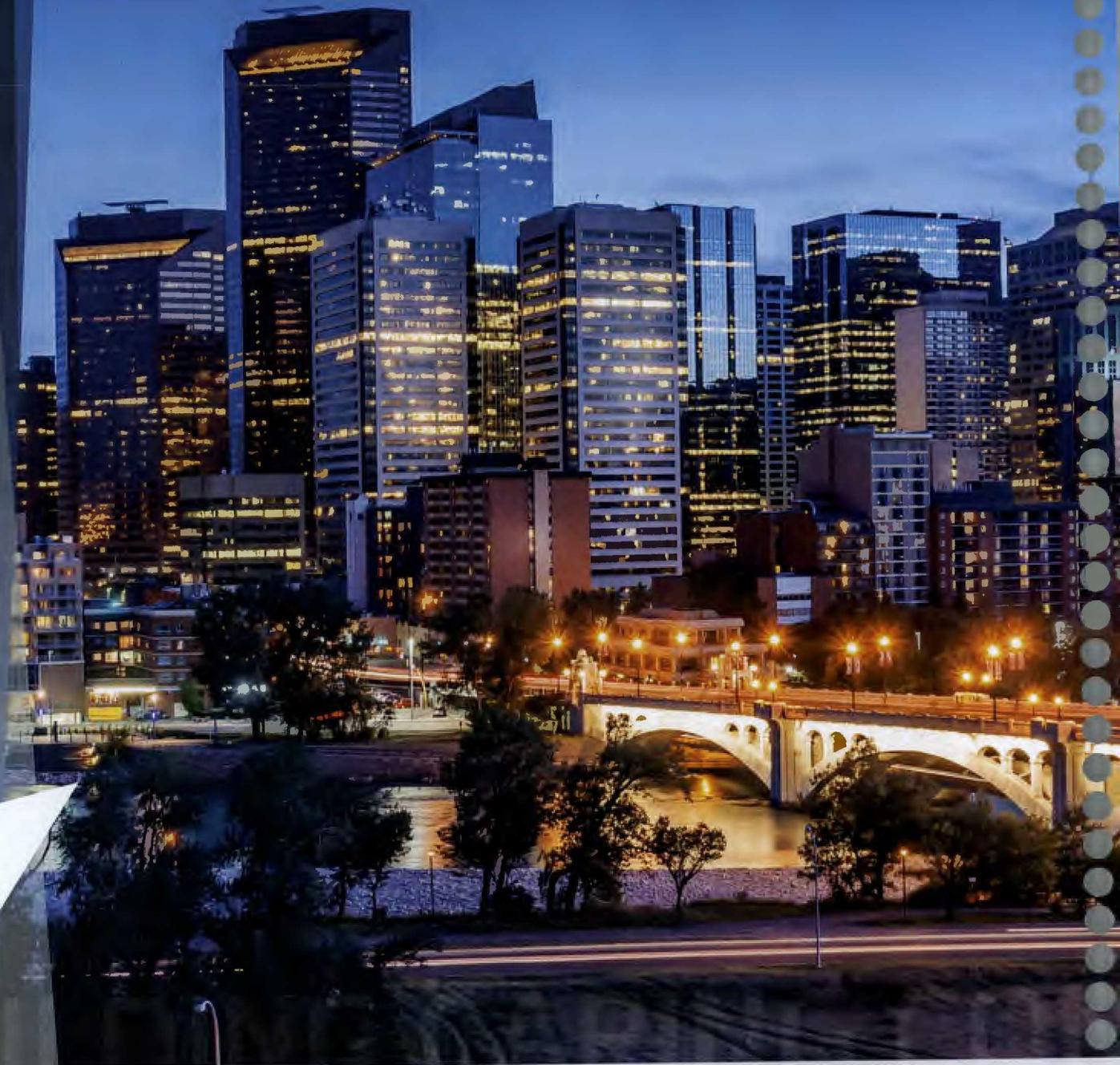
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## CALGARY AT A GLANCE

- ▶ **1,195,194** *Population (April, 2014)*
- ▲ **3.33%** *Population growth*
- ▶ **36.4** *Median age*
- ▶ **4.8%** *Unemployment rate*
- ▶ **848km<sup>2</sup>** *City area*
- ▶ **800km** *City pathways*
- ▶ **110m** *Transit ridership*
- ▶ **280** *City-supported events*
- ▶ **\$483,199** *MLS average selling price*
- ▶ **5,584** *Single family housing starts*
- ▶ **19,549** *Total building permits issued*





# GROWTH

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In 2014, Calgary welcomed newcomers Emma, Sophia, Dylan and Max. They were a few of the 10,491 children born here, nudging our city's population to just under 1.2 million. We grew by 38,508 people, more than twice the population of nearby Chestermere.

Growth is healthy. It shows we're an attractive place to live. It also poses challenges in providing more infrastructure, programs and services.

This report's theme – Building. Caring. Connecting. – stresses the traits that underpin our reputation as a great place to live and work. It highlights numerous examples of what The City, partnered with Calgarians, achieved to create value and vibrancy within our community.

We continued building much-needed infrastructure. We also developed successful business and community relationships. And, following the 2013 flood, we've been rebuilding with greater resiliency to manage and recover faster from future disasters.

City staff visited 1,300 homes in support of people affected by the flood. Caring for all Calgarians is our priority. That support was evident again during September's devastating snowstorm and October's downtown power outage.

Each day, we find ourselves connecting with Calgarians through 311, permits, transit and our many other lines of business. We supported 280 community festivals and events in 2014 and maintained dozens of outdoor spaces where friends socialize and connect with nature.

Calgarians tell us we're doing things right through the annual Citizen Satisfaction survey. Outside agencies tell a similar story. This year, MoneySense magazine ranked Calgary as the second best city to live in Canada; the Economist said we're the fifth best city in the world.

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Together, we're setting high standards – a great future for Emma, Sophia, Dylan and Max.

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*This year's Annual Report provides consolidated financial statements required by law that detail The City's financial position as of Dec. 31, 2014.*

# MESSAGE FROM THE MAYOR

**After an eventful 2013, you'd be forgiven if you thought 2014 would be a quieter year for Calgary and its citizens. Of course, it rarely works that way.**

In the first year of my second term as your mayor, my colleagues and I at The City of Calgary continued to build that better city we all want and deserve. And we've been busy! This document is filled with stories about what we've done and achieved for Calgarians from building new recreation centres to opening our newest CTrain station.

Nothing stops or slows in a growing city. In fact, since I've been your mayor, we have experienced three of the five largest annual population increases in our history. We have added an entire City of Red Deer two times over.

That means we must work hard, every day, to maintain and improve the quality of life for every Calgarian all while keeping our taxes amongst the lowest in Canada. It's definitely not an easy task, but I'm confident that we are meeting the challenge.

Arguably, the most important thing we did in 2014 was create (with the input of many thousands of Calgarians) Calgary's 2015-2018 business plan and budget – our Action Plan. It includes detailed plans for everything

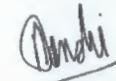
we do to serve Calgarians, from the provision of clean water to creating affordable housing to police and fire services. It reflects the Calgary we all want and the way we're going to get there. And, in periods of economic uncertainty, it helps keep us focused and responsive to the changing environment.

One moment during 2014 really stuck with me. On June 21, we held our very first Neighbour Day. Yes, we were marking the first anniversary of the devastating floods that struck us and our neighbours. But, more important – and in every community in Calgary – citizens hosted work bees and parties to celebrate our resiliency, compassion, and strength as a community.

We still faced our share of emergencies in 2014. In September, an unprecedented snowstorm damaged hundreds of thousands of trees throughout Calgary. Five weeks later, a fire cut power to the west end of downtown for five days.

In both emergencies, City of Calgary employees, our community partners, and Calgarians, moved quickly to make sure everyone was safe and that those in need were given the help they required. We're profoundly fortunate to live in a community where the immediate response to any problem is "How can we help?" We know that our role as public servants and citizens is to be there, not just when our

neighbours need us most, but every day. That's what makes this great city work and why, whatever we face, I'm optimistic for the next year to come.



**Naheed Nenshi**  
Mayor



# CITY COUNCIL



Ward 1 Councillor  
**Ward Sutherland**  
Calgary.ca/ward1



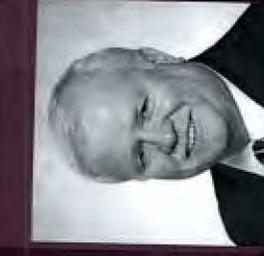
Ward 2 Councillor  
**Joe Magliocco**  
Calgary.ca/ward2



Ward 3 Councillor  
**Jim Stevenson**  
Calgary.ca/ward3



Ward 4 Councillor  
**Sean Chu**  
Calgary.ca/ward4



Ward 5 Councillor  
**Roy Jones**  
Calgary.ca/ward5



Ward 6 Councillor  
**Richard Pootmans**  
Calgary.ca/ward6



Ward 7 Councillor  
**Druh Farrell**  
Calgary.ca/ward7



Ward 8 Councillor  
**Evan Woolley**  
Calgary.ca/ward8



Ward 9 Councillor  
**Gian-Carlo Carro**  
Calgary.ca/ward9



Ward 10 Councillor  
**Andre Chabot**  
Calgary.ca/ward10



Ward 11 Councillor  
**Brian Pincott**  
Calgary.ca/ward11



Ward 12 Councillor  
**Shane Keating**  
Calgary.ca/ward12



Ward 13 Councillor  
**Diane Calley-Urquhart**  
Calgary.ca/ward13



Ward 14 Councillor  
**Peter Demong**  
Calgary.ca/ward14





# CORPORATE GOVERNANCE AND ACCOUNTABILITY

**The role of City Council is to govern The City of Calgary, Calgary's municipal corporation, to ensure it provides the civic services Calgarians need and want.**

In carrying out its many duties, City Council must respond to citizens' concerns, as well as anticipate emerging opportunities and plan for the community's long-term development and growth.

Accordingly, City Council members sit on a variety of boards, commissions and committees. Their participation provides a critical link between Calgary's communities, agencies and the workings of the municipal government. The City has implemented corporate governance in line with the current best practices following the Corporate governance guidelines of the Canadian Securities Administrators to the extent they may be applicable to municipalities.

City Council is comprised of 14 Councillors, each representing a ward, and the Mayor, representing the entire city. They are elected by and accountable to the people of Calgary. The Mayor and Councillors hold office for four-year terms. After every civic election, the City Clerk and City Solicitor brief new Members of Council on the responsibilities of their office, the Procedures Bylaw, and other information pertinent to their positions, including ethical guidelines which require them to excuse

themselves from all discussions involving issues in which they have a pecuniary interest. Throughout their term in office, Members of Council pursue ongoing training and education. Council meets on two Mondays each month (except in August). One of these meetings is a regular Council meeting where the recommendations from the standing policy committees are approved and the results of any strategic planning sessions are shared. The other meeting is a combined Council meeting and public hearing where planning matters are also discussed. Regular and open communication with Administration is central to setting and achieving The Corporation's mission, vision, goals, strategies and actions.

## **CITY OF CALGARY COMMITTEES**

In 2014, Council set priorities, established policy and made decisions through the Standing Policy Committees (SPC), (which include the SPC on Community & Protective Services, SPC on Planning and Urban Development, SPC on Transportation & Transit, and SPC on Utilities and Corporate Services), along with Council Strategic Sessions, the Priorities and Finance Committee (PFC), the Intergovernmental Affairs Committee, the Gas,

Power and Telecommunications Committee, the Audit Committee, and the Land and Asset Strategy Committee. The public is welcome to attend and make presentations at SPC's. The decisions and directions that come out of committee meetings are forwarded to City Council for final approval. The Priorities and Finance Committee (PFC) generally meets twice monthly, and during 2014, PFC recommended appointments to various boards, commissions, committees and other bodies when vacancies occurred throughout the year following Council's Organizational Meeting, and maintained a process for regular review and reporting of Council's legislative governance practices and proposed legislative amendments related to governance.

The Priorities and Finance Committee also provided annual written performance evaluations and ongoing monitoring of the City Manager as required by the Municipal Government Act. The Audit Committee oversees the activities of the City Auditor's Office, the external auditors, and The City's internal controls and management information systems. This ensures Administration's accountability to Council and adherence to the Integrated Risk Management Policy.

## CITY OF CALGARY POLICIES

Council establishes policies for governing The City and Administration provides employee conduct policies. The City's Code of Conduct and Conflict of Interest policies, which apply equally to all City employees, provide guidelines for employee conduct in fulfilling their day-to-day responsibilities.

The Code of Conduct includes a suite of policies directing employee behaviour in the workplace such as the Acceptable Use of City Technology Resources Policy, Occupational Health and Safety Policy and

a Respectful Workplace Policy that is committed to creating and sustaining a healthy, safe, and caring work environment where all employees are treated with respect, honesty and dignity.

The Council-approved Whistle-Blower Policy is also a part of The City's ongoing efforts to support open, ethical, accountable and transparent local government. This policy provides additional mechanisms to ensure processes are in place to prevent, detect, report and investigate any suspected acts of waste or wrongdoing.

In 2014, Council adopted a Disclosure Policy for Members of Council. Through proactive disclosure to the public of Real Estate and Financial Holdings, Members of Council help build confidence in their ability to separate personal and corporate interests and increase transparency to the public.

Council employs a Triple Bottom Line decision-making approach, under the umbrella of the Sustainability 20/20 direction, that takes into account the potential environmental, social and economic impacts of The City's actions and operations. The City's enviroSystem, our ISO 14001-registered environmental Management System, helps identify, track and continually improve The City's performance and decision-making. The City's Sustainable Environmental and Ethical Procurement Policy also supports the purchase of products and services that minimize any negative impact on society and the environment, while obtaining good value for money.

Public availability of The City's financial information is a cornerstone of transparency and accountability. Council leads an accountable and transparent business planning and budget preparation process by directing

Administration with early guidelines for spending on services and revenue generation, and by providing opportunities for public engagement, review and comment on the budget prior to approval.

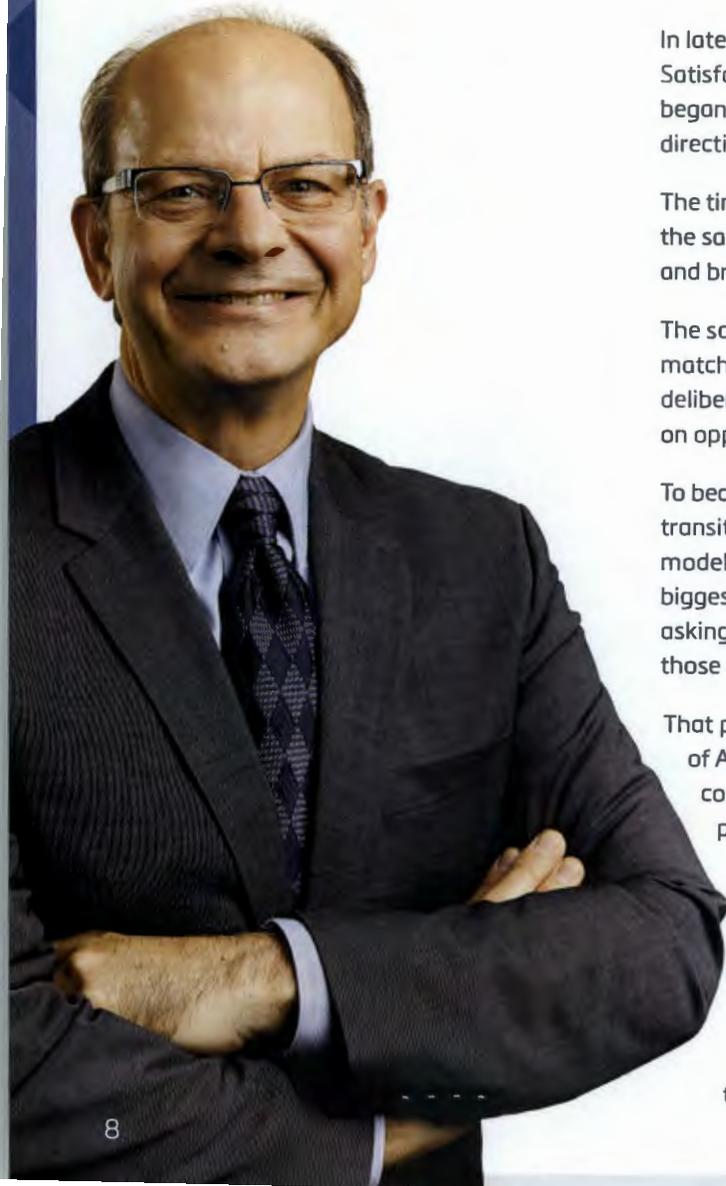
The City of Calgary develops its business plans and budgets in multi-year cycles in order to set priorities, improve services, and connect daily operations with our City's long-range plans. Approved December 1, 2014, Action Plan 2015-2018 is The City's current business plan and budget. Based on extensive citizen engagement, it provides a detailed roadmap for Calgary over the next four years. This includes direction to more than 15,000 City of Calgary employees and community partners in how to deliver important City programs and infrastructure for all Calgarians.

All this information is available on [calgary.ca](http://calgary.ca). With The City's engage! Policy, Council assigns priority to informing and involving citizens and other stakeholders early on, and throughout the planning process, when City decisions affect their lives. Through an annual survey of Calgary's citizens, Council is able to regularly monitor public satisfaction with the delivery of services, and consider citizen preferences for the nature and delivery of future services to the public.

**For more information about City Council, the various boards, commissions and committees, and any of the Administration and Council policies referenced here, visit [calgary.ca](http://calgary.ca).**

# MESSAGE FROM THE CITY MANAGER

On behalf of The City of Calgary Administration I am proud to present the 2014 Annual Report.



In late November, The City released the 2014 Citizen Satisfaction Survey results. Four days later, City Council began Action Plan deliberations in order to set our direction over the next four years.

The timing of the two events was coincidental but part of the same conversation: How does The City create value and bring life to the community we serve?

The satisfaction numbers are high, remarkable, and not matched in any other city in the country. Action Plan deliberations are the platform we use to further improve on opportunities and the services we deliver.

To become an even better organization, we are in transition. We are shifting to a customer service value model. That is, we are finding the services that make the biggest difference in the quality of life of Calgarians – by asking them where to invest tax dollars and how to make those services superior.

That process is well underway. In March, as part of Action Plan, City staff went to Calgarians in every corner of the city to better understand people's priorities. That information helped guide Council in setting our 2015-2018 business plan.

City staff did great work in compiling critical information from 24,000 Calgarians. Our employees are also the reason why 86 per cent of Calgarians rated the quality of City services as consistently high in the satisfaction survey.

And they are the people who will bring a successful transition in our shift to service value. It will be accomplished through leadership. At The City, leadership isn't simply about position or job title, but a shared attitude, and reflects a culture where everyone has an opportunity to lead from their chair.

In 2014, we provided an ambitious leadership training strategy and challenged staff to demonstrate our key corporate values: Individual Responsibility and Collective Accountability.

We will be further tested in 2015, leading and responding to economic uncertainty caused by falling energy prices.

However, as the following pages in this year's Annual Report show, The City and Calgarians have an impressive track record in meeting challenges.

Importantly, we highlight dozens of achievements that tell a story: How we create value and bring life to our community.

A handwritten signature in blue ink, appearing to read 'Jeff Fielding'.

**Jeff Fielding**  
City Manager

# 2014 Citizen Satisfaction Survey Results

The Citizen Satisfaction Survey measures Calgarians' perceptions of quality of life and satisfaction with City of Calgary programs and services.

**87%**  
Are satisfied with their quality of life

**86%**  
Rate quality of service as consistently high

**89%**  
Agree we are on track to becoming a better city

**84%**   
Are satisfied with Land Use Planning

**81% A**  
Are satisfied with Roads & Infrastructure

**84%**  
Agree The City is open and accessible

**6/10**   
Say they receive just the right amount of City Information

**91%**  
Are satisfied with The City's environmental performance

**80%**   
Are satisfied with Calgary Transit

**96%**   
Are satisfied with the quality of drinking water

**79%**  
Are satisfied with City Programs & Services

**84%**   
Perceive their neighbourhood as safe

**86%**  
Are proud to live in their neighbourhood



# AUDIT COMMITTEE

One of the Audit Committee's primary goals in fulfilling its mandate is to provide a standard of audit governance for The City at a level that meets or exceeds the current standard for audit committees in the public and private sectors.

The Audit Committee generally meets once a month and consists of seven independent members appointed by City Council: four City Councillors who have been elected by the citizens of Calgary and three volunteer citizen members with financial expertise.

The City's Audit Committee oversees the activities of the external auditor and the City Auditor's Office to assist in ensuring City Administration's accountability to City Council. The Audit Committee engages independent external auditors in order to fulfill The City's legislated audit requirements. The current external auditor for The City is Deloitte LLP.

Deloitte LLP carried out the audit of The City of Calgary's 2014 financial accounts in accordance with Canadian Generally Accepted Auditing Standards, and had full and unrestricted access to the Audit Committee to discuss the audit and related findings. This external audit function adds assurance to The City's financial statements and reporting processes. Audit Committee reviews The City's Annual Financial Statements and recommends City Council approval of The City's financial statements as audited by the external auditor and presented in this 2014 Annual Report.

The City Auditor's Office is the independent internal auditor of The City of Calgary. The City Auditor's Office

operates independently from City Administration and reports directly to Council through Audit Committee. The City Auditor's authority and terms of reference are mandated in the City Auditor's Bylaw and the City Auditor's Office Charter. The risk-based activities of the City Auditor's Office are approved by Audit Committee through an annual work plan. Audit Committee can add items to the City Auditor's work plan; however, the Audit Committee cannot remove items from the work plan. The results of formal audits by the City Auditor's Office are presented to Audit Committee for discussion and made public through The City's website.

The City Auditor's Office oversees the Whistle-Blower Program, which may include concerns raised by City employees and members of the public. The City Auditor's Office reports annually to Audit Committee, in accordance with the Whistle-Blower Policy, information related to reports received and investigations conducted during the year, subject to confidentiality.

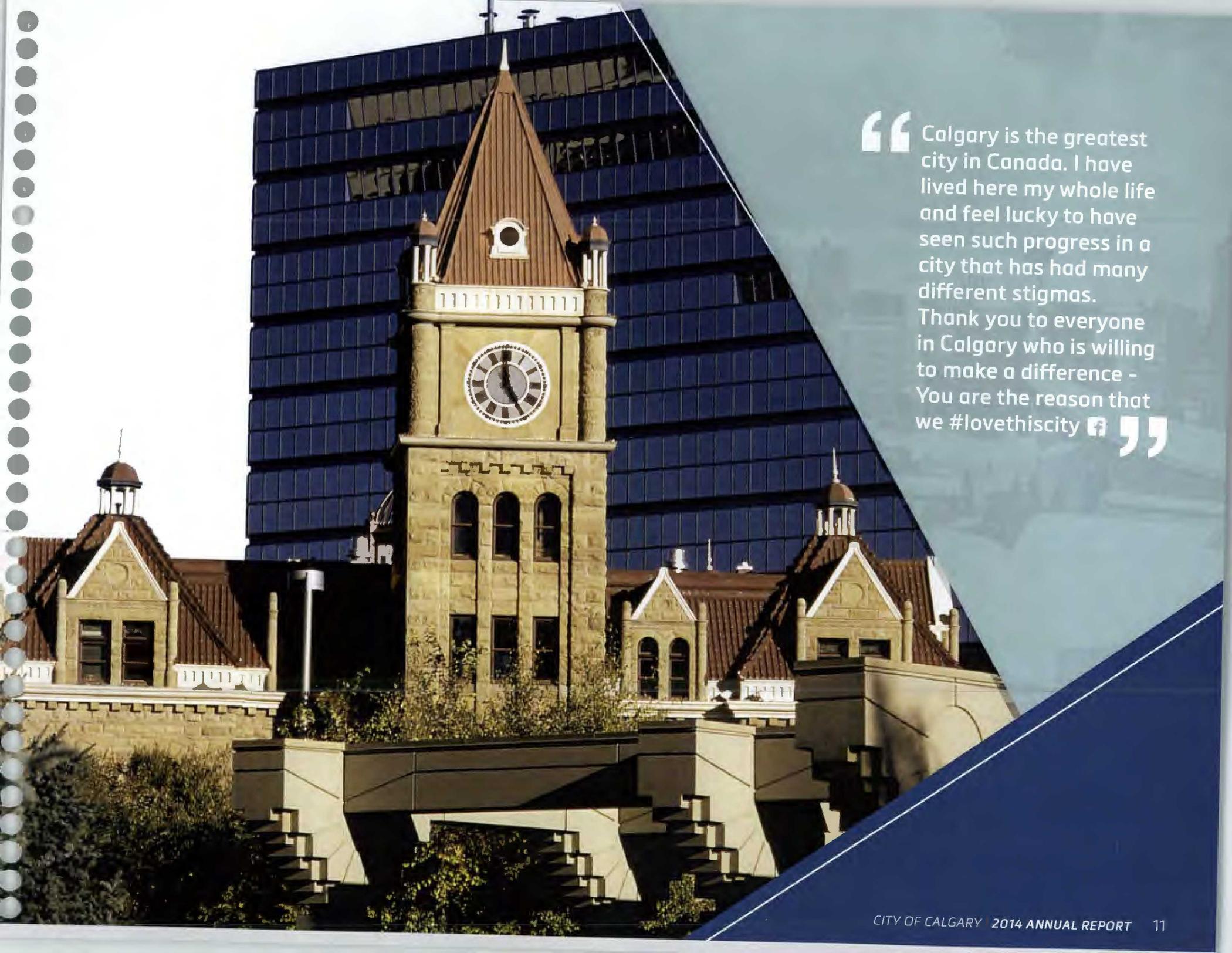
In addition to the major areas of focus, in 2014 the Audit Committee concluded and reported on a performance audit of Access Calgary, reviewed presentations from eight autonomous civic entities, received 18 audit and quarterly status reports from the City Auditor's Office and received 13 reports relating to risk management from City Administration. The Audit Committee also provided oversight of The City's integrated risk management framework, financial disclosure and accounting practices, code of conduct, legal compliance and control environment. The Audit Committee coordinated its governance responsibilities with audit committees of The City's major autonomous civic entities as determined by the Audit Committee.

The Audit Committee maintains a review of the Audit Committee Bylaw on a regular basis to ensure the Audit Committee Bylaw and the terms of reference therein reflect best practices in audit governance.

The Audit Committee believes that it has the right professionals and appropriate level of resources in place to continue to fulfill the Audit Committee's mandate.



Richard Pootmons, Ward 6 Councillor  
Choir, Audit Committee



“ Calgary is the greatest city in Canada. I have lived here my whole life and feel lucky to have seen such progress in a city that has had many different stigmas. Thank you to everyone in Calgary who is willing to make a difference - You are the reason that we #lovethiscity  ”



## **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.

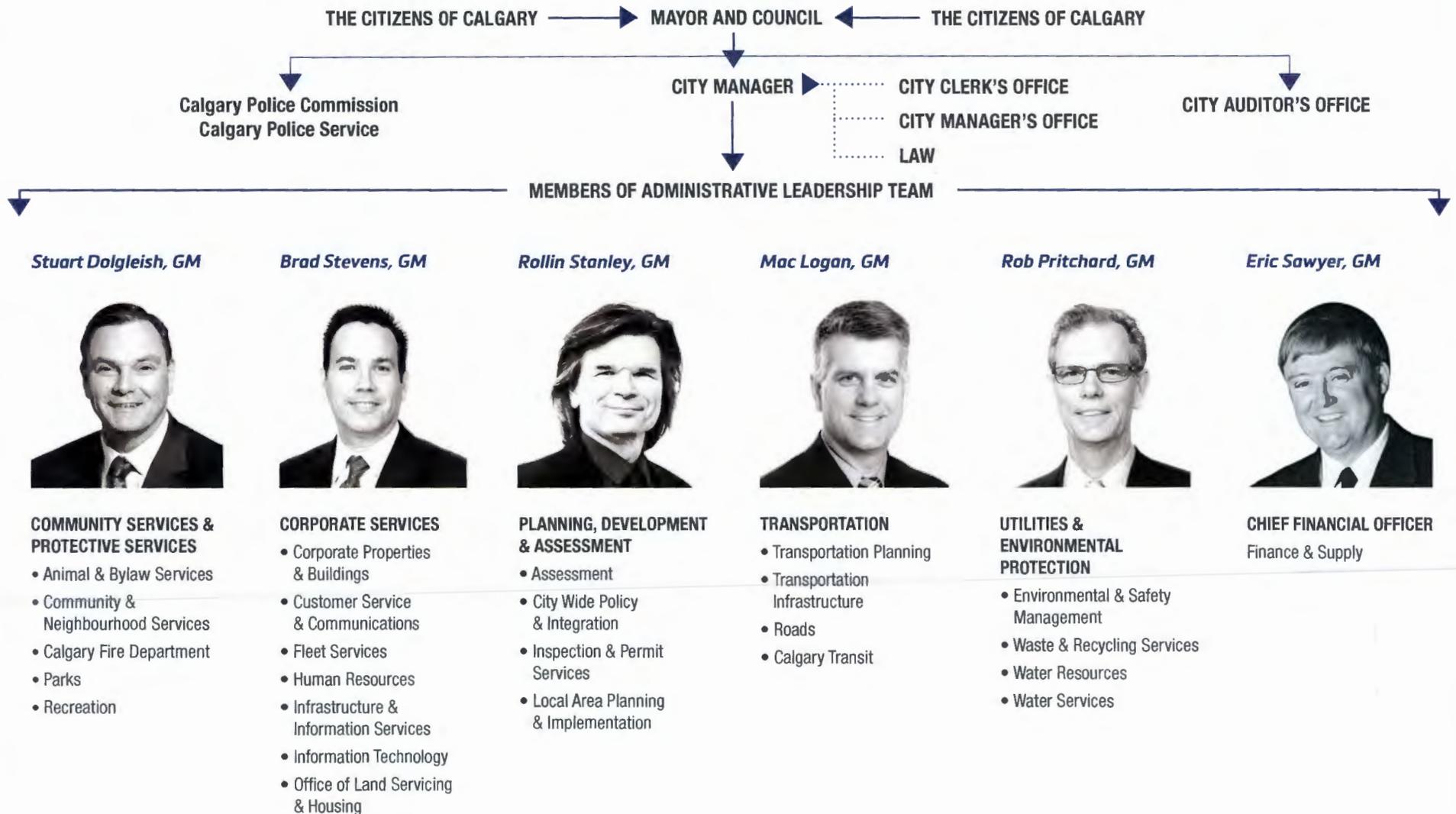
### **The role of the City Manager**

The City Manager leads the Administrative Leadership Team (ALT) 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.

### **Administrative Leadership Team**

The ALT oversees all City operations and strategic management, leading, managing and co-ordinating The City's programs, projects and initiatives. The ALT 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. In late 2014, The ALT expanded to include The City Solicitor, Directors from City Clerk's, Human Resources, Information Technology and Customer Service & Communications.

# ▶ CITY OF CALGARY ADMINISTRATION



# PLACES AND SPACES

**Our public facilities are designed to be safe, accessible open spaces where we can relax, socialize and play. This year we re-opened several popular City places, made progress on four new recreation facilities and supported 280 festivals and events.**

In October, Calgarians of all ages celebrated the grand opening of the Calgary Soccer Centre Annex and new artificial turf fields. The opening comes four years after the collapse of the bubble dome structure. The Annex links to the existing facility, doubling the number of indoor fields available at the centre which hosts more than a million visitors each year. The turf fields respond to the growing need for multi-sport playing fields in Calgary.

The re-opening of the Prairie Winds Spray Park in August made a splash with kids. The unique, grassland-themed facility was upgraded to meet today's health, safety and accessibility standards. When children run across the new spray pad, they're showered with water from structures shaped like different kinds of grass and flowers. The new park is 10 times larger than the original and has its own dedicated and enclosed water treatment system, with UV disinfection capabilities for added protection. Efficient, it uses the same amount of water prior to renovations.

The Stanley Park outdoor swimming pool re-opened in July following the 2013 flood. After extensive demolition, the facility was rebuilt with new fixtures, lockers, flooring and doors. The concession area was torn down and rebuilt with flood resistant

materials. Mechanical equipment that keeps the facility operational was also replaced. Outdoor pools in Calgary are a partnership with the Calgary Outdoor Swimming Pool Association that manages the day-to-day operations of these facilities.

Though work remains to be completed, The City re-opened parts of Bowness Park in 2014, including the picnic areas, a new central square and the lagoon (in time for winter skating). More than 100 years old, the park temporarily closed in 2012 for a much-needed makeover. In 2013, it suffered major damage during the June flood. Work will help increase the park's environmental sustainability and the number of people who can visit.

When The City invests in new facilities, the intent is that they become community hubs and cornerstones to "complete communities." To meet the growing need for convenient access to recreation we are developing four new recreation facilities. Each meets the specific needs of the community to play, learn, grow and connect. Construction is underway for Quarry Park, Great Plains and Rocky Ridge. A fourth facility – Seton – is in the design phase with input from citizens, recreational organizations and other groups.

- ▶ *This year, we supported 280 festivals and events in 620 days. Of these, 139 events were supported through the Festival and Event Subsidy Program.*
- ▶ *Canada Day: Up to 250,000 people celebrated at various sites throughout the downtown.*
- ▶ *Alberta Culture Days: 6,000 people attended exhibits and performances with a taste of Alberta's vibrant art and cultural life.*
- ▶ *New Year's Eve: 2,600 kids and parents rocked to the family dance party in the Municipal Building; 10,000 more took in the music-filled finale at Olympic Plaza.*
- ▶ *Celebration of Excellence: More than 200 Olympians celebrated Canada's participation in the 2014 Sochi Games with a downtown parade.*
- ▶ *Grey Cup Rally: About 3,000 fans at the Municipal Building plaza celebrated the Calgary Stampeders' 2014 Grey Cup championship.*



“

I am SO HAPPY to hear that we will be back on the lagoon skating this winter. It's one of my favourite activities and I've missed it. Great way to connect with our community and be active.”

A person wearing a dark blue winter jacket, a black beanie, and safety glasses is using a shovel to clear snow. The shovel has a yellow handle and a yellow blade. The background is a snowy residential street with houses and trees. The image is overlaid with a white geometric shape on the right side.

“ Thank you Calgary! You are awesome! Power back on for the evening. .. so appreciate everyone who worked all day to make it happen!  ”

“ Very glad to see such a rational, sensible approach. Cut out the red tape and let Calgarians invest a little sweat equity to help themselves clean up city trees that contributed nearly 100 per cent of the wreckage in my neighbourhood. Makes me proud to live in a great city with a great Mayor and great people. Thank you to all the hardworking volunteers and crews. ”

# EMERGENCY EVENTS

**Two emergencies this year – a destructive snowstorm and downtown power outage – showed the need for ongoing preparedness. In each case, City personnel, technology, community partnerships and ordinary Calgarians played critical roles in managing the crisis.**

In early September, Calgarians woke up to a heavy blanket of snow that damaged more than 50 per cent of Calgary's public tree canopy. Large branches and entire trees crashed down on sidewalks, streets and power lines. More than 74,000 Enmax customers lost power, all which was restored within a week.

The City's 311 centre received more than 47,000 calls; 911 handled almost 7,000 emergency calls, the highest ever in a single day. The City Links program was expanded to help 809 low-income seniors and physically disabled Calgarians clean up debris.

City employees, members of Canada Task Force 2, provincial resources and municipal resources from

Edmonton and Toronto helped in the emergency. Importantly, The City and Calgarians joined together in a "Pick up, Pitch in & Pull together" effort to facilitate community cleanups.

Five weeks after Snowtember, disaster struck again when an underground fire affected the power to the downtown's west end for five days. Utility upgrades were required and major road closures went into effect to protect the public and speed repairs.

About 5,000 citizens and 112 buildings were affected. The City set up an information centre in Mewata Armoury.

Services (such as accommodation, food and pet care) were provided for about 700 residents.

During the 2013 flood, the snowstorm and power outage, The City used geospatial technology to respond and recover. During the power outage, Inspection and Permit Services needed to inspect each building before approving entry. On-site inspectors were able to communicate wirelessly with decisions makers in the Emergency Operations Centre. Using near real-time data, allowed The City to make informed decisions for Calgarians to safely enter their homes and businesses.

*The City officially opened one new emergency response station, Seton, and two replacement stations in Evergreen and Windsor Park in 2014. These stations will help us meet and accommodate the emergency response demands coming from Calgary's growing suburbs and our inner-city communities which are becoming more densely populated. Firefighters responded to more than 60,100 incidents this year, an eight-per-cent increase from 2013.*

## PUBLIC SAFETY IN CALGARY

nearly **1,300**  
front-line  
FIREFIGHTERS

**39**  
EMERGENCY  
response  
STATIONS

nearly **300**  
emergency  
communications  
OFFICERS

**95%**  
of emergency  
**CALLS**  
are answered  
WITHIN 15 SECONDS



# FLOOD RECOVERY

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**This year, we continued to support Calgarians affected by the 2013 flood. We repaired and rebuilt municipal infrastructure. And we recognized the need to be more resilient, the key to managing, recovering from and moving forward faster following future disasters.**

People are our priority. City staff continued working with the Province and community partners to meet resident and community needs. City staff have visited citizens in more than 1,300 homes within flood-impacted communities. The City hosted or participated in more than 20 open houses, community events, information sessions and symposiums to share information on recovery, spring preparation and resiliency.

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On June 21, Calgarians joined together for Neighbour Day. Thirteen communities received City and Canadian Red Cross support to commemorate the flood and celebrate rebuilding and community spirit.

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Many others across the city held block parties and other events. We also partnered with the Canadian Red Cross, each setting aside \$310,000 to aid flood-impacted residents in acquiring permits for residential rebuilding. Permits ensure work is done correctly and meets safety and building codes.

*Kids made 500+ art submissions as part of a larger 2013 flood commemoration.*

Additionally, The City approved \$1.56 million in property tax relief in 2013; another \$151,333 in 2014.

Municipal infrastructure repair costs are now estimated at \$409 million. To date, \$189 million has been spent on municipal infrastructure recovery. As of December 31, 2014, 251 municipal recovery projects have been identified and 121 are complete or substantially complete.

Three Elbow River pedestrian bridges were completed and re-opened this year, reconnecting Calgarians with the pathway system, parks and green spaces. The Sandy Beach, Riverdale Avenue and Rideau Park bridges are safer with better lighting and improved mobility for people with disabilities. The work includes flood resistant features such as higher bridge decks, concrete decks and bridge supports that can withstand high river flows and the impact of debris. The new bridges are expected to last for 100 years.

In 2014, The Corporation signalled its recognition of the need for more resilience by investing \$15.7 million in flood resilience and dedicating full-time resources in mid-2015 to develop and implement a broader corporate resiliency framework.



▶ **REBUILT  
BRIDGES ARE  
EXPECTED TO LAST**  
**100  
YEARS.**

**96,000 tonnes  
OF RIP-RAP  
(BOULDERS)  
STABILIZE  
BOW RIVER  
BANKS**

**2,700+**  
homes, residential  
**BUILDINGS &  
commercial sites  
AFFECTED**

**80+km**  
OUT OF 92 km of  
DAMAGED PATHWAYS  
**REPAIRED**

**3,700+**  
PERMITS ISSUED  
TO BUILD & REPAIR

# INVOLVEMENT

**We're a better city when we find ways to help all Calgarians participate in community life. In 2014, Action Plan went to the people, gathering opinions on what City services are most important to them. We continued to support affordable housing options. And we streamlined processes that make City programs and services more convenient and accessible.**

In March, we spoke to Calgarians in malls, dog parks, recreation facilities and in more than 20 public engagement events as part of the Action Plan. Through this process, Calgarians, City Council and City staff established a direction for the 2015-2018 business cycle. The goal was to find the right balance between investing in quality public service and keeping tax rates affordable. Twenty-four thousand Calgarians participated. Through the process, \$50 million in efficiencies were found. During the next four years, The Corporation will spend approximately \$22 billion in capital infrastructure investment and City services. As well, resources were committed to engage!, a new information source for Calgarians about public engagement opportunities connected to City projects and programs.

Since October, more than 700 Calgarians have joined Citizens' View, an online research panel in partnership with Ipsos Reid. Citizens' View is a way to take part in shaping City programs and services through online surveys, discussions and engagement activities.

The panel complements other City research and engagement tools and makes information sharing more transparent, accessible and interactive for citizens.

Providing housing and subsidies helps low-income families live and fully participate in the community. In 2014, the Calgary Housing Company helped 24,000 individual Calgarians –almost 10,000 children – live in appropriate, stable accommodation. The housing units included the Lumino affordable housing project that provided 88 new units. This year, The City offered more timely service and access to housing company tenants by opening client service centres in three different locations, moving away from the previously centralized model.

Calgary's rapid growth continues to test the supply of housing that is safe, affordable and appropriate. Council this year, directed administration to create a Community Affordable Housing Strategy that will be developed with stakeholders across the housing system. The goal is to tackle housing gaps, enable efficient and effective use of resources and define roles and responsibilities.

The City made it easier for low-income Calgarians who want to access City programs and services. The "single entry" application process eliminates the previous requirement for people to apply multiple times to participate in different City activities. This

ends the need for people to repeatedly prove their financial status, a process that can be embarrassing and inconvenient.

Calgarians continue to use colgary.ca for convenience in doing City business; serving our 15 million visits. Upgrades to CityOnline helped serve a community that purchased 280,000 items and recorded more than eight million visits. Meanwhile, the Open Data Catalogue expanded, keeping our commitment to increase government transparency through the release of civic information. More than 110,000 datasets were downloaded from the catalogue in 2014.

In 2014, 1,500 volunteers and more than 20,000 athletes enjoyed The Calgary Corporate Challenge. This event promotes co-worker interaction, builds morale and instills company pride. More than 180 companies helped raise over \$747,000 for charity.

United Way invests in over 200 social programs and initiatives in Calgary, strengthening the social safety net in our community. City employees run an annual fundraising campaign to support its work, and in 2014, over \$462,000 was donated, setting a new fundraising record for The City.



## ACTION PLAN ENGAGEMENT

- ▶ 20+ *open houses and public events*
- ▶ **3,367**  
IN-PERSON  
ATTENDEES
- ▶ 35,000+ *social media interactions*
- ▶ 21,216 *website and online tool visits*
- ▶ 3,451 *submissions online*

“ Prior to the CityOnline service for Calgary Transit passes, it meant an hour and a half trip into the city to pick up my niece’s pass. She has a disability and doesn’t drive. Even if my niece took transit to pick up her pass it would still be an hour and a half for her to travel to the leisure centre to pick it up so we couldn’t be happier for the online service. Thank you for making this process so time saving, convenient and helpful. Yours truly,

Two Grateful hearts. ”

- Raeanda and Victoria

# GETTING AROUND

**In 2014, we took steps to make our roads safer. We gave Calgarians new choices while walking and driving. Added a new station to our CTrain service. And through technology, continued to find real-time solutions to enhance the public transit experience.**

To help protect children and adults, new playground and school hours came into effect September 1. Playground zone hours are now enforced every day from 7:30 a.m. to 9 p.m.; school zones are 7:30 a.m. to 9 p.m. during school days. Slowing down from 50 km/h to 30 km/h in these areas increases travel time by about four to 10 seconds. However, according to Calgary's Safer Mobility Plan it will increase a pedestrian's chance of survival by up to 70 per cent.

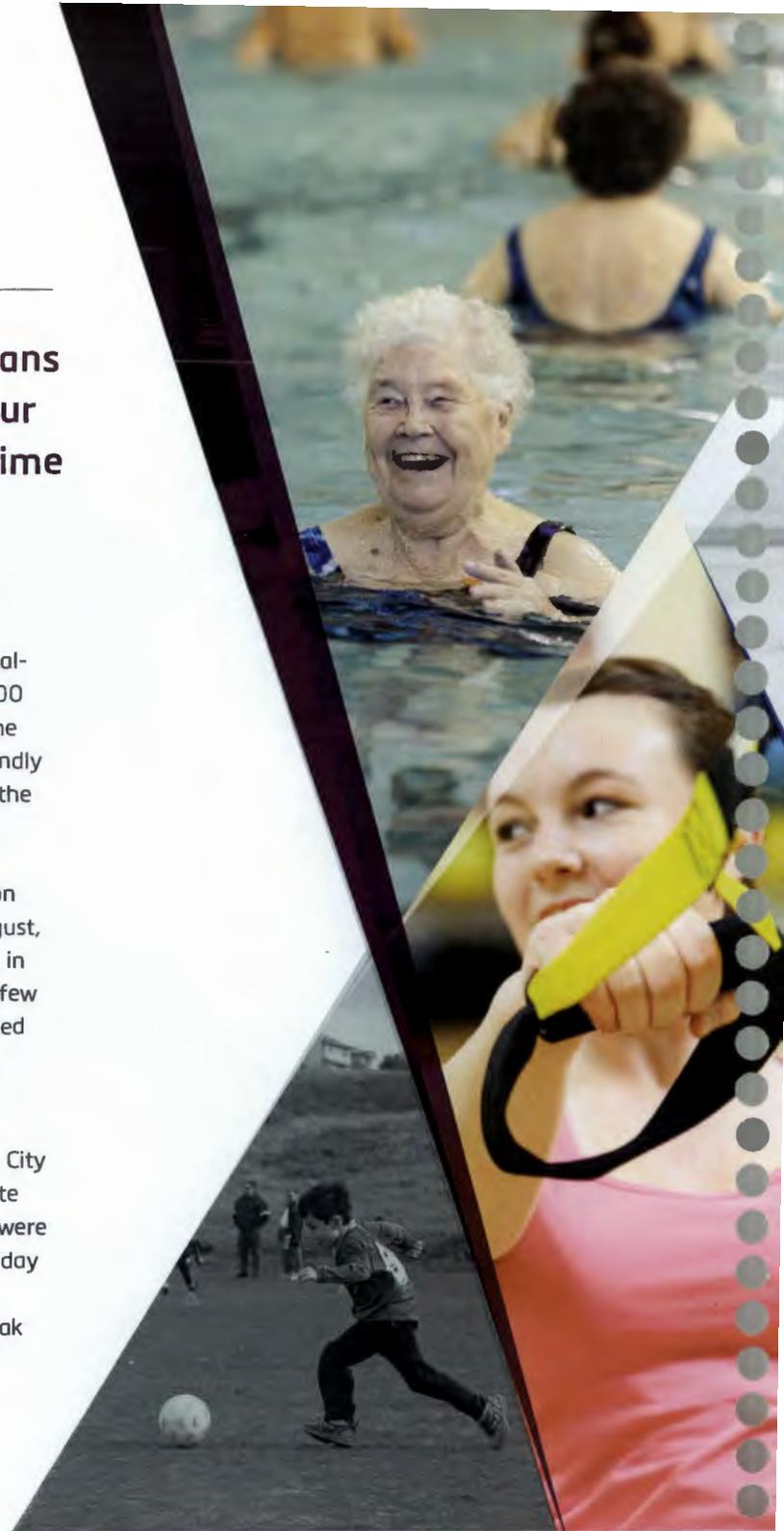
Pedestrians received good news in October when St. Patrick's Bridge opened. This Bow River crossing connects East Village and the Bridgeland-Riverside community. Four thousand people are expected to use the bridge each day.

Commuters, too, were happy to see the Airport Tunnel open in May, providing an alternate route to and from the Calgary International Airport. The tunnel will serve as an important east/west connection between Deerfoot Trail and Stoney Trail in the future. Daily traffic flow is about 12,000 vehicles. The tunnel helps promote economic development by ensuring the efficient movement of workers and goods to and from the airport.

The City kept moving forward to enhance public transit. Two hundred buses were tested with technology that gives a customer an estimated real-time arrival at a specific bus stop. By 2015, all 1,000 City buses will have this GPS technology. Real-time information is accessible via The City's mobile friendly website, teletext and tele ride. The City is refining the system based on customer feedback.

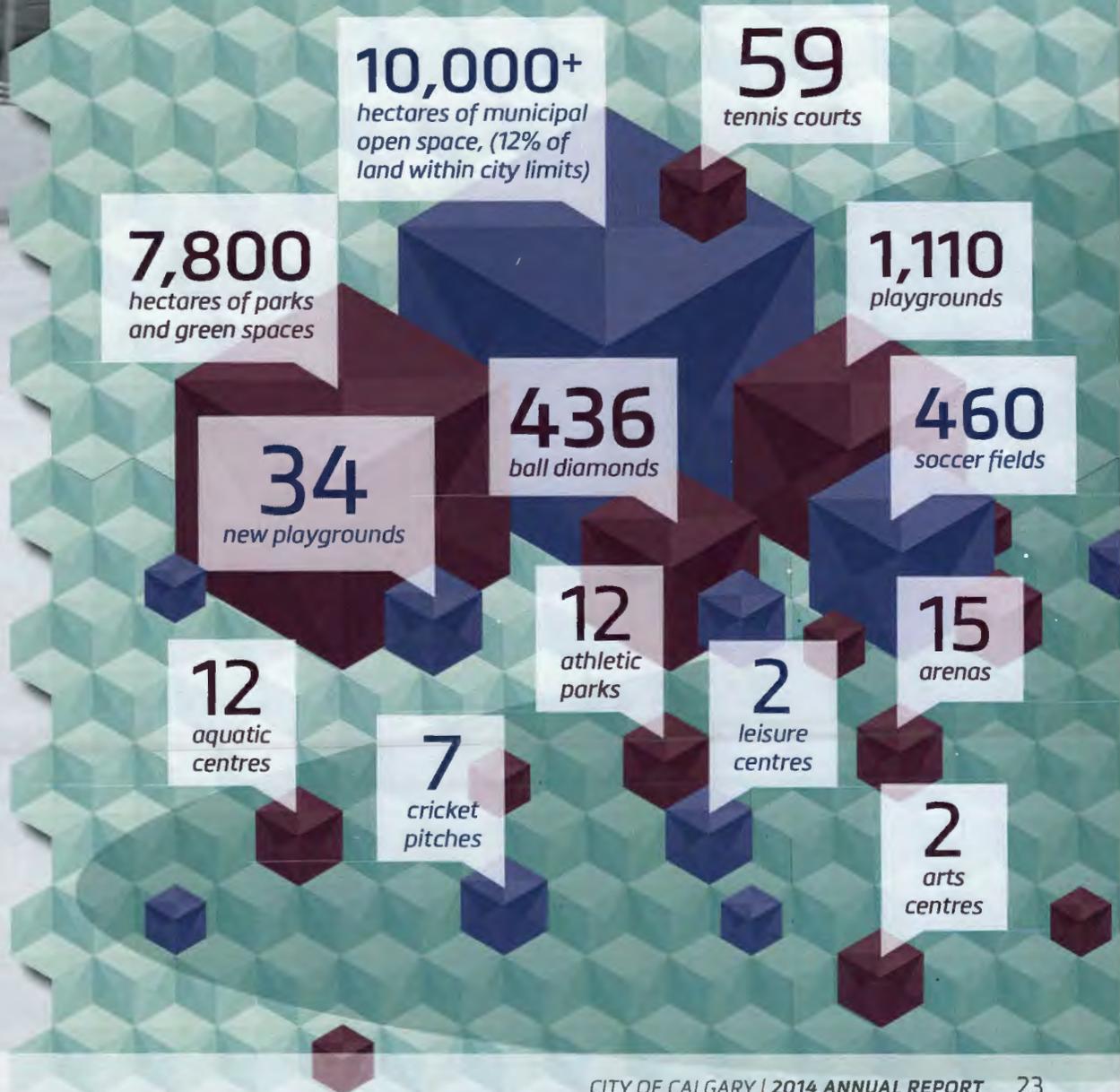
Northwest residents have a new commuting option close to home. The Tuscany Station opened in August, providing LRT service to people living and working in Rocky Ridge, Royal Oak and Tuscany. After only a few weeks of service the station exceeded the estimated usage of 9,000 weekday customers with 11,000 recorded weekday riders.

To help the transportation needs of all Calgarians, City Council approved the addition of 383 new taxi plate licences in 2014. Of the 126 issued, more than 90 were on the road before Christmas to help with the holiday demand. All of these new plate licences carry the mandate that they must be on the road during peak periods, such as Friday and Saturday evenings.





## Destinations Maintained by The City





► The City delivers 1,081 environmental and educational initiative programs to students.

# INITIATIVES

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**The City is in the business of developing plans and ideas that benefit a city of 1.2 million people. Whether they're business partnerships, changes to enhance best practices or unveiling new technology, these initiatives – large and small – make Calgary a better place to live and work.**

In 2014, The City announced that Home Depot Canada bought 66 acres of fully serviced City-owned land. The Home Depot facility will be used to ship goods across the Western provinces and contributes to Calgary's strong economic growth. Additionally, five per cent of proceeds from gross industrial City land sales go to the Public Housing Reserve in support of affordable housing gaps in Calgary.

In May, Shaw Communications began installing WiFi service in select City locations. The City had invited applicants to deliver public WiFi service at the provider's expense, and at no cost to the public in exchange for access to City facilities. Service, available to Shaw customers, gives Calgarians free Internet

access at popular facilities such as golf courses, leisure centres and arenas.

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The flood-damaged Inglewood Bird Sanctuary received big news in 2014 when TD donated \$500,000 for construction of a new outdoor classroom.

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The sanctuary is a federally designated migratory bird sanctuary attracting hundreds of thousands of visitors each year. It also caters to student and youth groups

to provide nature-based educational programs. Across Calgary, The City delivers 1,081 environmental and educational initiative programs reaching more than 30,000 school children, teachers and parent volunteers.

The City began accepting building permit applications for six-storey wood-frame buildings for already approved land use zones. The building code previously limited wood-frame construction to a maximum of four storeys. This change sets the stage for developers to offer lower cost housing. Wood construction is about 10 to 15 per cent cheaper than concrete. The City is utilizing best practices to ensure safety, including enhanced fire safety plans during construction.

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## NOTABLE ACHIEVEMENTS

*The City was the first in Alberta to launch Text with 9-1-1 for the deaf, hard of hearing and speech impaired community. Affected Calgarians can register to use text messaging to converse with 9-1-1 and get the emergency help they need. Previously, these individuals could only communicate with 9-1-1 through a Teletypewriter system. We won the Municipal Excellence Award for Winning*

*Practice for Text with 9-1-1. The City won a 2014 national excellence award for its fleet safety and training program. The program exceeds legislative requirements and provides training for more than 8,200 licensed City operators. Calgarians are kept safer when our operators drive in a safe, courteous and efficient manner.*

*The City's Project Management Framework was also recognized for excellence by the Project Management Institute – Southern Alberta. Four new standards provide support for project managers working on large scale capital projects. These standards help ensure The City meets industry best practices for planning, executing, documenting and closing projects.*

# ENVIRONMENT

Calgarians believe in doing their part when it comes to helping the environment. It's our job to give people the tools and opportunity to do so. We're proud to protect the public's health and the environment through innovation and long-term planning.

We introduced the What Goes Where? online search tool in late 2013. In 2014, it clicked with Calgarians who are easily finding information on how to donate, recycle or safely dispose of hundreds of items. More than 187,000 people have visited 564,000 pages since the launch. More than half of them were returning visitors. Information is available online through desktop or mobile devices and has reduced recycling related calls to 311 by 48 per cent. What are people interested in? The top five search terms this year were electronics, metal food and beverage cans, televisions, light bulbs and computers.

Calgarians also did some heavy lifting for the environment between April 18 and June 1 when City landfills accepted yard waste at no charge. Building on the success of the 2013 program, more than 12,000 loads were dropped off, resulting in 1,908,000 kilograms of yard waste being kept out of the landfill and turned into compost.

Things are looking up on another front. Calgary communities and roadways will soon have better quality lighting with LED (light emitting diode) street lights. In 2014, The City converted more than 2,500 street lights to LED in a program that will include

80,000 street lights by 2018. These LED fixtures significantly reduce electricity consumption and provide virtually no wasted or spilled light.

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The City of Calgary continues to make progress toward keeping material that can be recycled and composted out of the landfill.

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This includes the addition of city-wide residential green cart collection in 2017, approval for the construction of a composting facility, multi-family recycling and continued diversion progress across the Industrial, Commercial and Institutional (ICI) sectors.

City Council took a major step this year by approving the ICI Waste Diversion Strategy. Through this strategy, by late 2018 City landfills will no longer accept commercial vehicle loads containing paper and cardboard in order to encourage recycling. More than one-third of the waste going to City landfills comes from the industrial, commercial and institutional sector, which includes all businesses, stores, offices, shopping

malls, industries, restaurants, warehouses, schools and hospitals. Most of that material could be recycled or composted. Commercial vehicle loads containing food and yard waste will no longer be accepted at City landfills by late 2019.

The City of Calgary is also working hard to make recycling easier and more convenient for residents in apartments, condos and townhouses. As of February 2016, building managers will need to provide on-site recycling. It's another way we are all working together to keep recyclable material out of the landfill.

A 10-year infrastructure investment plan for water has been developed. It identifies necessary investments in our infrastructure to meet the demands of a growing population, increasingly stringent regulations, and ongoing maintenance of plants, pipes and water infrastructure. Specifically, significant capital investments are being made to expand the capacity of The City's largest wastewater treatment plant, Bonnybrook, to meet the needs of a growing city. Calgary is expected to add 200,000 people in the next 10 years and every day more than 430 million litres of wastewater is treated to protect public health, the environment and communities downstream.



🐦 @cityofcalgary THANKS to the 2 forestry crew working overtime tonight to clear broken trees from my street. Long day.

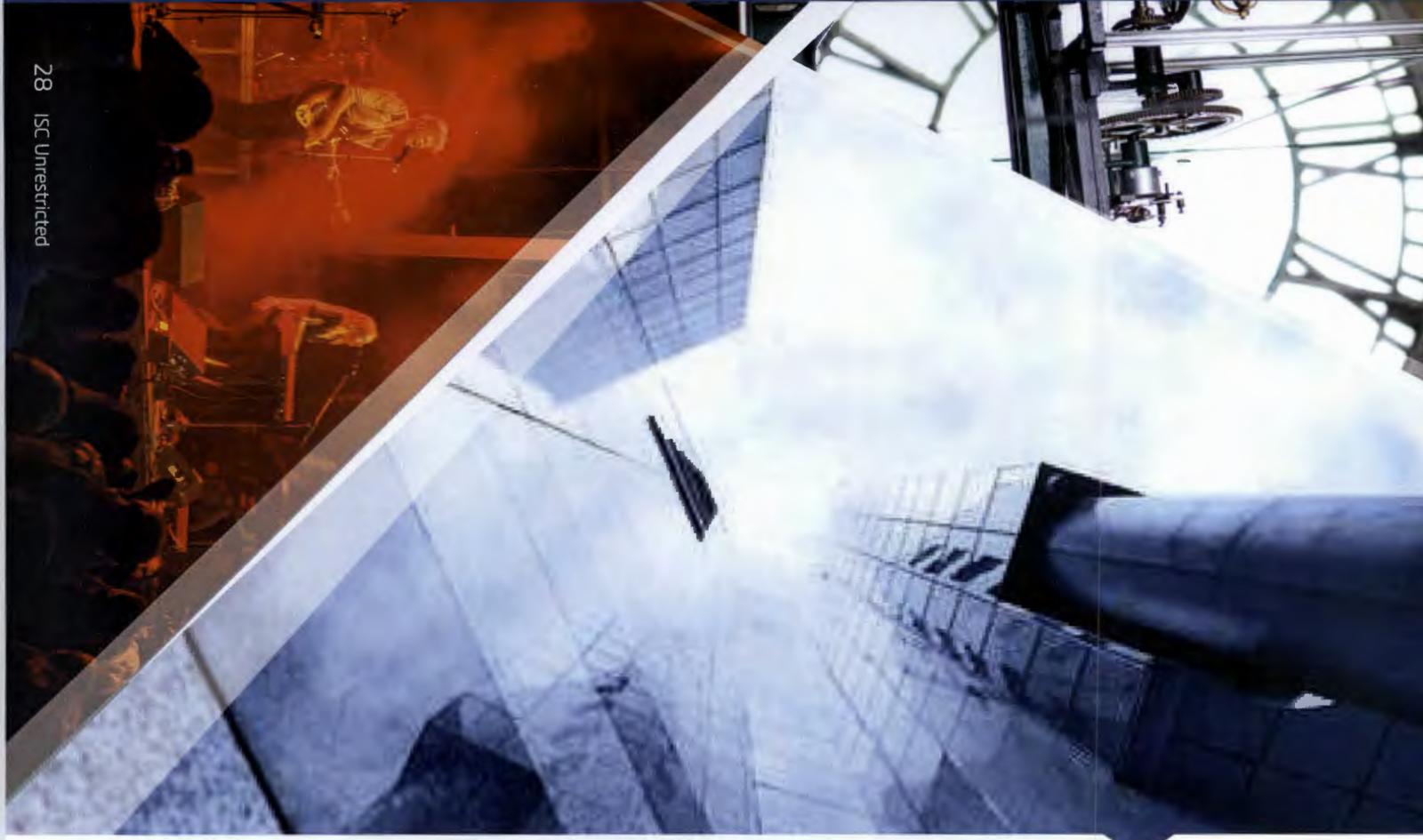
▶ The City manages more than \$38 Billion in water-related assets.

▶ **WATER IS TESTED MORE THAN 110,000 TIMES A YEAR.**

▶ Assets include two water treatment plants, and three wastewater plants, 120 storm ponds and more than 13,000 km of underground pipes.

▶ **96% ARE SATISFIED WITH OUR QUALITY OF DRINKING WATER.**

CITIZEN SATISFACTION SURVEY



The City of Calgary, Alberta

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# FINANCIAL INFORMATION

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# 2014 Financial Statement Discussion & Analysis

## INTRODUCTION

The City of Calgary ("The City") 2014 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by Canadian Public Sector Accounting Standards (PSAS) of 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 (debt), 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 (depreciation), plus the change in the net value of government business enterprises),
- 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 (debt) (a reconciliation between the net revenues earned in the year to the change in net financial assets (debt)). This statement shows the net revenues, with a reversal of the non-cash accruals for depreciation and sale of assets, less donated assets and the spending to acquire new capital assets in the year. The change in net financial assets (debt) 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 financial statement discussion and analysis (FSD&A). It should be read in conjunction with the audited consolidated financial statements and the financial and statistical schedules.

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

For 2014, The City was able to implement its business plans and budgets essentially as expected. The City enters 2015 as the first year of a four-year plan reflecting its long-term goals, and it continues to monitor its financial performance carefully so that it can address local effects resulting from the recent economic downturn.

These issues are touched on in the risk management and outlook sections at the end of the FSD&A, following the financial analysis of 2014.

In 2014, as part of ongoing usage and refinement of tangible capital asset accounting and management systems, certain tangible capital asset balances were identified that required correction. These tangible capital asset balances primarily consisted of land improvement, engineered structures, buildings and machinery and equipment. As a result, approximately \$22.2M in net adjustments was restated and \$24.9M in land inventory was reclassified to tangible capital assets for 2013. These restated amounts relate solely to the accounting for tangible capital assets and had no effect on The City's cash balances, net financial asset (debt) position, property tax revenues or any other balances influencing The City's operating budget, capital budget, grants received, debt borrowings, property tax assessments or any other related balances.

In 2013, The City adopted Public Sector Accounting Standard 3510 Tax Revenue. Changes related to this standard primarily affected how The City recognized its local improvement levy revenue accounting. During 2014 certain revenue balances were identified that required correction. As a result \$10.3M in adjustments to property tax revenue and \$10.3M in accounts receivable was restated for 2013. These amounts solely relate to local improvement levy revenue accounting, other assets, receivables and local improvements to be funded in future years and affect The City's net financial asset position and tax revenue but do not affect The City's cash balances, taxes raised, debt borrowings, other revenue or expenditures.

## Economic Environment

Economic growth in the Calgary Economic Region was about 4.0% in 2014, while Calgary's population increased by 3.3%.

	2014	2013	Change
<b>Calgary</b>			
Population (April census)	<b>1,195,194</b>	1,156,686	3.3%
Employment <sup>(1)</sup>	<b>714,477</b>	679,571	5.1%
Residential housing starts	<b>13,833</b>	9,400	47.2%
Building permit applications	<b>19,549</b>	17,921	9.1%
Building permit value (\$ billions)	<b>6.510</b>	6.027	8.1%
<b>Calgary Census Metro Area</b>			
CPI inflation rate	<b>3.0%</b>	1.4%	114.3%
<b>Calgary Economic Region</b>			
Unemployment rate	<b>5.0%</b>	4.8%	4.2%

Sources: see schedule of demographic and other information on page 101 except:

(1) Estimated by The City of Calgary – Corporate Economics based on Statistics Canada Labour Force Survey.

# 2014 Financial Statement Discussion & Analysis

Population growth from April 2013 to April 2014 was 38,508 (3.3%) compared to 36,461 (3.3%) for the year ending April 2013. The annual rate of population growth is estimated at 2.1% over the next ten years.

Population and economic growth forecasts for 2015 will continue to drive demand for infrastructure and services from The City.

## FINANCIAL HIGHLIGHTS

### Revenues and Expenses

The City had consolidated revenues of \$3.628 billion in 2014 before external transfers for infrastructure (grants and revenue sharing from other governments plus funds and tangible capital assets from developers totaling \$0.919 billion) (2013 – \$3.704 billion, before external transfers of \$0.729 billion).

City consolidated expenses were \$3.455 billion before net ENMAX adjustments of \$0.028 billion (2013 – \$3.364 billion, before net ENMAX adjustments of \$0.013 billion). Included in expenses is depreciation in the amount of \$0.546 billion (2013 – \$0.437 billion) as the estimated annual cost of owning and using The City's capital assets.

For 2014, net revenues including external contributions to infrastructure of funds and tangible capital assets totaled \$1.091 billion (2013 – \$1.068 billion).

Operating budgets were exceeded for both revenues and expenses once again, which resulted from greater than anticipated growth and demand for municipal services. Capital and Operating reserves were increased as a result of the revenues increasing more than the expenses.

### Consolidated Financial Position

As at December 31 (in thousands of dollars)

	2014	2013 (Restated)
A. Financial Assets	<b>\$ 6,871,619</b>	\$ 6,475,739
B. Liabilities	<b>5,922,419</b>	5,903,530
C. Net Financial Assets (A minus B)	<b>949,200</b>	572,209
D. Non-Financial Assets	<b>14,379,324</b>	13,692,365
E. Accumulated Surplus (C plus D)	<b>15,328,524</b>	14,264,574

The City's net financial assets increased by \$377 million (2013 – \$432 million) primarily as a result of the increase in investment balances and also the increase in the equity in ENMAX, partially offset by an increase in provision for landfill rehabilitation and future employee benefit obligations.

The City's accumulated surplus (net assets) increased by \$1,064 million (7.5%) in 2014, primarily from the net increase in tangible capital assets (purchased and donated) of \$672 million, increase in investments of \$379 million, decrease in debt of \$35 million, as well as reflecting an increase in the equity in ENMAX of \$67 million.

The long-term debt component of liabilities (including self-supported and excluding ENMAX) decreased by \$35 million to \$3,626 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 2014.

### Cash Flow

The City's cash and cash equivalents increased by \$16 million to \$78 million while investments increased by \$379 million to \$3,697 million. The increase in investments largely reflects increases in various grant investment balances to fund capital projects, and increases in other capital and operating reserves.

### Cash provided by operating activities

In 2014, cash provided by operating activities was \$1,361 million, compared to \$1,160 million in 2013. This increase was driven primarily by a decrease in accounts receivable and an increase in provision for landfill rehabilitation and employee benefit obligation, offset by a decrease in accounts payable.

### Cash used in capital activities

Cash used in capital activities was \$999 million, compared to \$844 million in 2013, and includes:

- Additions to capital assets of \$1,024 million; and
- Proceeds from sale of tangible capital assets of \$25 million.

### Cash used in investing activities

Cash used in investing activities was \$315 million, compared to \$541 million provided by investing activities in 2013, and includes:

- Net purchases of investments of \$379 million;
- Dividends from ENMAX Corporation of \$60 million; and
- Receipt of Co-Ownership distribution of \$4 million.

### Cash provided by financing activities

Cash used in financing activities was \$31 million, compared to \$240 million of cash provided in 2013, and includes:

- Proceeds from long-term debt issued of \$405 million;
- Long-term debt repayments of \$440 million; and
- Net increase in bank indebtedness of \$4 million.

## FINANCIAL ANALYSIS REVIEW

### Revenues – Budget to Actual Comparison

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

	Budget 2014	Actual 2014	Favourable/ (Unfavourable)	Percent Change
Net taxes available for municipal purposes	\$ 1,714,804	\$ 1,801,400	\$ 86,596	5%
Sales of goods and services	1,130,836	1,219,452	88,616	8%
Government transfers and revenue sharing agreements				
Federal	5,499	4,486	(1,013)	(18%)
Province of Alberta	115,258	150,186	34,928	30%
Investment income	54,682	61,742	7,060	13%
Fines and penalties	71,247	72,121	874	1%
Licences, permits and fees	91,698	116,512	24,814	27%
Miscellaneous revenue	15,436	44,910	29,474	191%
Equity in earnings of Co-Ownership	1,990	1,992	2	0%
Equity in earnings of ENMAX	178,000	154,969	(23,031)	(13%)
Total revenues (before external transfers for infrastructure)	\$ 3,379,450	\$ 3,627,770	\$ 248,320	7%
Developer contributions	\$ 212,732	\$ 88,921	\$ (123,811)	(58%)
Government transfers related to capital	868,262	601,726	(266,536)	(31%)
Developer contributions-in-kind related to capital	-	228,284	228,284	N/A
Total external transfers for infrastructure	\$ 1,080,994	\$ 918,931	\$ (162,063)	(15%)

Total City revenues (before external transfers for infrastructure) were approximately 7% greater than budgeted for 2014, mainly as a result of greater than anticipated net municipal taxes, sales of goods and services, licences, permits and fees, and higher miscellaneous revenue.

**Net taxes available for municipal purposes** was approximately 5% higher than budgeted primarily due to lower property tax cancellations (\$47.8 million) as a result of continued stability in the Calgary real estate market, lower business tax cancellations (\$5.0 million), favourable growth in business assessment (\$5.6 million), and higher revenue in lieu of taxes (\$23.6 million).

**Sales of goods and services** were approximately 8% higher than budgeted due to higher water consumption as a result of population growth, higher transit revenue resulting from higher ridership, higher landfill tipping fees resulting from favourable economic activity, and higher material sales and recoverable work.

**Government transfers and revenue sharing agreements (Provincial)** were approximately 30% higher than budgeted primarily due to flood revenue recognized in 2014 for work completed. The City does not budget for flood revenue.

**Investment income** was approximately 13% higher than budget due to higher principal balances invested and interest income from local improvement levies.

**Licences, permits and fees** were approximately 27% higher than budget as a result of increased activity and growth in development and building permit acquisitions from favourable economic conditions.

**Miscellaneous revenue** was approximately 191% higher due to a variety of items, but primarily increased due to transactions with associated parties, and higher recoveries from third parties of \$18 million that was not budgeted for, which included amounts for damage caused to City property by the June 2013 flood.

**Equity in earnings of ENMAX** was approximately 13% lower than budgeted primarily as a result of a realized loss on derivative hedges, and increased amortization expense.

**Developer contributions** were approximately 58% below budget due to differences in the estimates of anticipated acreage assessments used during the year.

**Government transfers related to capital** were approximately 31% lower than budgeted primarily due to unanticipated changes in timing of use of The Municipal Sustainability Initiative (\$390 million) used for several different projects but primarily related to transportation infrastructure and transit platforms, GreenTRIP

(\$30 million) to purchase light rail vehicles, Fuel Tax (\$67 million) for buses and major facility maintenance, Gas Tax fund (\$33 million) primarily for buses and other grants used (\$15 million).

**Developer contributions-in-kind related to capital** were higher than budgeted as capital acquisitions of this nature are not budgeted.

### Expenses – Budget to Actual Comparison

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

	2014 Budget (excluding Depreciation)	2014 Actual (excluding Depreciation)	Favourable/ (Unfavourable)	Percent Change	2014 Budget Depreciation Expense	2014 Actual Depreciation Expense
Police	437,508	434,266	3,242	1%	–	16,850
Fire	261,933	263,947	(2,014)	(1%)	–	15,407
Public Transit	394,960	409,404	(14,444)	(4%)	–	103,605
Roads, traffic and parking	240,196	286,562	(46,366)	(19%)	491	146,882
Water services and resources	311,825	335,011	(23,186)	(7%)	74,656	100,901
Waste and recycling services	102,662	128,134	(25,472)	(25%)	–	8,530
Community and social development	64,711	61,644	3,067	5%	–	140
Social housing	142,634	124,363	18,271	13%	2,870	2,887
Parks and recreation facilities	183,460	212,631	(29,171)	(16%)	–	44,548
Societies and related authorities	72,321	102,896	(30,575)	(42%)	–	419
Calgary Public Library Board	49,575	45,944	3,631	7%	–	6,953
General government	364,424	284,797	79,627	22%	–	35,125
Public works	233,760	165,595	68,165	29%	29,885	33,814
Real estate services	113,390	53,590	59,800	53%	–	30,388
	<b>2,973,359</b>	<b>2,908,784</b>	<b>64,575</b>	<b>2%</b>	<b>107,902</b>	<b>546,449</b>

Given 2009 was the first year of adoption of Tangible Capital Assets standards (PS 3150), The City had yet to integrate these standards for budget preparation, and so depreciation charges for most tax supported assets are not included in the budget process. The four year budget cycle 2015-2018 has incorporated depreciation charges into the budget. Other expenses above budget include fire, transit, roads, water services and resources, waste and recycling services, parks and recreation facilities, and societies and related authorities, offset by lower than budgeted amounts in community and social development, social housing, Calgary Public Library Board, general government, public works and real estate services.

**The following variance explanations exclude the impact of depreciation expense.**

**Public transit** was approximately 4% higher than budgeted primarily due to higher overtime required to ensure the achievement of operational commitments, increased utility costs to operate transit platform expansions and higher building and fleet maintenance costs.

**Roads, traffic and parking** were approximately 19% higher than budgeted primarily due to higher salaries and wages resulting from increased road maintenance and higher snow and ice control and street cleaning activities as a result of higher snowfall and more activity in paving and streetlight requests.

**Water services and resources** was approximately 7% higher than budgeted due to higher overtime and materials required for servicing and equipment maintenance, and higher electricity costs than anticipated.

**Waste and recycling services** was approximately 25% higher than budgeted due to the September snow storm and electrical fire, higher vehicle and equipment maintenance costs and future landfill rehabilitation obligations.

**Social housing** was lower than budgeted by approximately 13% primarily due to lower sales and lower cost of sales than budgeted.

**Parks and recreation facilities** were approximately 16% higher than budgeted primarily due to higher material, equipment and supplies costs associated with the September snow storm, and higher costs associated with maintenance work being contracted out.

**Societies and related authorities** expenses were approximately 42% higher than budget due to higher than anticipated capital transfers for related authorities.

**Calgary Public Library Board** was approximately 7% lower than budgeted primarily due to higher transfers from associated parties.

**General government expenses** includes the costs of Council, City Manager, Chief Financial Officer, City Auditor, City Clerk's, Law, Supply, Customer Service & Communications, Human Resources, Information Technology and Corporate Costs. Expense were approximately 22% lower than budgeted primarily due to lower employee benefit liability, higher rebate from programs and lower provisions for corporate contingencies, partially offset by flood damage and landfill liability costs.

**Public works** was approximately 29% lower than budgeted primarily due to capital activity being budgeted and then capitalized and decreased transactions with associated parties.

**Real estate services** expenses were approximately 53% lower than anticipated due to lower general land sale costs, lower capital activity and transactions with associated parties.

## Revenues – Comparison to Prior Year

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

	Actual 2014	Actual 2013 (Restated)	Increase/ (Decrease)	Percent Change
Net taxes available for municipal purposes	\$ 1,801,400	\$ 1,805,666	\$ (4,266)	0%
Sales of goods and services	1,219,452	1,116,298	103,154	9%
Government transfers and revenue sharing agreements				
Federal	4,486	4,462	24	1%
Province of Alberta	150,186	108,906	41,280	38%
Investment income	61,742	47,357	14,385	30%
Fines and penalties	72,121	69,503	2,618	4%
Licences, permits and fees	116,512	103,645	12,867	12%
Miscellaneous revenue	44,910	95,292	(50,382)	(53%)
Equity in earnings of Co-Ownership	1,992	-	1,992	N/A
Equity in earnings of ENMAX	154,969	352,483	(197,514)	(56%)
Total revenues (before external transfers for infrastructure)	\$ 3,627,770	\$ 3,703,612	\$ (75,842)	(2%)
Developer contributions	\$ 88,921	\$ 95,783	\$ (6,862)	(7%)
Government transfers related to capital	601,726	382,978	218,748	57%
Developer contributions-in-kind related to capital	228,284	249,829	(21,545)	(9%)
Total external transfers for infrastructure	\$ 918,931	\$ 728,590	\$ 190,341	26%

**Sales of goods and services** was approximately 9% higher in 2014 primarily as a result of higher attainable home sales, increases in the sales revenue of water services and resources resulting from a rate increase, as well as the minor effects of population growth, higher transit revenue due to increased ridership, and higher parking revenue from increased hourly parking activity.

**Investment income** was approximately 30% higher than 2013 primarily due to higher investment earnings resulting from a higher principal balances.

**Licences, permits and fees** were approximately 12% higher than 2013 primarily due to increased activity and growth in development and building permit acquisitions.

**Miscellaneous revenue** was approximately 53% lower than 2013 primarily due to decreased recoveries from third parties related to the flood and hail damage, partially offset by lower transactions with associated parties.

**Equity in earnings of ENMAX** was lower by approximately 56% the decrease is primarily due to the absence of a one-time, non-recurring sale of ENMAX Envision Inc. (Envision) in 2013 for a gain of \$175 million.

**Government transfers related to capital** were approximately 57% higher than 2013 primarily due to an increase in the use of The Municipal Sustainability Initiative used for several different projects but primarily related to transportation infrastructure and transit platforms and GreenTRIP to purchase light rail vehicles.

**Developer contributions-in-kind related to capital** were approximately 9% lower than 2013 due to the timing of completion of developer donated assets.

### Expenses – Comparison to Prior Year

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

	Actual 2014	Actual 2013 (Restated)	Increase/ (Decrease)	Percent Change
Police	\$ 451,116	\$ 440,213	\$ 10,903	2%
Fire	279,354	263,501	15,853	6%
Public transit	513,009	494,625	18,384	4%
Roads, traffic and parking	433,444	397,462	35,982	9%
Water services and resources	435,912	404,800	31,112	8%
Waste and recycling services	136,664	125,236	11,428	9%
Community and social development	61,784	63,132	(1,348)	(2%)
Social housing	127,251	129,001	(1,750)	(1%)
Parks and recreation facilities	257,178	264,550	(7,372)	(3%)
Societies and related authorities	103,315	108,453	(5,138)	(5%)
Calgary Public Library	52,898	47,011	5,887	13%
General government	319,922	350,073	(30,151)	(9%)
Public works	199,408	193,486	5,922	3%
Real estate services	83,978	82,478	1,500	2%
	\$ 3,455,233	\$ 3,364,019	\$ 91,214	3%

Other than general inflation which applies to all items below, most increases from 2013 to 2014 were growth-related in various services.

**Police expenses** were approximately 2% higher than in 2013 from new positions for growth and higher overtime due to initiatives requiring the mobilization of specialty units.

**Fire** increase of approximately 6% in expenses in 2014 includes costs associated with salaries and fringe benefits.

**Public transit** costs were approximately 4% higher than 2013 primarily due to higher labour costs, fuel, oil, maintenance and utility costs due to additional transit service in 2014.

**Roads, traffic and parking** increased by approximately 9% over the prior year primarily due to high labour costs, snow clearing service, and increased maintenance costs due to the severe winter.

**Water services and resources** were approximately 8% higher primarily due to higher labour costs due to growth, higher costs for materials to perform work related to the 2013 flood, and general inflationary and utility increases.

**Waste and recycling services** were approximately 9% higher than prior year primarily due to higher labour from growth and higher material costs associated with the September snow storm and electrical fire, and higher fleet maintenance costs.

**Parks and recreation** decreased by approximately 3% primarily due to work related to the 2013 flood that was not incurred in 2014.

**Societies and related authorities** expenses from prior year decreased by approximately 5%, these include transfer payments to third parties for capital projects, which can vary in amount from year to year. 2013 transfers for capital projects were higher than those made in 2014.

**Calgary Public Library Board** was approximately 13% higher than the prior year primarily due to increase in salaries and wages, a minor increase in general operating costs and lower transfers with associated parties.

**General government** was approximately 9% lower than 2013 primarily due to lower corporate contingencies and a lower employee benefit obligation partially offset by an increase in landfill rehabilitation obligation.

**Public Works** was approximately 3% higher due to many contributing factors such as an increase in labour costs, inspection and permit fee costs and depreciation.

## Tangible Capital Assets

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

	2014 Net book value	2013 Net book value (Restated)	Increase/ (Decrease)
Land	\$ 2,034,685	\$ 1,978,088	56,597
Land Improvements	600,058	547,841	52,217
Engineered Structures	8,551,237	7,876,533	674,704
Buildings	1,266,888	1,209,390	57,498
Machinery and Equipment	363,283	332,744	30,539
Vehicles	693,619	657,562	36,057
	<b>13,509,770</b>	<b>12,602,158</b>	<b>907,612</b>
Work in Progress			
Land	8,992	26,867	(17,875)
Construction	772,888	990,496	(217,608)
<b>Tangible capital assets</b>	<b>\$ 14,291,650</b>	<b>\$ 13,619,521</b>	<b>\$ 672,129</b>

During 2014, The City spent \$1,476 million on capital projects (2013 - \$1,118 million), which included \$1,159 million for tax-supported projects (2013 - \$890 million). Spending on capital projects was primarily on roads and water projects and transit platform enhancements.

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 2 to 100 years.

During the year, there were no write-downs. Donated assets (related to waterworks and wastewater distribution and collection systems, parks and roads) are capitalized and are recorded at their estimated fair value upon acquisition. Parks, roads, recreation and water assets contributed to The City totaled \$228 million (2013 - \$250 million).

## SIGNIFICANT TRENDS

### Revenues (before external transfers for infrastructure)

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

	Actual 2014	Actual 2013 (Restated)	Actual 2012 (Restated)	Actual 2011	Actual 2010 (Restated)
Net taxes available for municipal purposes	\$ 1,801,400	\$ 1,805,666	\$ 1,593,447	\$ 1,467,317	\$ 1,343,960
Sales of goods and services	1,219,452	1,116,298	1,028,539	966,413	907,229
Government transfers					
Federal	4,486	4,462	6,117	6,418	6,941
Province of Alberta	150,186	108,906	117,974	118,512	158,748
Equity in earnings of ENMAX	154,969	352,483	225,038	184,581	177,819
Equity in earnings of Co-Ownership	1,992	–	–	–	–
Investment income	61,742	47,357	41,753	43,980	40,507
Fines and penalties	72,121	69,503	75,477	69,680	67,324
Licences, permits and fees	116,512	103,645	90,938	74,527	70,739
Miscellaneous revenue	44,910	95,292	44,339	35,319	35,625
<b>Total revenues (before external transfers for infrastructure)</b>	<b>\$ 3,827,770</b>	<b>\$ 3,703,612</b>	<b>\$ 3,223,622</b>	<b>\$ 2,966,747</b>	<b>\$ 2,808,892</b>

The comparisons between current and prior year revenues largely reflect rate and growth-related increases.

**Net taxes available for municipal purposes** generally increases with growth and tax rate increases; 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 can affect this revenue.

**Sales of goods and services** has generally increased due to growth and rate increases. In 2014, water, wastewater and drainage rates were increased by 7.4%, 13.5% and 8.9% respectively, which combined with an increase in population, contributed to an increase of approximately \$50 million over 2013. In addition, increased transit ridership resulted in a year-over-year increase of approximately \$5 million. A significant increase in land sales also contributed to higher revenue of approximately \$29 million over 2013 and Waste & Recycling saw an increase of \$5 million related to tipping fees.

**Government transfers (Provincial)** increased in 2014 as a result of increased use of The Municipal Sustainability Initiative used for several different projects but primarily related to transportation infrastructure and transit platforms and GreenTRIP to purchase light rail vehicles.

**Equity in earnings of ENMAX** comprises the net equity increase in The City's government business enterprise ENMAX. In 2010 and 2011, ENMAX did not experience the same growth rate as in previous years. In 2012, ENMAX experienced higher revenues as a result of increased rates for electricity. For 2013, ENMAX experienced higher revenues due to a one-time, non-recurring sale of ENMAX Envision Inc. (Envision) for a gain of \$175 million which resulted in a decline in 2014 revenues. Also, in 2014 a realized loss on derivative designated cash flow hedges contributed to the decrease in earnings.

**Equity in earnings of Co-Ownership** comprises of Attainable Homes Calgary Corporation's share of net income earned from the Co-Ownership that was entered into in 2013.

**Investment income** for the years 2010 to 2011 was influenced by much lower interest rates than previous years, decreasing the amount of investment income earned in each of these years. Investment income resumed a favourable trend in 2011 primarily due to better investment performance and increased investment balances over the year. This trend of increased principal balances continued through 2014 and has resulted in higher investment income than previous years, with a slight decrease in 2012.

**Licences, permits and fees** reflect the building permit revenues driven by Calgary's growth, which has remained relatively steady in 2010 and 2011. In 2012, revenue increased as a result of increased activity and growth in development and building permit acquisitions, and this trend has continued through 2014.

**Miscellaneous revenue** has decreased for 2014 primarily due to flood and hail costs recovered from third parties in 2013. In 2012, miscellaneous revenue was higher primarily due to increased transactions with third parties, after remaining stable through 2011 and 2010.

## LIQUIDITY AND DEBT

### Financial Position – Net Financial Assets (Debt)

As at December 31 (in thousands of dollars)

	Actual 2014	Actual 2013 (Restated)	Actual 2012 (Restated)	Actual 2011	Actual 2010 (Restated)
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	\$ 77,732	\$ 62,021	\$ 47,429	\$ 61,172	\$ 60,359
Investments	3,696,798	3,317,463	2,709,358	2,333,003	2,358,079
Receivables	246,273	312,617	209,350	230,247	237,469
Land inventory	224,735	229,765	249,499	243,109	244,595
Other assets	96,887	90,231	29,899	20,310	20,329
Equity Investment in Co-Ownership	1,539	3,438	–	–	–
Investment in ENMAX	2,527,655	2,460,204	2,161,986	1,943,731	1,845,250
	<b>6,871,619</b>	<b>6,475,739</b>	<b>5,407,521</b>	<b>4,831,572</b>	<b>4,766,081</b>
<b>LIABILITIES</b>					
Bank indebtedness and short-term borrowing	33,254	29,215	30,385	57,922	57,470
Accounts payable and accrued liabilities	735,581	749,870	648,205	639,457	574,002
Deferred revenue	85,050	69,771	59,089	57,934	54,268
Capital deposits	931,762	929,765	687,310	639,567	713,477
Provision for landfill rehabilitation	86,946	64,700	60,100	56,100	54,400
Employee benefit obligations	423,649	398,827	361,810	329,455	309,138
Long-term debt	3,626,177	3,661,382	3,420,540	3,228,887	2,945,662
	<b>5,922,419</b>	<b>5,903,530</b>	<b>5,267,439</b>	<b>5,009,322</b>	<b>4,708,417</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>\$ 949,200</b>	<b>\$ 572,209</b>	<b>\$ 140,082</b>	<b>\$ (177,750)</b>	<b>\$ 57,664</b>

From 2010 to 2011 net financial assets (debt) declined primarily as a result of the annual increase in long-term debt required to fund infrastructure. In 2012, net financial assets increased by approximately \$318 million primarily due to ENMAX's net asset increase, and increases in liquid assets, and this trend continued through 2013 and 2014 with a further increase of \$432 million and \$377 million respectively.

These liquid assets are offset primarily by liabilities which are governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), capital deposits that must be spent on specific types of capital, and employee benefit obligations.

## Long-Term Debt

As at December 31 (in thousands of dollars)

	2014	2013	2012	2011	2010
<b>Opening Balance</b>	<b>\$ 3,661,382</b>	\$ 3,420,540	\$ 3,228,887	\$ 2,945,662	\$ 2,476,075
<b>Increase (Decrease)</b>					
Tax-supported	(41,985)	209,329	(46,991)	(28,061)	(14,020)
Self-sufficient tax-supported	(142,183)	74,378	238,514	247,643	308,000
Self-supported	148,963	(42,865)	130	63,643	175,607
<b>Net increase during the year</b>	<b>(35,205)</b>	240,842	191,653	283,225	469,587
<b>Closing balance</b>	<b>3,626,177</b>	3,661,382	3,420,540	3,228,887	2,945,662
ENMAX debt in The City's name	1,088,771	915,510	827,828	732,877	631,494
<b>Total debt attributable to The City</b>	<b>\$ 4,714,948</b>	\$ 4,576,892	\$ 4,248,368	\$ 3,961,764	\$ 3,577,156

In 2014, Standard & Poor's affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting The City's very strong economic performance and growth prospects; strong budgetary results; healthy cash and investment balances; manageable debt; and the significant and committed funding support The City receives from other orders of government. DBRS Limited also maintained The City's long-term debt notional rating at AA (high) and The City's commercial paper rating at R-1 (high). These excellent independent ratings reflect Calgary's strong economy and financial policies/practices.

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 smoothes the impact on annual property tax rates while providing appropriate infrastructure to meet citizens' needs.

In 2006, Council approved 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 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 2002 capital financing policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10% of the tax-supported gross expenditure (net of recoveries). The policy would allow The City to provide some additional growth-related capital infrastructure if desired. However, increasing self-supported debt may be a constraint.

In 2014, \$4.5 million in new tax-supported debt was obtained to finance growth-related projects, which was \$42 million less than tax-supported debt repayments. The City's tax-supported long-term debt was \$528.8 million as at December 31, 2014. The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 11.7% (including MSI) and 2.4% (excluding MSI), this is not within The City's 10% policy limitation but is strictly related to MSI and was expected. \$350 million of additional tax-supported debt capacity, approved by Council in 2002, is fully committed.

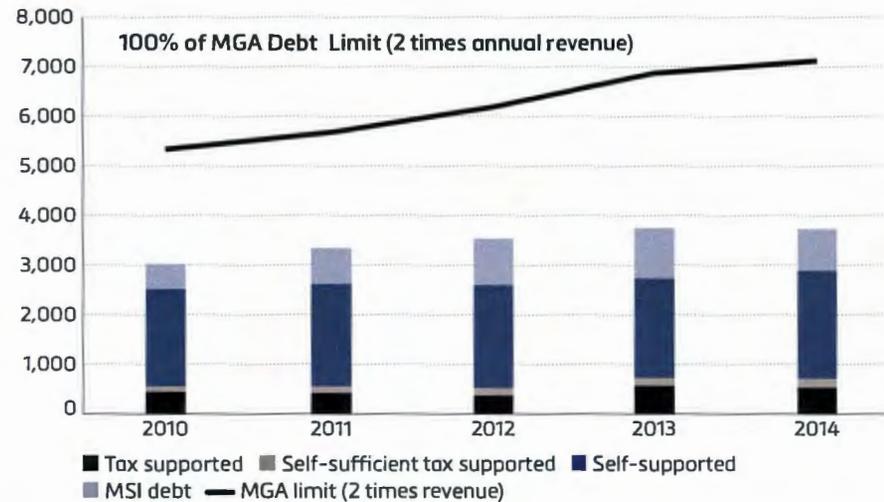
Self-sufficient tax-supported debt comprises debt for Calgary Municipal Land Corporation's ("CMLC") programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations. Self-sufficient tax-supported debt also includes short-term debt that will be funded from future grant receipts from the Alberta Government's MSI. As at December 31, 2014, CMLC has \$182 million in outstanding debt. In 2009, Council approved a maximum debt of \$1,000 million to provide bridge financing for MSI-funded projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total amount to approximately \$1,600 million. As at December 31, 2014, The City has total outstanding debt of \$851 million for these projects.

Also in 2014, \$299 million in new self-supported debt (self supported debt, primarily related to Water Services & Resources) was obtained, and the new borrowing exceeded the debt repayments by \$149 million, increasing the total self-supported debt to \$2,065 million (excluding \$1,089 million in debt attributable to ENMAX).

The *Municipal Government Act* (MGA) requires The City to comply with two separate debt related limits which are expressed as a percentage of revenue. The MGA Debt Limit stipulates the maximum amount of debt principal that The City can have outstanding, including loan guarantees, and is calculated at two times revenue. Chart A below reports The City's total historical outstanding debt from 2010 to 2014. It indicates that as at December 31, 2014 The City had used 52% of its MGA debt limit.

**Chart A – The City of Calgary’s historic debt levels  
MGA Debt Limits Trend 2010 – 2014**

(in millions of dollars)

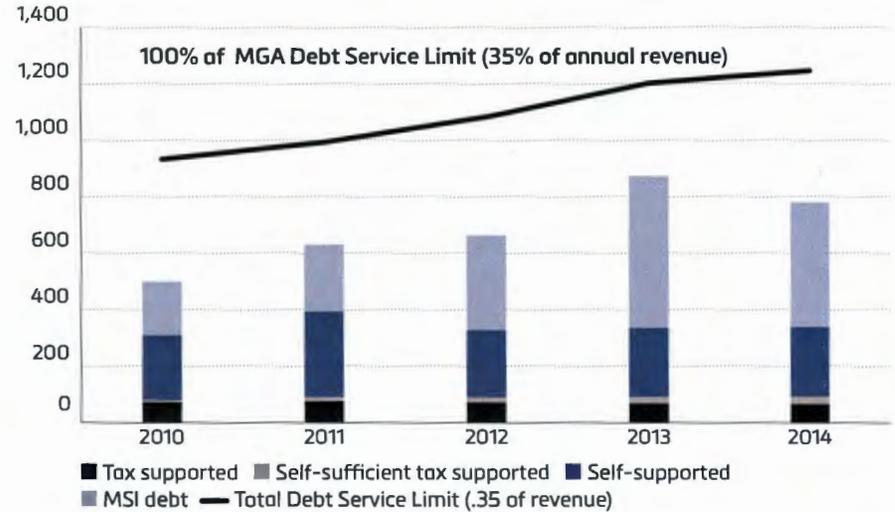


The MGA Debt Service Limit sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur and is calculated at 35% of revenue. For MSI bullet debt, the total principal and interest is recognized as debt servicing in the year the debt matures. Chart B forecasts The City's Debt Servicing Charges and indicates that 63% of the MGA debt service limit has been used to the end of 2014.

**Chart B – Debt Service Limit vs. Debt Servicing Charges  
(Principal and Interest)**

**MGA Debt service Limit Trend 2010 – 2014**

(in millions of dollars)



In 2002, City Council approved a target for City tax-supported debt service as a percentage of City tax-supported gross expenditures (net of recoveries) to not exceed 10%. This ratio differs from the MGA debt limits which includes all debt. The City was expected to and has exceeded this ratio due to debt associated with MSI bridge financing, this is expected to continue for several years.

Debt associated with MSI bridge financing is testing the limits of The City's debt capacity. However, Administration monitors and reports on an internal maximum level of 80%, as well as the mandated 100% maximums of the MGA limits, ensuring that The City has a sufficient cushion of debt capacity room available to provide financial flexibility.

## Reserves

As at December 31 (in thousands of dollars)

	2014	2013	2012	2011	2010
	\$ 1,626,107	\$ 1,437,065	\$ 1,297,791	\$ 1,131,968	\$ 1,017,747

The reserve balances totaled \$1,626 million at the end of 2014 (2013 – \$1,437 million). The net increase was primarily the result of increases in the Fiscal Stability Reserve, reserves for future capital projects, Real Estate and Development and Building Approvals sustainment, partially offset by reductions in funds for the lifecycle maintenance.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies. In 2010, Council approved an updated Financial Reserve Policy that establishes guidelines and criteria for the proper creation and administration of reserve funds. This policy includes a process to ensure each reserve is reviewed for necessity and sufficiency at least once during a three year cycle. This review will include ensuring that required funds are available, outdated reserves are closed and the level of funding is not higher than necessary. During 2014, the first year of the second triennial review period, City staff undertook a review of 9 reserves, representing approximately twenty-percent of all reserves' balances as of December 31, 2013. Findings and recommendations of the review were approved by Council in December 2014.

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.

The largest reserves are the Fiscal Stability Reserve (2014 – \$416 million; 2013 – \$357 million) which is a contingency reserve for urgent situations with significant financial implications and is also used to fund one-time operating costs and the Reserve for Future Capital (2014 – \$318 million; 2013 – \$270 million) which funds capital projects.

## RISK MANAGEMENT

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. The City Manager is responsible for ensuring compliance with Council's Integrated Risk Management (IRM) Policy and promoting a proactive, corporate-wide and systematic approach to managing risks that could affect City objectives. As an example, risk management has been embedded into multi-year business planning and reporting to enhance the level of accountability, transparency and comparability of operations. Through the IRM framework, risks are identified at all levels across the organization. Some specific risks and mitigation approaches are presented below.

### Economic Monitoring

The City was not as materially impacted by the recent economic downturn as many other organizations. However, the local economy is still potentially vulnerable to the impact of external economic pressures due to volatile crude oil prices and the threat of depressed natural gas prices. In keeping with Council's Integrated Risk Management policy, The City continues to monitor economic conditions and The City's financial status so that Council is informed promptly of any changes requiring adjustment to business plans and budgets.

The economy's impact on provincial government revenues has resulted in deferral of a portion of capital grants to The City for infrastructure construction underway and planned for the near future. As a result, The City will take on debt until the deferred grant funding is provided in order to continue planned projects, thus avoiding costs of delaying projects and taking advantage of a more favourable construction market. Economic activity, population, and tax assessment base is anticipated to grow at a lower rate in 2015 compared to 2014. Property tax revenue is not anticipated to be significantly impacted in 2015 however franchise fees are expected to be lower than anticipated in 2015. On March 26, 2015 the Alberta government released its 2015/2016 budget. The Provincial budget increased the fuel tax by 4 cents, which will increase The City's operating costs. The City is also anticipating lower grant in lieu of taxes from the Provincial government. Due to the economic uncertainty of lower oil prices, the City will be monitoring the economy and taking action to mitigate any negative impacts.

Calgary has been buffered from some economic impacts by the fact that its unemployment rate has not yet increased to as high a level as other jurisdictions and population has continued to grow, but it is an integral part of the economy and will ultimately be affected by economic conditions.

## Normal Operational Risk

In the usual course of business, The City is exposed to various risks that are mitigated through operational and financial controls under the umbrella of corporate integrated risk management. These risks include the normal operational risks associated with each of The City's businesses as well as social, legal and regulatory issues and changes to the economy that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

All activities undertaken by The City are covered under the Civic Insurance Program. This program is composed of purchased insurance coverage as well as a self-funded component for any losses below the deductible level of a purchased policy. Certain types of risks will be totally self-funded, as the costs to insure these risks are either prohibitive or unnecessary.

A \$7 million reserve is set aside and is utilized to offset any large claim against The City either in excess of a purchased policy limit or a loss that is not covered by any insurance policy.

The City has fully met its current year cash contributions for employee benefit obligations at December 31, 2014. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial loss of \$53.2 million (2013 - \$58.4 million). The City has put in place a plan of action to set aside funding for these losses. The action plans are reviewed and adjusted annually. In addition, there are certain employee benefit obligations that inherently relate to The City 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 and are sponsored by the Alberta Minister of Finance and administered by Alberta Pension Services ("APS"). Both plans currently have a plan deficit, where the actuarial value of accrued benefit obligations are greater than the net assets available for benefits. The total deficit at December 31, 2013 for LAPP is \$4,862 million and for SFPP is \$220 million. At December 31, 2013 The City employees represented approximately 8.5% of the employees in LAPP and 50% of the employees in SFPP. The City, in conjunction with other participating member employers (such as Alberta Health Services, other Alberta municipalities, universities, colleges and school boards) and employees share in funding the future plan deficits through contribution rate increases. The contributions by one 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 provision for increasing LAPP and SFPP contributions in its multiple-year budget plans.

In September 2014, the Government of Alberta withdrew planned legislation for proposed changes to the LAPP and the SFPP. The province has since committed to a new direction involving employer and member representatives continuing discussions on the governance process and sustainability of LAPP and SFPP. The City will continue to participate in the Government's on-going discussions on the governance process and sustainability of LAPP and SFPP and will assess any potential financial impacts to The City for these plans as well potential impacts to The City sponsored pension plans.

## Environmental Risk

Environmental risk at The City is considered and managed in three ways. First, risks to the environment from City operations are primarily managed through the employment of environmental management professionals to assist business units in achieving and maintaining compliance with environmental laws and regulations. Specifically, The City business units have implemented Environmental Management Systems (EMS) based on the ISO 14001 international standard. Currently, 11 business units are registered, providing a sound model to effectively deal with environmental impacts associated with The City's activities. Environmental concerns related to corporate capital works projects are managed through the ECO (Environmental Construction Operations) program.

Second, risks related to corporate land development and The City's role as a development approving agency are managed through policies and procedures. For example, there are policies in place addressing environmental concerns involved with the purchase, sale or redevelopment of contaminated land. The City has also established an environmental liability assessment program to identify, quantify and manage liability arising from corporately owned contaminated sites, along with measures to address contamination of City lands by others. Further, the Environmental Development Review policy exists to determine the suitability of a site for its intended use with respect to environmental conditions and to ensure that environmental conditions are considered in the planning approval process.

Third, there are risks to The City related to environmental conditions such as climate change and air quality which are dealt with through programs designed to mitigate their occurrence and impacts. Regional air quality concerns are managed through the efforts of the Calgary Region Airshed Zone (CRAZ) of which The City is a founding member. Programs addressing greenhouse gas emission reduction are also being developed and implemented for both The City and the community at large. Infrastructure concerns related to climate change adaptation are also being addressed.

## Commodity Price and Foreign Exchange Risk

To stabilize operating budgets in the face of energy price volatility, The City purchases diesel fuel in the futures market when deemed beneficial and has a long-term fixed-rate contract for electricity. The City has a natural hedge against natural gas price increases because fees for using City rights of way (e.g., for natural gas distribution) are based on the amount billed for those services. The City hedges any foreign currency requirements in excess of \$0.250 million Canadian. At December 31, 2014, The City had U.S. dollar foreign exchange fixed contract arrangements totaling \$42 million U.S. dollars (2013 – \$103 million) at exchange rates ranging from 1.06 to 1.16 Canadian dollars for U.S. dollar contracts. During the fiscal year ended December 31, 2014, the various arrangements for foreign merchandise purchases cost The City \$4.249 million less (2013 – \$0.173 million more) than if the arrangements had not been entered into.

## ENMAX (THE CITY'S WHOLLY-OWNED SUBSIDIARY)

The City Electric System was a department of The City until 1998 when its assets, responsibilities and liabilities were transferred to ENMAX Corporation, a wholly-owned subsidiary of The City. The new structure was deemed necessary to respond to deregulation of the electricity industry in Alberta.

Deregulation resulted in the introduction of commodity price and volume risk, wholesale and retail competition, and political and regulatory risks to ENMAX's business. Additional risks identified by ENMAX and presented in detail in its annual financial report include operational, development, environmental, legal, human resources, financial resources/liquidity, credit/default, reporting/disclosure, technological, tax, reputation, corporate structure and strategic risks. ENMAX has an integrated approach to risk management across all ENMAX companies and has implemented an Enterprise Risk Management (ERM) framework. The Risk Management Committee, consisting of ENMAX senior management team members, oversees risk management and reports risk exposures to the Board of Directors.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission subsidiary, has been regulated by the Alberta Utilities Commission since January 1, 2008 and prior to that by the Alberta Energy and Utilities Board starting in 2004.

ENMAX is a substantial City equity holding. In 2012 The City, as shareholder, endorsed the company's 2014 strategic plan. Approvals for capital projects in excess of \$75 million are sought separately and explicitly from the shareholder. ENMAX provides The City with annual dividends that are determined by board policy and have been \$50 million or more for each of the last ten years.

## THE OUTLOOK

### Calgary Economy and Management of Growth

Calgary's economic prospects are closely connected with the potential impact of external economic pressures. These external pressures from the global economy include: expenditure restraint by other orders of government, continued fiscal adjustment challenges, stagnant European economies, recovery in the United States and volatile commodity prices. The sharp decline in oil prices since June 2014 and the related reduction in capital expenditures by the energy sector have highlighted the fact that the City will continue to monitor the local economy.

The Calgary Economic Region (CER) should expect a slow growth in 2015 arising from reduced investment activity in Alberta and consequently Calgary should experience higher unemployment rates. The CER's gross domestic product (GDP) is expected to contract by 1.0% in 2015, and grow by 1.4% in 2016 and 2.0% by 2017. Total employment in the CER was estimated at 857,000 in 2014, up from 830,000 in 2013 and 806,000 in 2012. The forecast calls for total employment to average 849,000 in 2015 and 871,000 in 2016. The unemployment rate was estimated at 5.1% in 2014, rising from 2013 of 4.8%, as employment growth was outstripped by even stronger labour force growth. The unemployment rate is expected to increase to 6.3% in 2015 and 6.1% in 2016 as employment growth returns to normal rates. The latest economic projections point a generally slow outlook for Calgary, which is expected to continue to outperform other Canadian regions, however, external risks remain requiring ongoing vigilance.

Calgary's economy continued to attract many people from other locations, with net migration to The City in 2014 of approximately 28,107 people. This was consistent with the net migration seen in 2013 and marked a return to similar levels seen in 2006. With employment growth improving and the unemployment rate returning back to more normal levels, migrants will again be attracted to the local economy, annual net migration is therefore forecasted to average about 14,000 per year over the next five years, which, combined with natural increases will increase population by an average of 24,000 persons (1.8%) per year, a healthy growth rate for a large city.

The rapid swings in economic prospects, from the record growth of 2006-2007 to the slump of 2008-2010, and the current instability, have validated the flexibility built into The City's process for strategic and business planning. In 2014, Council approved the 2015-2018 Action Plan, The City's four year operating and capital budget. The City has begun to implement the business plan and budget for 2015 and will continue to maintain its flexibility to respond to economic, social, environmental and political changes through the mid-cycle budget review and annual budget adjustment process. Changes to provincial election legislation resulted in four-year terms beginning in October 2013. The City implemented process changes to ensure that the planning and budgeting cycle remain aligned with Council's term.

The City's longer-term perspective carries well beyond its four-year plan. In 2009, Council approved the adoption of new municipal development and transportation plans that will manage future community growth and investment plans for the next 60 years, featuring a balancing of growth between established and new areas of The City. The City has also been a major contributor to the Calgary Metropolitan Plan (CMP) which was approved by the Calgary Regional Partnership (CRP) and endorsed by City Council. The CMP provides a triple bottom line regional growth management strategy, a governance strategy and principles for regional servicing. A triple bottom line considers economic, social, environmental and smart growth and mobility implications in the strategy and servicing. In 2013 the Minister of Municipal Affairs requested mediation between the membership of the CRP and neighbours of The City who remain outside the CRP to address outstanding concerns with the CMP. Mediation was completed and a report provided to the Province in July 2013. The City is currently working with the CRP and the Province of Alberta on options to legislate the CMP.

The City's rapid growth in the last decade has created a substantial challenge to provide for the maintenance of City assets. Work will continue to address the magnitude of required lifecycle maintenance for the organization's approximately \$60 billion (estimated replacement cost) in assets through the Corporate Asset Management Plan.

The City has entered into a 20-year contract for electricity from ENMAX Energy for 2007-2026, since 2012 The City has been using renewable electricity. From 2014 through 2022, The City is investing in a number of infrastructure improvements at the Bonnybrook Wastewater Treatment Plant to address the City's growing demand. The Bonnybrook Wastewater Treatment Plant is the largest of Calgary's three wastewater treatment plants, with a capacity to serve an equivalent population of 946,000 people. The investments include capacity upgrades, as well as a major plant expansion. The capacity upgrades will allow The City to more efficiently utilize existing Bonnybrook Wastewater Treatment Plant infrastructure and will provide incremental capacity increases to accommodate growth in the short term. The total cost of the capacity upgrades is estimated at \$117 million. The majority of the detailed design for the Bonnybrook Capacity Upgrade projects has been completed and tendered, and construction is well underway. The project is expected to be completed in 2018. The major plant expansion will include the addition of new primary, secondary and tertiary treatment infrastructure. The expansion project will also include upgrades and life-cycle replacements of existing processes, ancillary facilities and systems, as well as a flood resiliency component. Pre-design of the plant expansion is underway, with detailed design to follow. The cost estimate for the plant expansion project is \$690 million. The implementation of the expansion project will span a period of 6 to 7 years.

In 2013, Council approved the construction of a city owned composting facility that will be privately designed, built and operated. The facility will compost residential food and yard waste as well as biosolids. This is significant as it supports diversion from the landfills and will facilitate the launch of the city wide green cart program in 2017.

### **Intergovernmental Relations**

The City will continue to identify and address The City's growth requirements while seeking to obtain the necessary funding to undertake the additional projects required to maintain the social, environmental and economic conditions that Calgarians expect. Intergovernmental relations continue to be critical in allowing The City to respond to the needs of a rapidly growing community. The most substantial funding program is the provincial Municipal Sustainability Initiative (MSI) agreement, introduced by the Province in Alberta in 2007-08 as a commitment totaling \$3,300 million for The City over a ten-year period. Due to the substantial change in provincial revenues, the Alberta government in its 2010-11 budget changed the terms and conditions for MSI funding, to extend the same amount of total funding over a longer time period. In recognition that The City has made several long-term commitments to major construction projects based on the funding agreement, the Province will allow The City to use 7% of its total MSI grant for interest costs on the debt that will need to be borrowed to build the required infrastructure improvements. This ability to front-end capital projects against future cash flows from MSI will enable The City to maintain its pace of construction within its infrastructure investment plan. The 2014 - 2017 Provincial budget continues to support municipalities through the MSI agreement with \$2,700 million allocated over the next three years, which is very close to the total announced in the 2012 - 2014 budget. The City's allocation for 2014 was approximately \$253 million, the 2015 allocation is estimated to be \$260 million. The MSI and the Basic Municipal Transportation Grant (BMTG - Fuel Tax) were combined into one, the BMTG allocation for 2014 was approximately \$124 million and the 2015 estimated allocation is \$124 million.

It was announced in 2014 that the City Transportation Fund was being merged with the MSI program and is now administered by Municipal Affairs rather than Alberta Transportation. The funding formulas for both programs will remain the same. The budget states that this combining of funds will improve effectiveness, simplify the grant process and improve predictability and flexibility of the funding.

Province-wide, GreenTRIP funding totals \$667 million over the next three years (2014-2017). Calgary's allocation was not detailed in the budget; however, in December 2012 the province announced \$473 million in GreenTRIP funding for Calgary over four years. To complete planned transit projects, The City will require an additional \$167 million of GreenTRIP funding from Phase 2.

The province has allocated \$859 million for flood recovery projects in its 2014-2015 budget, including mitigation measures to protect Albertans from future flooding. This includes \$222 million over three years for flood recovery initiatives, as well as other funding for floodway relocation, property tax relief, mental health supports and an interest rebate program for small businesses. The Government of Canada has committed to providing \$200 million over five years, starting in 2015-16, for a National Disaster Mitigation Program. Costs of projects will be shared with provinces and territories.

Relating to our ageing population, funding for seniors increased in the 2014-2015 provincial budget, which includes a 44 per cent, \$12 million, increase for continuing care and home care; a 6.2 per cent, \$21 million, increase for the Alberta Seniors Benefit; and a 23 per cent, \$6 million, increase for special needs assistance for low income seniors. However, while funding for seniors' services in Alberta Health's budget has increased slightly to \$41 million, it is still well below the \$49 million allocated in 2012-13. The province predicts a significant increase in Seniors' Property Tax Deferral Program loan applications, from \$3 million in the 2013-14 budget to over \$20 million in 2014-15.

The Government of Alberta's Social Housing Revitalization Initiative will receive \$228 million over three years, to improve up to 8,830 social housing and seniors' lodge units, replace 94 units, and construct 455 net new units. This includes \$117 million in 2014-15, \$91 million in 2015-16 and \$20 million in 2016-17.

The City of Calgary's submission for the *Municipal Government Act (MGA) Review* was completed and submitted in June 2014. Recommendations to the Government of Alberta include: the MGA continuing to provide municipalities with broad authority for municipal financial accountability and transparency; consideration of providing municipalities with access to new revenue sources and additional revenue-sharing opportunities that would improve the fiscal capacity of municipalities and diversify their revenue bases; and The City retaining the authority to determine the appropriate use of the additional revenues, leading to a decrease in the reliance on the property tax and addressing the fiscal imbalance between The City and the provincial government.

On October 7th, 2014, The City of Calgary, along with the City of Edmonton, signed a Framework Agreement with the Government of Alberta reinforcing their commitment to a new relationship that will be realized in City Charters specific to each of Alberta's two largest cities.

## **Civic and Community Initiatives**

The Community Revitalization Levy is an example of an innovative, own-source approach to obtaining funding that has been approved for a major downtown infrastructure redevelopment project called The Rivers Community Revitalization Plan. The plan was initiated as a self-sufficient tax-supported program in 2007 under the newly formed Calgary Municipal Land Corporation, a controlled corporation of The City that is accountable for development and sale of land transferred from The City. As with other development projects, challenging economic conditions could affect the implementation schedule. The City currently has two public-private partnerships (P3s) in the procurement phase for the delivery of major infrastructure projects and will continue to evaluate major capital projects for P3 suitability. As well, Council approved the Growth Management Framework in 2013 setting out the prioritizations for infrastructure investment in growth areas. The City is in the process negotiating a new Standard Development Agreement with the development industry to support investment in the growth areas.

The Build Calgary initiative is an important effort to focus immediate and collective attention to ensure ongoing financial sustainability related to infrastructure as Calgary continues to grow. Build Calgary addresses pillars four and five of the Leadership Strategic Plan which is to: Focus immediate and collective attention on planning and building a great City and to Strengthen The City's financial position. The City is faced with ongoing population growth and limited capital funding for infrastructure. We need to determine applicable levies through the MGA and then receive the funds. Once funding is determined, The City must determine land supply and sequencing. We could potentially receive 40,000 new residents per year or given the current economic uncertainty we need to be designed to be scalable in its response to growth and can adjust depending upon circumstances. Build Calgary encompasses a number of projects with the common goal of implementing a funding approach sufficient to provide the necessary infrastructure to accommodate projected growth.

## **Council and City Administration Actions**

Action Plan 2015 – 2018 represents The City's four year spending plan for meeting Council's priorities. It includes a total operating investment of \$15 billion over the four years (\$3.5 billion in 2015, rising to \$4.1 billion by 2018), and \$7 billion in capital investment. This is based on delivering services to an additional 100,000 people over the four year period. The City will revise Action Plan to reflect changing conditions through the annual budget adjustment process as well as a more comprehensive mid-cycle budget adjustment in advance of the 2017 budget year.

As part of its Fiscal Plan, Council approved a strategy for ongoing improvements to service efficiency and effectiveness including a "zero based" review (ZBR) approach. A zero based review is an examination of all aspects of an existing service including scope, service level, alignment with long-term policy goals and potential efficiencies in the way services are delivered. By the end of 2014, the ZBR Program had initiated 5 reviews of business units making up 29% of The City's gross operating expenditure budget.

In June 2013, Calgary experienced the most devastating natural disaster in its recorded history, as a State of Local Emergency (SOLE) was declared in response to flooding of the Bow and Elbow Rivers. The effects of the flood were felt across the organization as flood recovery and resiliency projects affected the ability of departments to respond to citizen service needs. Due to the efforts of City staff after the flood, Calgary is well on its way back to normality.

City Council continues to provide policy guidance and to support the longer-term planning perspective afforded by the multi-year approach to business plans and budgets. Administration will use these as a framework to provide recommendations on how best to supply required infrastructure and services for Calgarians within available funding. The recent economic fluctuations have reinforced the need to maintain flexibility and to monitor the economy and The City's financial status to ensure continuing adaptation to economic impacts. In meeting its mandate for public service, The City will continue to make effective and efficient use of experienced and new City staff, whose combined knowledge and skill will provide maximum value from the financial resources provided by citizens.

Calgary, Canada  
April 27, 2015



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to  
**The City of Calgary**  
**Alberta**

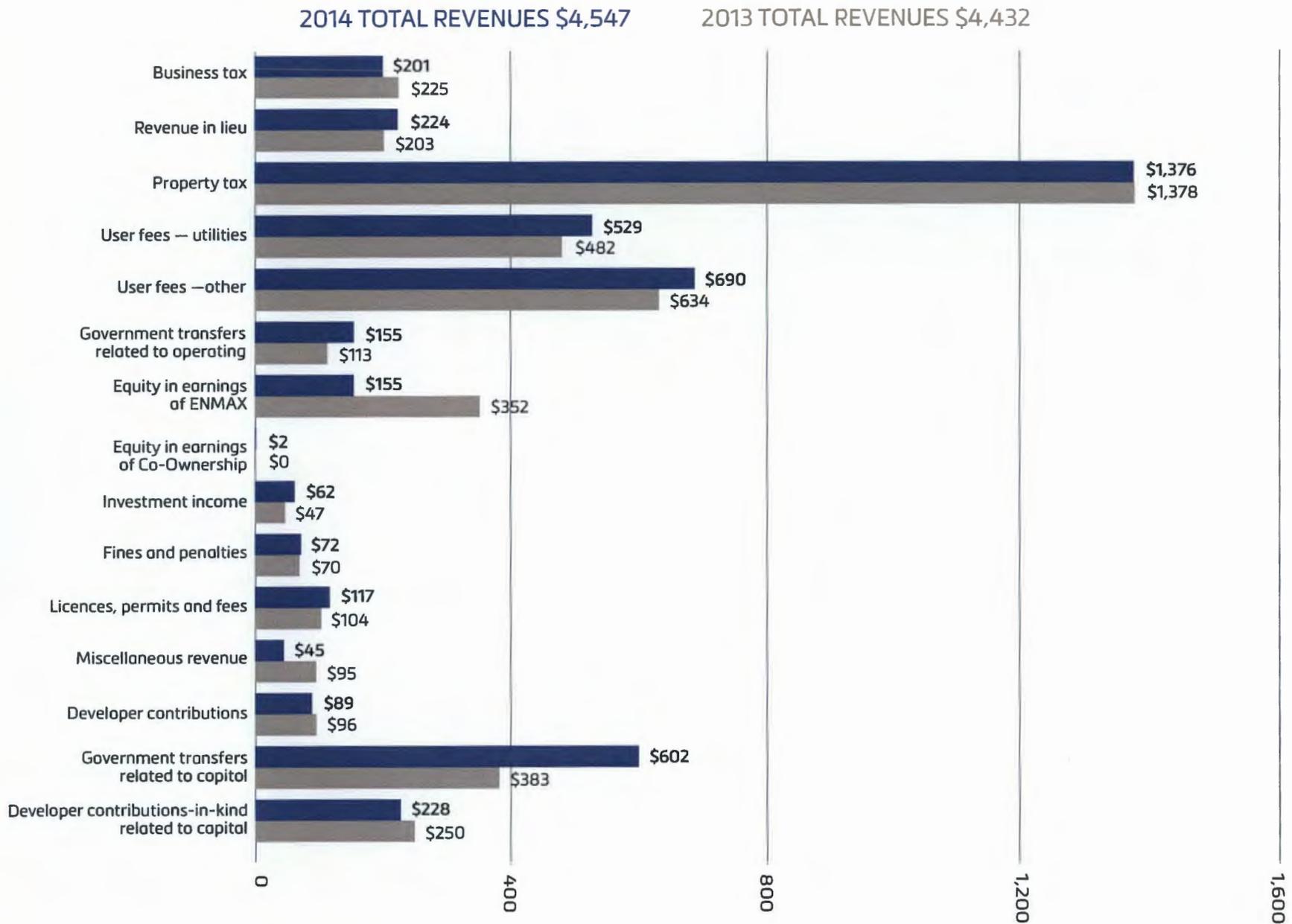
For its Annual  
Financial Report  
for the Year Ended

**December 31, 2013**

Executive Director/CBO

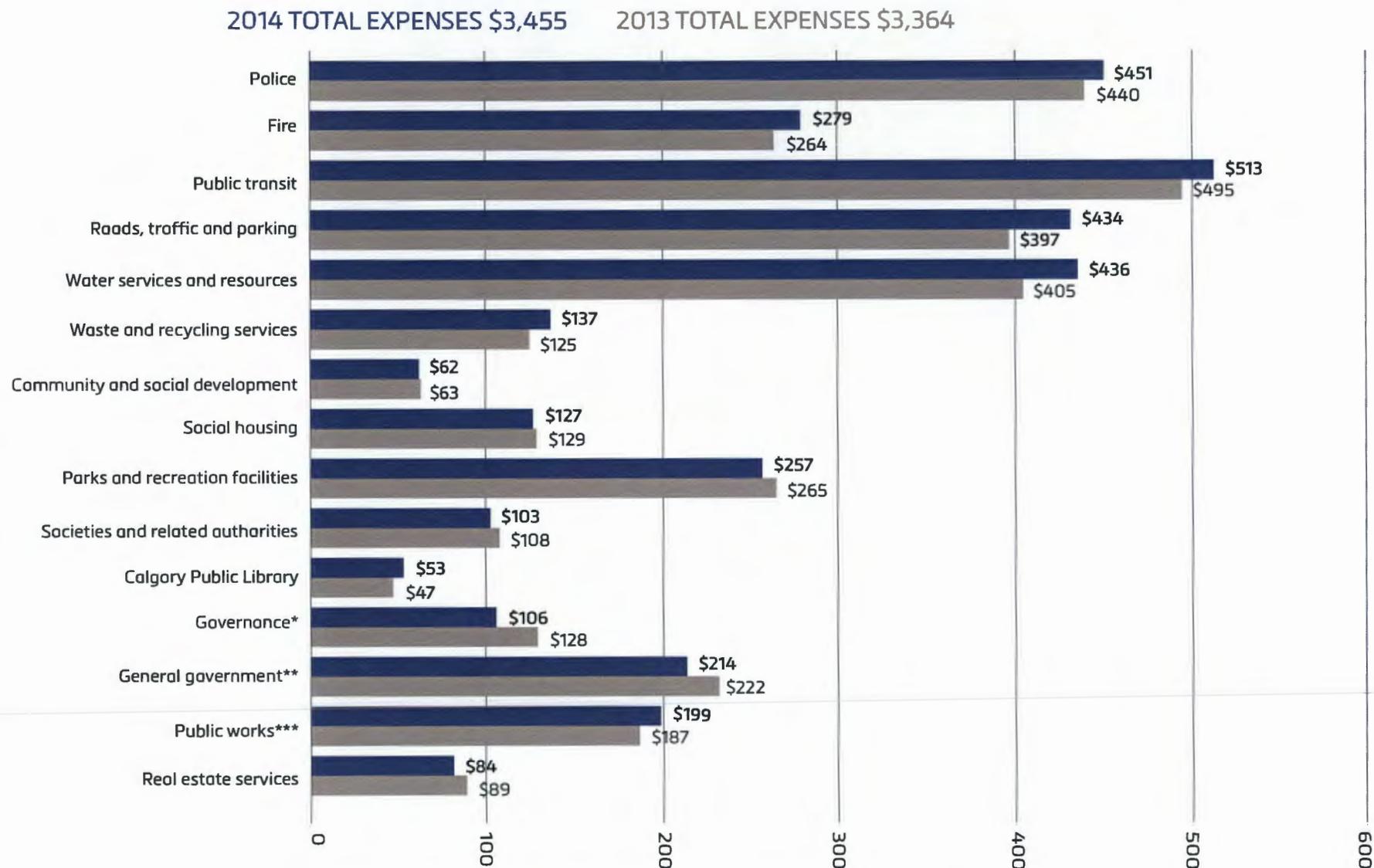
# Financial Synopsis 2014 Sources of Revenue

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



# Financial Synopsis 2014 Expenses

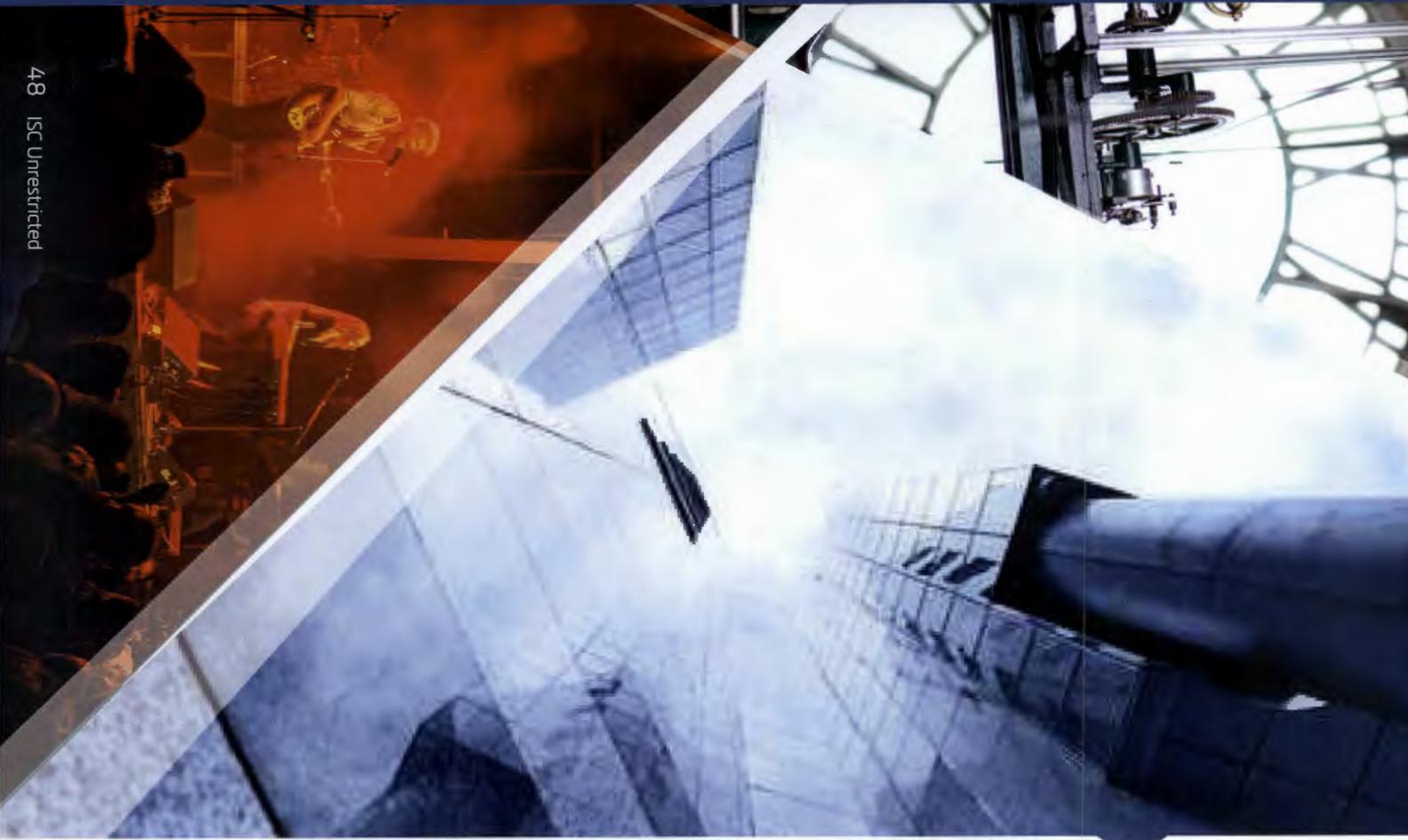
For the Year Ended December 31 (in millions of dollars)



\* Includes offices of the Mayor, Councillors, City Manager, Chief Financial Officer, City Auditor, City Clerk and Law.

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

\*\*\* Includes Animal & Bylaw Services, Local Area & Implementation, City Wide Policy & Integration, Inspection & Permit Services, Environmental & Safety Management, Infrastructure & Information Services, Fleet Services, and Corporate Properties & Buildings' facilities.



The City of Calgary, Alberta

# CONSOLIDATED FINANCIAL STATEMENTS

# 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 2014, City Council fulfilled its responsibility for financial reporting through the Priorities and Finance Committee and its Audit Committee. The Priorities and Finance Committee, which consists of the Mayor, the Chairs of each of the four Standing Policy Committees, the Chair of the Audit Committee and a Councillor at large, 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 Accountants, have been appointed by City Council to express an audit opinion on The City's consolidated financial statements. Their report follows.

Jeff Fielding, City Manager

Eric Sawyer, Chief Financial Officer

Calgary, Canada  
April 27, 2015

# Responsibility for Financial Reporting

## INDEPENDENT AUDITOR'S REPORT

### To His Worship Mayor Naheed Nenshi and Members of City Council, The City of Calgary

We have audited the accompanying consolidated financial statements of The City of Calgary, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and accompanying notes to the consolidated financial statements.

### City Administration's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by City Administration, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The City of Calgary as at December 31, 2014 and 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.

Chartered Accountants

Calgary, Alberta  
April 27, 2015

# Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)

	2014	2013 (Restated Note 30)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 77,732	\$ 62,021
Investments (Note 3)	3,696,798	3,317,463
Receivables (Notes 4 and 7a iii))	246,273	312,617
Land inventory (Note 5 and 30)	224,735	229,765
Other assets (Note 6 and 30)	96,887	90,231
Investment in ENMAX (Note 7a)	2,527,655	2,460,204
Equity Investment in Co-Ownership (Note 7b))	1,539	3,438
	<b>6,871,619</b>	<b>6,475,739</b>
<b>FINANCIAL LIABILITIES</b>		
Bank indebtedness (Note 8)	33,254	29,215
Accounts payable and accrued liabilities (Notes 7a iii) and 9)	735,581	749,870
Deferred revenue (Note 10 and 33)	85,050	69,771
Capital deposits (Note 11)	931,762	929,765
Provision for landfill rehabilitation (Note 12)	86,946	64,700
Employee benefit obligations (Note 13)	423,649	398,827
Long-term debt (Note 14)	3,626,177	3,661,382
	<b>5,922,419</b>	<b>5,903,530</b>
<b>NET FINANCIAL ASSETS</b>	<b>949,200</b>	<b>572,209</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 15, 30, 31 and 32)	14,291,650	13,619,521
Inventory	62,410	50,836
Prepaid assets	25,032	21,776
Land receivable	232	232
	<b>14,379,324</b>	<b>13,692,365</b>
<b>ACCUMULATED SURPLUS</b> (Note 17)	<b>\$ 15,328,524</b>	<b>\$ 14,264,574</b>

**Commitments, contingent liabilities and guarantees** (Notes 25 and 26)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:

SIGNATURE

Mayor Naheed Nenshi

# Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2014 (Note 16)	Actual 2014	Actual 2013 (Restated Note 30)
<b>REVENUES</b>			
Net taxes available for municipal purposes (Note 20)	\$ 1,714,804	\$ 1,801,400	\$ 1,805,666
Sales of goods and services	1,130,836	1,219,452	1,116,298
Government transfers and revenue sharing agreements (Note 23)			
Federal	5,499	4,486	4,462
Province of Alberta	115,258	150,186	108,906
Investment income	54,682	61,742	47,357
Fines and penalties	71,247	72,121	69,503
Licences, permits and fees	91,698	116,512	103,645
Miscellaneous revenue (Note 30 and 32)	15,436	44,910	95,292
Equity in earnings of ENMAX (Note 7 a))	178,000	154,969	352,483
Equity in earnings of Co-Ownership (Note 7 b))	1,990	1,992	–
	<b>3,379,450</b>	<b>3,627,770</b>	<b>3,703,612</b>
<b>EXPENSES</b>			
Police	437,508	451,116	440,213
Fire	261,933	279,354	263,501
Public transit	394,960	513,009	494,625
Roads, traffic and parking	240,687	433,444	397,462
Water services & resources	386,481	435,912	404,800
Waste and recycling services	102,662	136,664	125,236
Community and social development	64,711	61,784	63,132
Social housing	145,504	127,251	129,001
Parks and recreation facilities	183,460	257,178	264,550
Societies and related authorities	72,321	103,315	108,453
Calgary Public Library Board	49,575	52,898	47,011
General government	364,424	319,922	350,073
Public works	263,645	199,408	193,486
Real estate services	113,390	83,978	82,476
	<b>3,081,261</b>	<b>3,455,233</b>	<b>3,364,019</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>298,189</b>	<b>172,537</b>	<b>339,593</b>
<b>OTHER</b>			
Developer contributions	212,732	88,921	95,783
Government transfers related to capital (Note 23)	868,262	601,726	382,978
Developer contributions-in-kind related to capital	–	228,284	249,829
<b>NET REVENUES</b>	<b>1,379,183</b>	<b>1,091,468</b>	<b>1,068,183</b>
ENMAX – other comprehensive (loss)/gain adjustment (Note 7 a))	–	(27,518)	13,235
<b>ANNUAL SURPLUS</b>	<b>1,379,183</b>	<b>1,063,950</b>	<b>1,081,418</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>14,264,574</b>	<b>14,264,574</b>	<b>13,183,156</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$15,643,757</b>	<b>\$15,328,524</b>	<b>\$14,264,574</b>

See accompanying notes to the consolidated financial statements.

# Consolidated Statement of Cash Flows

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

	2014	2013
		(Restated Note 30)
<b>NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 1,063,950	\$ 1,081,418
Deduct items not affecting cash:		
Equity in earnings of ENMAX	(154,969)	(352,483)
ENMAX – other comprehensive loss/(gain) (Note 7 a))	27,518	(13,235)
Equity in earnings of Co-Ownership (Note 7 b))	(1,992)	–
Amortization of tangible capital assets	546,449	437,028
Loss on disposal of tangible capital assets	8,689	9,795
Developer contributions-in-kind related to capital	(228,284)	(249,829)
Change in non-cash items:		
Receivables	66,344	(103,267)
Land inventory	5,030	19,734
Other assets	(6,656)	(60,332)
Inventory	(11,574)	975
Prepaid assets	(3,256)	(3,113)
Accounts payable and accrued liabilities	(14,289)	101,665
Deferred revenue	15,279	10,682
Capital deposits	1,997	242,455
Equity investment in Co-Ownership	–	(3,438)
Provision for landfill rehabilitation	22,246	4,600
Employee benefit obligations	24,822	37,017
	<b>1,361,304</b>	<b>1,159,672</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,023,610)	(860,344)
Proceeds on sale of tangible capital assets	24,627	16,197
	<b>(998,983)</b>	<b>(844,147)</b>
<b>INVESTING ACTIVITIES</b>		
Dividends from ENMAX Corporation	60,000	67,500
Receipt of Co-Ownership distribution	3,891	–
Net purchase of investments	(379,335)	(608,105)
	<b>(315,444)</b>	<b>(540,605)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt issued	405,004	436,811
Long-term debt repaid	(440,209)	(195,969)
Net increase (decrease) in bank indebtedness	4,039	(1,170)
	<b>(31,166)</b>	<b>239,672</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,711</b>	<b>14,592</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>62,021</b>	<b>47,429</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 77,732</b>	<b>\$ 62,021</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 of dollars)

	Budget 2014 (Note 16)	Actual 2014	Actual 2013 (Restated Note 30)
<b>ANNUAL SURPLUS</b>	<b>\$ 1,379,183</b>	<b>\$ 1,063,950</b>	<b>\$ 1,081,418</b>
Amortization of tangible capital assets	107,902	546,449	437,028
Proceeds on sale of tangible capital assets	350	24,627	16,197
Acquisition of supplies inventories	-	138,377	143,096
Use of supplies inventories	-	(149,951)	(142,121)
Acquisition of prepaid assets	-	211,813	199,442
Use of prepaid assets	-	(215,069)	(202,555)
Tangible capital assets received as contributions	-	(228,284)	(249,829)
Loss on sale of tangible capital assets	-	8,689	9,795
Acquisition of tangible capital assets	774,907	(1,023,610)	(860,344)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>2,262,342</b>	<b>376,991</b>	<b>432,127</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>572,209</b>	<b>572,209</b>	<b>140,082</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 2,834,551</b>	<b>\$ 949,200</b>	<b>\$ 572,209</b>

See accompanying notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

December 31 (in thousands of dollars)

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 generally accepted accounting principles for local governments established by the 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 reserves fund of The City. Inter-departmental balances and transactions have been eliminated from the consolidated financial statements.

The consolidated financial statements include all organizations that are accountable for the administration of their financial affairs and resources to The City and are controlled by The City, except for The City's government business enterprise, ENMAX Corporation ("ENMAX").

#### *Consolidated Entities*

The six related authorities included in the consolidated financial statements are Calgary Parking Authority, the Calgary Public Library Board, Calhome Properties Ltd. (operating as Calgary Housing Company), the Calgary Municipal Land Corporation, the Attainable Homes Calgary Corporation and The Calgary Convention Centre Authority (operating as Calgary TELUS Convention Centre) (Note 21). Transactions and balances between The City and the related authorities have been eliminated.

The City has fiscal relationships with many organizations for which control lies outside of Calgary City Council. These consolidated financial statements include operating and capital requisitions for certain educational, cultural, social and other external organizations, but do not include the financial results of these organizations. Separate financial information may be sought directly from such organizations and registered pension plans, which include the following:

Alberta Health Services  
Calgary Arts Development Authority Ltd.  
Calgary Board of Education  
Calgary Centre for the Performing Arts  
Calgary Economic Development Ltd.  
Calgary Exhibition and Stampede Limited  
Calgary HandiBus Association  
Calgary Science Centre & Creative Kids Museum Society  
Calgary Technologies Inc.  
Calgary Roman Catholic Separate School District No.1  
Heritage Park Society  
Lindsay Park Sports Society  
Metropolitan Calgary Foundation  
Parks Foundation Calgary  
Saddledome Foundation  
St. Mary's University College  
The Calgary Zoological Society  
The Fort Calgary Presentation Society

#### *Registered Pension Plans (Note 13)*

Calgary Firefighters' Supplementary Pension Plan  
Calgary Police Supplementary Pension Plan  
Pension Plan for Elected Officials of The City of Calgary  
The City of Calgary Supplementary Pension Plan  
Local Authorities Pension Plan  
Special Forces Pension Plan

#### *Government Business Enterprise*

ENMAX is a government business enterprise, and a wholly-owned subsidiary of The City. ENMAX is accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform to those of The City, and inter-organizational transactions are not eliminated (Note 7 o)).

#### *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 29, 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, 2014.
- 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 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.

## **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 and equities. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis. When there has been a loss in value that is other than 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. These amounts are 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 borrowing.

## **g) Deferred Revenue**

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts are recognized as revenue in the period when the related expenses are incurred.

## **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 Enhancement and Protection Act* (Alberta) sets out the regulatory requirements to properly close and maintain all active and inactive 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 & Recycling Services, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

## **j) Employee Benefit Obligations**

The City has fully met its current year cash contribution obligations for employee benefit obligations at December 31, 2014. 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 defined-benefit pension plans, non-registered defined-benefit pension plans and post-employment benefits are recognized when earned by the members. These costs are actuarially determined using the projected benefit method prorated on service and 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 using estimated rates for debt with maturities similar to expected benefit payments in the future.

- iii) The City records the actuarially determined excess of the accrued benefit obligation over the market value of the plan assets for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that excess. For non-registered, defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit obligation and funds these obligations within its cash and investments. 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) In 2013, a change in methodology was used to amortize actuarial gains and losses for closed plans (refer to Note 13) resulting in existing unamortized amounts being fully recognized in 2013 and in future years when they arise. For all other plans, adjustments arising from actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service period of the active employees. Adjustments arising from prior service costs are related to plan amendments and changes.

**k) 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, provides the consolidated Change in Net Financial Assets for the year.

**l) 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.

**m) 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. At that same time, the 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 recorded as tangible capital assets.

Tangible capital assets are written down when there is permanent and measureable impairment in its tangible capital asset value and the tangible capital asset still exists.

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

	Years
Buildings	
Buildings	10 – 75
Leasehold improvements	5 – 30
Vehicles	
Light rail transit	25
Transit buses & fire trucks	5 – 20
Vehicles	2 – 15
Land improvements	5 – 40
Engineered structures	
Waterworks and wastewater distribution and collection systems and treatment plants	15 – 75
Transit network	10 – 75
Road network	5 – 100
Communication networks & landfills	20 – 50
Machinery and equipment	
Computer equipment	3 – 5
Furniture & equipment	5 – 25
Boats & other mobile machinery	3 – 25
Other equipment and machinery	5 – 35

**i) Inventories**

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

**ii) Land Held for Municipal Purposes**

Land held for municipal purposes are 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.

**n) 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.

**o) Budget Figures**

The 2014 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 depreciation expense for tax-supported assets. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be carried out over one or more years. The capital budget figures are modified based on the percentage of completion of these projects.

**p) Environmental Provisions**

The City has a formal environmental assessment and reclamation 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.

**q) Financial Instruments and Fair Values**

The City is exposed to the risk that arises from fluctuations in interest rates and exchange rates and the degree of volatility of these rates.

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

Based on available market information, the carrying value of The City's 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).

**r) Loan Guarantees**

Periodically The City provides loan guarantees on specific debt issued by related authorities and other entities not consolidated in The City's 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.

**s) 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, employee benefit obligations, provision for tax appeals, provision for landfill rehabilitation, contingent liabilities and commitments are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**t) Loans Receivable**

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

**u) Future Accounting Pronouncements**

*i) Contaminated Sites*

PSAS released a standard related to Contaminated Sites (PS 3260). The standard applies to all local governments for fiscal years beginning on or after April 1, 2014. The section defines the activities included with regards to remediation, establishes when to recognize and how to measure the liability, as well as discusses the presentation and disclosure requirements. The City of Calgary is currently analyzing the impact of this standard on the financial statements and has not yet determined what, if any, financial reporting implications may arise from this standard.

## ii) Foreign Currency Translation

PSAS released a standard related to Foreign Currency Translation (PS 2601). The standard applies to all local governments for fiscal years beginning on or after April 1, 2016. The standard 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. Gains and losses yet to be settled are 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. The City of Calgary has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it complies with this standard.

## iii) Portfolio Investments

PSAS released a standard related to Portfolio Investments (PS 3041). The standard applies to all local governments for fiscal years beginning on or after April 1, 2016. The standard was amended to conform with Financial Instruments (PS 3450), and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, Temporary Investments (PS 3030), Temporary Investments will no longer apply. The City of Calgary has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it complies with this standard.

## iv) Financial Instruments

PSAS released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2016. The standard applies to all types of financial instruments (primary and derivatives). In the year that this standard is adopted, Foreign Currency Translation (PS 2601) and updates to Financial Statement Presentation (PS 1201) must also be adopted. Changes in PS 1201 are specific presentation guidelines noted for the adoption of Financial Instruments. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of re-measurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value for remaining instruments, which is elected upon by the government organization. The City has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it complies with this standard.

## 2. CASH AND CASH EQUIVALENTS

	2014	2013
Cash on deposit	\$ 69,390	\$ 59,823
Treasury bills and GICs with original maturities of 90 days or less	8,342	2,198
	<b>\$ 77,732</b>	<b>\$ 62,021</b>

Treasury bills and GICs interest rate is approximately 1% in 2014 and 2013.

## 3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of \$2,257 (2013 - \$2,114) are managed by the Parks Foundation Calgary<sup>(1)</sup>, and include equity investments of \$1,481 (2013 - \$1,573). The cost and market value of all investments as at December 31 are as follows:

	2014 Cost	2014 Market value	2013 Cost	2013 Market value
Government of Canada	\$ 306,468	\$ 307,628	\$ 296,416	\$ 295,882
Other Government	500,394	508,199	336,992	333,205
Corporate	2,680,473	2,689,034	2,487,030	2,486,998
Equity investments	209,463	263,798	197,025	238,039
	<b>\$3,696,798</b>	<b>\$3,768,659</b>	<b>\$ 3,317,463</b>	<b>\$ 3,354,124</b>

The average yield earned from investments during the year was 2.2% (2013 - 2.1%). Maturity dates on the investments range from 2015 to 2108. Investments include \$2,028,882 (2013 - \$2,169,281) in an internally managed portfolio composed of short term money market instruments and bonds.

A portion of City investments are held 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 and eliminate the annual contribution from The City to its operating budget.

#### 4. RECEIVABLES

	2014	2013
	(Restated Note 30)	
Taxes	\$ 29,547	\$ 39,069
Federal and Provincial governments	23,889	94,606
General	192,837	178,942
	<b>\$ 246,273</b>	<b>\$ 312,617</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 under their respective function.

	2014	2013
	(Restated Note 30)	
Developed land	\$ 28,560	\$ 22,769
Under development	110,071	119,154
Long-term inventory	86,104	87,842
	<b>\$ 224,735</b>	<b>\$ 229,765</b>

#### 6. OTHER ASSETS

	2014	2013
	(Restated Note 30)	
Long-term debt recoverable	\$ 6,522	\$ 6,522
Assets held for sale	940	1,125
Long-term receivables	82,837	77,414
Other receivables	1,105	1,044
Loans receivable	5,483	4,126
	<b>\$ 96,887</b>	<b>\$ 90,231</b>

Loans receivable consist of interest-free loans offered to citizens when they purchase housing units from the Attainable Homes Calgary Corporation, and are secured by The City's encumbrance on the title of each property. In 2014, an allowance for doubtful accounts of \$480 (2013 - \$150) related to the loans receivable was recognized. Loans receivable are forgiven once all requirements mandated by the housing program are satisfied.

#### 7. INVESTMENT IN ENMAX AND CO-OWNERSHIP

##### a) ENMAX

- i) ENMAX is a wholly-owned subsidiary of The City and was formed to carry on the electric utility transmission and distribution operations previously carried on by the Calgary Electric System, a former department of The City. ENMAX operates in two segments: ENMAX Power, a regulated, wholly-owned subsidiary established to carry out all electricity distribution and transmission service functions, and ENMAX Energy, an unregulated, wholly-owned subsidiary established to carry out all energy supply and retail functions.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission subsidiary, has been regulated by the Alberta Utilities Commission since January 1, 2008 and prior to that by the Alberta Energy and Utilities Board starting in 2004. Upon deregulation, effective January 1, 2001, The City approved only those electrical rates determined for the regulated activities of electricity transmission and distribution. Effective January 2004, Alberta Energy and Utilities Board ("AEUB") became the regulator of ENMAX Power, approving the electricity transmission and distribution rates to charge customers within ENMAX's service area.

Debentures in the amount of \$1,088,771 (2013 - \$915,510) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 14(a)).

ii) The following table provides condensed supplementary financial information reported separately by ENMAX.

	2014	2013
<b>Financial Position</b>		
Current assets	\$ 822,381	\$ 894,159
Power purchase arrangements	316,699	369,482
Future income taxes	23,767	59,069
Capital assets	3,620,353	3,146,951
Other assets	58,350	95,863
	<b>4,841,550</b>	<b>4,565,524</b>
Current liabilities (including current portion of long-term debt; 2014 – \$62,565; 2013 – \$63,654)	649,548	553,820
Future income tax liabilities	61,459	100,066
Other long-term liabilities	35,170	60,739
Asset retirement obligations	20,066	15,392
Long-term debt	1,547,652	1,375,303
	<b>2,313,895</b>	<b>2,105,320</b>
ENMAX net assets	<b>2,527,655</b>	<b>2,460,204</b>
Accumulated other comprehensive loss	(33,841)	(6,322)
Retained earnings	2,561,496	2,466,526
<b>Investment in ENMAX</b>	<b>\$ 2,527,655</b>	<b>\$ 2,460,204</b>

	2014	2013
<b>Results of Operations</b>		
Revenues	\$ 3,348,330	\$ 3,540,009
Operating expenses	3,146,931	3,156,394
Interest charges (net)	44,319	33,100
Earnings before income tax	157,080	350,515
Income tax	2,111	(1,968)
Earnings before dividends paid	154,969	352,483
Dividends paid	60,000	67,500
Net earnings after dividends paid	94,969	284,983
Other comprehensive (loss)/gain	(27,518)	13,235
Net assets, beginning of year	2,460,204	2,161,986
<b>Equity in ENMAX</b>	<b>\$ 2,527,655</b>	<b>\$ 2,460,204</b>

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

	2014	2013
<b>Received by The City</b>		
Dividends	\$ 60,000	\$ 67,500
Local access fee	131,168	129,735
Sales of services	13,769	11,618
<b>Purchased by The City</b>		
Power and other services	\$ 152,413	\$ 147,885

The City's accounts payable and accrued liabilities include \$21,387 (2013 – \$26,964) for amounts owed to ENMAX at December 31, 2014. The City's receivables include \$8,019 (2013 – \$6,507) for amounts owing to The City by ENMAX at December 31, 2014. 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.

#### b) Co-Ownership

- i) During the year ended December 31, 2013, Attainable Homes Calgary Corporation ("AHCC") entered into a Co-Ownership agreement (the "Agreement") with a homebuilder (the "Co-Owner Partner") for the purpose of developing, constructing and selling units (the "Project") to qualified middle income Calgarians. In order to complete this Project, the Co-Owners created a separate legal entity whereby the Co-Owners have equal shares in that entity, with the rights and obligations of each Co-Owner proportionate to their respective Co-Owner interest. As part of this Agreement, AHCC transferred to the Co-Ownership the legal title to a parcel of land owned by AHCC and other costs as payment of its contribution totalling \$3,438. As security for the contribution provided, AHCC was granted on behalf of the Co-Ownership, a non interest bearing secured Vendor Take-Back ("VTB") mortgage in the amount of \$3,440. Contribution from the Co-Owner Partner will amount to \$3,440 to be contributed from time to time during the duration of the Project, and is secured against the title of the Lands by the Co-Owner Partner mortgage, immediately following the VTB Mortgage.
- ii) The following table provides condensed supplementary financial information of the equity investment in the Co-Ownership reported by AHCC. For condensed supplementary financial information reported separately by AHCC refer to Note 21.

	2014	2013
<b>Financial Position</b>		
Total assets	\$ 1,539	\$ 3,441
Total liabilities	-	(3)
Net assets	\$ 1,539	\$ 3,438

The following is AHCC's 50% share of the components of the financial statements of the Co-Ownership:

	2014	2013
<b>Results of Operations</b>		
Revenue	\$ 10,106	\$ -
Expenses	8,114	-
Excess of revenue over expenses for the year	\$ 1,992	\$ -

- iii) During the year the Vendor Take-Back Mortgage amount of \$3,440 was repaid in full, equity income of \$1,992 was earned and \$450 of the equity income earned was distributed to AHCC for a remaining balance of \$1,539 in the equity investment.

## 8. BANK INDEBTEDNESS

The City has the approved authority to issue up to \$200,000 of short-term borrowing, through a combination of a bank line of credit and the issue of commercial paper. An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of \$60,000. As at December 31, 2014, The City had a total of \$33,254 (2013 - \$29,215) of bank indebtedness comprised of \$nil (2013 - \$nil) on its line of credit and cheques issued in excess of deposits of \$33,254 (2013 - \$29,215). As at December 31, 2014 and 2013, The City has not issued any promissory notes.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade	\$ 658,183	\$ 666,874
Government	43,965	47,418
Accrued interest	33,433	35,578
	\$ 735,581	\$ 749,870

## 10. DEFERRED REVENUE

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

	December 31, 2013	Inflows	Revenue Earned	December 31, 2014
Advance sales of goods and services	\$ 18,074	\$ 70,203	\$ 66,334	\$ 21,943
Licences, permits and application fees	35,210	36,117	28,906	42,421
Government grants	11,283	44,230	40,674	14,839
Other contributions	5,204	4,073	3,430	5,847
	\$ 69,771	\$ 154,623	\$ 139,344	\$ 85,050

## 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 the provincial 5 cents per litre fuel tax revenue sharing agreement. 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:

	2014	2013
Developers contributions	\$ 138,666	\$ 133,261
Acreage assessments	341,689	316,486
Other private contributions	24,374	20,903
Provincial government grants	425,505	425,645
Federal government grants	1,528	33,470
	\$ 931,762	\$ 929,765

## 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.

Changes in management's estimates with respect to requirements for both operating and inactive landfill sites resulted in the increase of the total liability to \$159,295 (2013 - \$128,700). 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 inactive sites. A discount rate of 3.80% (2013 - 3.50%) was used for the active landfills and 3.10% (2013 - 3.50%) for the inactive landfills.

The calculation of the reported liability of \$86,946 (2013 - \$64,700) is based on the cumulative capacity used at December 31, 2014 compared to the total estimated landfill capacity at that same date. The change in calculation resulted in \$9,190 of unfunded liability being recognized in 2014. The unfunded liability will be funded through future contributions from the Waste & Recycling Sustainment Reserve. At December 31, 2014 the balance of the Waste & Recycling Sustainment Reserve is \$41,968 (2013 - \$33,808).

The estimated remaining capacity of the landfill sites is 51.5 (2013 - 52.9) million cubic metres, which is 53% (2013 - 54%) of the sites' total capacity. Based on current disposal practices and projected population growth rates, the landfills have an expected remaining life of 32 years (2013 - 26 years).

## 13. EMPLOYEE BENEFIT OBLIGATIONS

Civic employees and elected officials qualify to belong to one or more multi-employer pension plans, defined-benefit pension plans and other retirement benefit plans provided by The City. Employee benefit obligations are liabilities of The City to its employees and retirees for benefits earned but not taken as of December 31, 2014.

The City has fully met its current year cash contribution obligations for employee benefit obligations at December 31, 2014. The City and its employees have an obligation to fund the unamortized net actuarial losses for its past retirement benefits, registered and non-registered defined-benefit pension plans and for its share of the multi-employer plans. The losses are expected to be funded through future increases in contributions and future changes in actuarial assumptions. The concept of funding refers to amounts recorded in the consolidated financial statements as described below:

	2014 Funded	2013 Funded
a) Registered defined-benefit pension plans	\$ 39,366	\$ 33,064
b) Non-registered defined-benefit pension plans	28,787	26,809
c) Other retirement benefits	160,036	149,941
d) Vacation and overtime (undiscounted)	195,460	189,013
	<b>\$ 423,649</b>	<b>\$ 398,827</b>

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

	2014	2013
Registered defined-benefit pension plans	\$ 32,266	\$ 48,145
Non-registered defined-benefit pension plans	20,964	10,247
Other retirement benefits	(11,856)	(2,282)
	<b>\$ 41,374</b>	<b>\$ 56,110</b>

The City will also be partially responsible for the unfunded defined-benefit pension plan unamortized net actuarial losses in the Local Authorities Pension Plan ("LAPP") and Special Forces Pension Plan ("SFPP"), see note 13(e) i) and ii).

### Actuarial Accounting Methodology

Annual actuarial accounting valuations for the registered and non-registered defined-benefit pension plans and other retirement benefits are performed using the projected benefit method prorated on years of service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The measurement of the accrued benefit obligation and expense for actuarial accounting valuations is obtained by extrapolating the actuarial liabilities calculated as of the most recent actuarial valuation dates as stated for each benefit.

In 2013, a change in methodology was used to amortize actuarial gains and losses for the following closed plans resulting in existing unamortized amounts being fully recognized in 2013 and in future years. The City recognized \$6,657 in 2013 related to this change in methodology.

Registered defined-benefit pension plans	<i>Calgary Police Supplementary Pension Plan ("PSPP")</i>
Non-registered defined-benefit pension plans	<i>Executive Pension Plan ("EPP") Contractual obligations OCPP for the Fire Chief and Deputies</i>
Other retirement benefits	<i>Supplementary Compensation</i>

The significant actuarial assumptions used for the actuarial accounting valuations of the registered defined-benefit plans (Note 13 a)), non-registered defined benefit pension plans (Note 13 b)) and other retirement benefits (Note 13 c)) are as follows:

Date of actuarial accounting valuation	December 31, 2014	December 31, 2013
Year end obligation discount rate (%)	3.50	3.50
Inflation rate (%)	2.50	2.50
Expected rate of return on plan assets (%)	6.50	6.25
Rate of compensation increase	(included within each section)	

### 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* (Canada). The assets of these plans are held in trust and The City records its obligations under these plans net of plan assets. As required by the *Alberta Employment Pension Plans Act* actuarial funding valuations are performed at least triennially on the registered plans to determine The City's required contributions to the plan trusts. The most recent full actuarial valuations were (will be) prepared at the following dates:

Pension Plan	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Calgary Firefighters' Supplementary Pension Plan ("FSPP")	December 31, 2013	December 31, 2016
City of Calgary Supplementary Pension Plan ("SPP")	December 31, 2013	December 31, 2016
Pension Plan for Elected Officials of The City of Calgary ("EOPP")	December 31, 2012	December 31, 2015

For each registered pension plan, the market value of assets as at October 31, 2014 was projected forward to December 31, 2014 using expected employer and employee contributions and benefit payments for November and December 2014.

The results of, and significant assumptions utilized, in the most recent actuarial accounting valuations for registered plans include:

	2014	2013
Fair value of plan assets – beginning of year	\$ 98,864	\$ 87,739
Contributions – employer	8,543	7,726
Contributions – member	158	135
Expected interest on plan assets	6,443	5,428
Less benefits paid	(8,188)	(9,656)
Actuarial gain	5,515	7,492
Fair value of plan assets – end of year	\$ 111,335	\$ 98,864
Accrued benefit obligation – beginning of year	\$ 180,073	\$ 173,204
Current period benefit cost	9,456	9,504
Interest on accrued benefit obligation	6,490	5,780
Less benefits paid	(8,188)	(9,656)
Actuarial (gain)/loss	(4,864)	1,241
Accrued benefit obligation – end of year	\$ 182,967	\$ 180,073
Funded status – plan deficit	\$ 71,632	\$ 81,209
Unamortized net actuarial (gain)	(32,266)	(48,145)
Accrued benefit liability	\$ 39,366	\$ 33,064
Current period benefit cost	\$ 9,456	\$ 9,504
Amortization of actuarial losses	5,500	7,459
Less member contributions	(158)	(135)
Benefit expense	14,798	16,828
Interest on accrued benefit obligation	6,490	5,780
Less expected interest on plan assets	(6,443)	(5,427)
Benefit interest income	47	353
Total expense	\$ 14,845	\$ 17,181

Rate of compensation increase % (excluding merit & promotion)	2014	2013
FSPF	3.0	3.0
SPP	2.2	3.0
EOPP	0.0	3.5

Actuarial gains and losses are amortized over the expected average remaining service life ("EARSL") of the related employee group, except for The Calgary PSPP, and commence in the period following the determination of the gain or loss. The EARSL is:

	2014	2013
FSPF	15.6	15.6
SPP	8.0	8.0
EOPP	9.4	8.6
PSPP	nil	nil

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

i) *Calgary Firefighters' Supplementary Pension Plan ("FSPP")*

The FSPP commenced on June 3, 1975. The plan is jointly administered by The City and The International Association of Firefighters ("IAFF") Local 255. The plan provides a supplement to the LAPP (Note 13 e i)) to provide an annual retirement benefit of 1.4% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE"), 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities 55% by The City and 45% 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. Effective December 2, 2013, the Plan was amended to remove the option for members to receive a commuted value once they reached age 50. As a result of changes to the *Employment Pension Plans Act* effective September 1, 2014, further compliance amendments are pending. However, the financial impact of these amendments is minimal to the Plan's financial position recorded in The City's consolidated financial statements.

At December 31, 2014, 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 valued at market value.

The City and member's 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, 2013 as follows:

	2014 Employer	2014 Members	2013 Employer	2013 Members
Current service contributions	\$ 5,437	\$ 4,495	\$ 4,387	\$ 3,614
Contribution rates (% of pensionable salaries) *Effective July 1, 2014	*3.22%	*2.63%	3.69%	3.02%

### ii) City of Calgary Supplementary Pension Plan ("SPP")

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan provides a supplement to the LAPP (Note 13 e i)) to provide an annual retirement benefit of 2% of earnings, up to maximum pension limits of the *Income Tax Act* (Canada) 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. Due to a plan review conducted in 2011, as of January 1, 2012, the cost of future service and future additional unfunded liabilities are once again shared 55% by The City and 45% 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. As a result of changes to the *Employment Pension Plans Act* effective September 1, 2014, compliance amendments to the SPP are pending. However, the financial impact of such amendments is minimal to the SPP's financial position recorded in The City's consolidated financial statements.

At December 31, 2014, 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 valued at market value.

The City 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, 2013 as follows:

	2014 Employer	2014 Members	2013 Employer	2013 Members
Current service contributions	\$ 2,577	\$ 1,884	\$ 2,023	\$ 1,640
Contribution rates (% of pensionable salaries) *Effective January 1, 2014	*2.83%	*2.44%	2.53%	2.07%

### iii) Pension Plan for Elected Officials of The City of Calgary ("EOPP")

The EOPP commenced on October 1, 1989 and provides pension benefits of 2% of taxable salary, up to a maximum pension limit of the *Income Tax Act* (Canada) per year of service to The City elected officials who choose to participate. In 2012, the contributions rates changed due to Council's decision to adopt the independent Council Compensation Review Committee's recommendation dated January 23, 2012. As a result of changes to the *Employment Pension Plans Act* effective September 1, 2014, compliance amendments to the EOPP are pending. However, the financial impact of such amendments is minimal to the EOPP's financial position recorded in The City's consolidated financial statements.

At December 31, 2014, plan assets held in trust are invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City and member's 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, 2012 as shown below. In 2013, The City made an additional payment to the external trust within the allowable funding requirements of the December 31, 2012 valuation report to fully fund the plan's deficit at this time.

	2014 Employer	2014 Members	2013 Employer	2013 Members
Current service contributions	\$ 303	\$ 155	\$ 1,067	\$ 139
Contribution rates (% of pensionable salaries) *Effective January 1, 2014	*17.28%	9.00%	17.30%	9.00%

**iv) Calgary Police Supplementary Pension Plan ("PSPP")**

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. Since 2003, the liabilities associated with these continued benefits have been accounted for under the appropriate Generally Accepted Accounting Principles and Public Sector Accounting Standard ("PSAS") guidelines.

Sufficient funds are held with The City's investments to cover the liabilities as determined by the actuarial accounting valuation as at December 31, 2014.

**b) Non-registered defined-benefit pension plans**

Certain plans are non-registered for CRA purposes and provide benefits in excess of the limits of the *Income Tax Act* (Canada) 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.

The most recent full actuarial valuations were (will be) prepared at the following dates:

Pension Plan	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Overcap Pension Plan ("OCPP") for management employees	December 31, 2013	December 31, 2015
OCPP for the Police Chief and Deputies	December 31, 2014	December 31, 2015
OCPP for the Fire Chief and Deputies	December 31, 2014	December 31, 2015
Supplementary Pension Plan for Elected Officials ("EOSP")	December 31, 2014	December 31, 2015
Executive Pension Plan ("EPP")	December 31, 2014	December 31, 2015
Contractual obligations	December 31, 2014	December 31, 2015

The results of, and significant assumptions utilized, in the December 31, 2014 actuarial accounting valuations for the non-registered pension plans are as follows:

	2014	2013
Accrued benefit obligation – beginning of year	\$ 37,056	\$ 35,496
Current period benefit cost	1,070	1,149
Interest on accrued benefit obligation	1,311	1,176
Less benefits paid	(1,340)	(951)
Actuarial loss	11,654	186
Accrued benefit obligation – end of year	\$ 49,751	\$ 37,056
Funded status – plan deficit	\$ 49,751	\$ 37,056
Unamortized net actuarial (gain)	(20,964)	(10,247)
Accrued benefit liability <sup>(1)</sup>	\$ 28,787	\$ 26,809
Current period benefit cost	\$ 1,070	\$ 1,149
Amortization of actuarial losses	937	5,354
Interest on accrued benefit obligation	1,311	1,176
Total expense	\$ 3,318	\$ 7,679

	2014	2013
Rate of compensation increase % (excluding merit & promotion)		
• All OCPP & EPP	2.2	3.0
• EOSP	0.0	3.5

(1) To satisfy the obligations under these plans, assets in the amount of \$28,787 (2013 – \$26,809) are held within The City's investments.

Actuarial gains and losses of the OCPP and EOSP are amortized over the EARSL of the related employee group and commence in the period following the determination of the gain or loss. The EARSL is

	2014	2013
OCPP for management employees	8.8	8.8
OCPP Police Chief & Deputies	5.1	5.9
OCPP Fire Chief & Deputies	nil	3.6
EOSP	18.8	20.8
EPP	nil	nil
Contractual Obligations	nil	nil

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

*i) City of Calgary Overcap Pension Plan ("OCPP")*

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

The OCPP for management employees provides a coordinated benefit with the LAPP (Note 13 e i)), and the SPP (Note 13 a ii)), to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The OCPP for the Police Chief and Deputies and the OCPP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 13 e ii)) and the FSPP (Note 13 a i)) respectively. The OCPP for the Fire Chief and Deputies is deemed a closed plan as new entrants are not eligible to participate. The Plan will continue to provide benefits to existing retirees and to grandfathered members.

*ii) Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP")*

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% of all pensionable earnings for the years of service recognized under the EOPP (Note 13 a iii)).

*iii) Executive Pension Plan ("EPP")*

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

The City sponsors post retirement benefits for extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Benefit Program begins. After 10 years or age 65, the life insurance policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement. The City and the retirees share equally in the cost of benefits. Due to the joint nature of the plan and the cost sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability. The City sponsors a non-contributory retiring allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense as the employees provide service. The City also sponsors a supplementary compensation plan for employees that are disabled or survivors of employees killed in the line of duty. The supplementary compensation plan is deemed a closed plan where employees are not actively accruing benefits.

The most recent full actuarial valuations for other retirement benefits were (will be) performed as stated below.

	Latest Full Actuarial Valuation Date	Next Full Actuarial Valuation Date
Post Retirement Benefits	December 31, 2014	December 31, 2015
Retiring Allowance	December 31, 2014	December 31, 2015
Supplementary Compensation	December 31, 2014	December 31, 2015

The results of, and significant assumptions utilized, in the December 31, 2014 actuarial accounting valuations for other retirement benefits include:

	2014	2013
Accrued benefit obligation – beginning of year	\$ 148,828	\$ 158,633
Current period benefit cost	9,507	9,159
Interest on accrued benefit obligation	5,417	5,335
Less benefits paid	(7,117)	(7,299)
Actuarial gain	(6,750)	(17,000)
Accrued benefit obligation – end of year	\$ 149,885	\$ 148,828
Funded status – plan deficit	\$ 149,885	\$ 148,828
Plan assets <sup>(1)</sup>	(1,704)	(1,169)
Unamortized net actuarial loss	11,856	2,282
Accrued benefit liability <sup>(2)</sup>	\$ 160,037	\$ 149,941
Current period benefit cost	\$ 9,507	\$ 9,159
Amortization of actuarial loss	2,288	5,281
Interest on accrued benefit obligation	5,417	5,286
Total expense	\$ 17,212	\$ 19,726
Rate of compensation average increase, excluding merit and promotion	3.50%	3.50%
Annual Increase in extended health costs	8.50%	8.50%
Annual Increase in dental costs	4.00%	4.00%
EARSL <sup>(3)</sup>	12.9 yr	11.2 yr

(1) Plan Assets in the amount of \$1,704 (2013 – \$1,169) to satisfy future life claims are equal to fair market value.

(2) Assets in the amount of \$160,037 (2013 – \$149,941) to satisfy the obligations under these plans are held within The City's investments.

(3) Actuarial gains and losses are amortized over the EARSL of the related employee group commencing in the period following the determination of the gain or loss.

#### d) Vacation and overtime

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees who have deferred vacation or overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash or as otherwise entitled within the next budgetary year. Assets in the amount of \$195,460 (2013 – \$189,013) are held within The City's investments portfolio 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 sponsored by the Alberta Minister of Finance 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 using the method for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's contributions to the plan as determined by APS for the year and no obligation is recorded in The City's financial statements. However, given that these multi-employer plans are in deficit positions, an inherent unrecorded liability amount is attributable indirectly to plan participants. Plan deficiencies will need to be resolved by increased future employee and employer contributions, increased investment returns and interest rates, management or amendment of future liabilities, or a combination of these elements.

In 2014, the Government of Alberta withdrew planned legislation for proposed changes to the LAPP. The province has since committed to a new direction involving employer and member representatives in continuing discussions on the governance process and sustainability of LAPP and SFPP.

i) *Local Authorities Pension Plan ("LAPP")*

The LAPP plan provides an annual retirement benefit of 1.4% of earnings up to the YMPE and 2% of earnings over YMPE. Under the *Alberta Public Sector Pension Plans Act*, The City and members of the LAPP plan made the following contributions:

	2014 Employer	2014 Members	2013 Employer	2013 Members
Current service contributions	\$ 138,357	\$ 127,470	\$ 117,650	\$ 106,214
Contribution rates (% of pensionable salaries)	11.39% of YMPE and 15.84% over YMPE	10.39% of YMPE and 14.84% over YMPE	10.43% of YMPE and 14.47% over YMPE	9.43% of YMPE and 14.47% over YMPE

The LAPP reported a deficiency (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2013 of \$4,862,000 (2012 - \$4,977,000). More recent information was not available at the time of preparing these financial statements. LAPP consists of over 149,400 active members. The City plan membership is approximately 8.5%. The City's 2014 contribution rates increased 9.2% (2013 - 5.2%) as a result of this deficit.

ii) *Special Forces Pension Plan ("SFPP")*

The SFPP provides an annual retirement benefit of 1.4% of pensionable earnings up to YMPE, 2% of pensionable earnings over YMPE, a bridge benefit of 0.5% 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 plan made the following contributions:

	2014 Employer	2014 Members	2013 Employer	2013 Members
Current service contributions	\$ 29,515	\$ 27,253	\$ 28,733	\$ 26,386
Contribution rates (% of pensionable salaries)	14.55%	13.45%	14.55%	13.45%

The SFPP reported a deficiency (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2013 of \$220,000 (2012 - \$499,000) comprised of \$207,000 for pre-1992 and \$13,000 relating to past-1991. More recent information was not available at the time of preparing these financial statements. SFPP consists of 4,180 active members. The City plan membership is approximately 50%. The City's 2014 contribution rates did not change as a result of this deficit.

14. LONG-TERM DEBT

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

	2014 Tax Supported	2014 Self Sufficient Tax Supported	2014 Self Supported	2014 Total	2013 Tax Supported	2013 Self Sufficient Tax Supported	2013 Self Supported	2013 Total
i) Debentures	\$ 528,804	\$ 1,032,352	\$ 3,126,028	\$ 4,687,184	\$ 570,789	\$ 1,174,535	\$ 2,785,545	\$ 4,530,869
ii) Mortgages and other debt	-	-	25,362	25,362	-	-	42,707	42,707
iii) Capital leases	-	-	2,402	2,402	-	-	3,316	3,316
	528,804	1,032,352	3,153,792	4,714,948	570,789	1,174,535	2,831,568	4,576,892
Less								
iv) Debt attributable to ENMAX	-	-	1,088,771	1,088,771	-	-	915,510	915,510
	\$ 528,804	\$ 1,032,352	\$ 2,065,021	\$ 3,626,177	\$ 570,789	\$ 1,174,535	\$ 1,916,058	\$ 3,661,382

- i) Debentures, which are predominantly held by the Alberta Capital Finance Authority, mature in annual amounts to the year 2039.

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-sufficient tax-supported debt also includes short-term debt that will be funded from future grant receipts from the Alberta Governments Municipal Sustainability Initiative (MSI).

Self supported debt, which is primarily related to Water Services & Resources, includes debentures in the amount of \$74,275 (2013 – \$72,774) which have been issued to fund local 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 2010 by The City on behalf of the Lindsay Park Sports Society (LPSS) pursuant to City Bylaw authorization in the amount of \$1,778 (2013 – \$2,067), as well as the debenture issued in 2014 by The City on behalf of the St. Mary's University College (SMUC) in the amount of \$4,864 (2013 – \$nil). In accordance Credit Agreements between LPSS, 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. The LPSS and SMUC are 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, 2014 LPSS and SMUC are in compliance.

- ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2030. Capital assets with a cost of \$105,435 (2013 – \$107,640) are pledged as collateral against the mortgages.
- iii) Capital leases are comprised of vehicle leases. In 2011, Fleet Services entered into a lease for 15 vehicles for \$5,475 at an interest rate of 1.52% (2013 – 1.52%). On September 1, 2014, Fleet Services renewed the lease term for another 2 years at an interest rate of 1.43%. The 2014 principal payments totalled \$914 (2013 – \$932) with interest of \$43 (2013 – \$58).
- iv) 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 \$232,060 in 2014 (2013 – \$140,560), 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% on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.
- v) More detail on the self supported and tax supported debt payable can be found in the continuity of long-term debt within the unaudited Financial and Statistical Schedules in the annual report.

b) Long-term debt is repayable as follows:

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Less: Debt attributable to ENMAX	Total
2015	\$ 45,671	\$ 280,895	\$ 225,371	\$ 62,284	\$ 489,653
2016	44,300	230,054	197,893	56,498	415,749
2017	43,792	228,217	189,745	57,083	404,671
2018	40,424	78,772	185,891	57,228	247,859
2019	37,188	85,224	168,698	53,678	237,432
Thereafter	317,429	129,190	2,186,194	802,000	1,830,813
	\$ 528,804	\$ 1,032,352	\$ 3,153,792	\$ 1,088,771	\$ 3,626,177

c) Debenture interest is payable, before provincial subsidy, at rates ranging from 1.46% to 10.13% (2013 – 1.46% to 10.25%) per annum. The Government of Alberta, under its Municipal Debenture Interest Rebate Program, provides rebates to reduce the effective interest paid to levels that ranged from 8% to 11% on most debentures issued between 1974 and 1986. Debenture debt held at year end has an average rate of interest of 3.81% (2013 – 3.90%) before provincial subsidy and 3.80% (2013 – 3.89%) after provincial subsidy.

The mortgages of Calgary Housing Company in the amount of \$20,647 (2013 – \$26,027) are payable with interest ranging from 1.46% to 6.45% (2013 – 1.46% to 6.45%) before interest rate subsidy. The effective interest rates after the subsidy for the fixed-subsidy projects is 2% (2013 – 2%).

d) Interest charges are as follows:

	2014 Tax Supported	2014 Self Sufficient Tax Supported	2014 Self Supported	2014 Total	2013 Tax Supported	2013 Self Sufficient Tax Supported	2013 Self Supported	2013 Total
Debenture interest	\$ 21,943	\$ 33,341	\$ 81,137	\$ 136,421	\$ 18,694	\$ 33,232	\$ 83,349	\$ 135,275
Other interest and charges	1,789	–	1,289	3,078	1,005	–	1,880	2,885
	\$ 23,732	\$ 33,341	\$ 82,426	\$ 139,499	\$ 19,699	\$ 33,232	\$ 85,229	\$ 138,160

e) The estimated fair value of The City's long-term debt is \$3,798,723 (2013 – \$3,694,313). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2014 for debentures with comparable maturities from The City's primary lender, the Alberta Capital Finance Authority.

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 is calculated at 2 times revenue (as defined in the Debt Limit Regulation 255/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are conservative guidelines used by Municipal Affairs to identify municipalities which could be at financial risk if further debt is incurred. The calculation, taken alone, does not represent the financial stability of the municipality as the financial statements must be interpreted as a whole.

Note: Ministerial Order No L:124/11 set out an exception to the calculation of the debt service limit as originally disclosed in section 271 of the MGA, stating the calculation shall not take into account borrowing that is related to Municipal Affairs Grants Regulation (Municipal Sustainability Initiative Debt) that does not require the repayment of any principal before December 31, 2016. At December 31, 2014, debt principal of \$360,500 (2013 – \$290,000) and debt interest of \$34,055 (2013 – \$21,121) was excluded from the pro-rata calculation of the debt service limit.

	2014	2013 (Restated Note 30)
Total debt limit (2 times revenue)	\$ 7,119,460	\$ 6,893,824
Total debt (short- and long-term)	3,728,462	3,749,288
Percentage of debt to debt limit	52.37%	54.39%
Total debt service limit (35% of revenue)	\$ 1,245,905	\$ 1,206,419
Total debt service	779,683	872,950
Percentage of debt service to service limit	62.58%	72.36%

## 15. TANGIBLE CAPITAL ASSETS

Cost	January 1, 2014	Additions	Disposals	December 31, 2014
	Opening Balance			Closing Balance
	(Restated Note 30)			
Land	\$ 1,978,088	\$ 78,243	\$ (21,646)	\$ 2,034,685
Land Improvements	1,091,328	97,182	(3,242)	1,185,268
Engineered Structures	11,657,531	976,899	(19,656)	12,614,774
Buildings	1,845,174	125,769	(10,494)	1,960,449
Machinery and Equipment	834,865	116,448	(26,973)	924,340
Vehicles	1,175,605	105,023	(32,573)	1,248,055
	\$18,582,591	\$ 1,499,564	\$ (114,584)	\$19,967,571
Work in Progress				
Land	26,867	(14,698)	(3,177)	8,992
Construction	990,496	(212,633)	(4,975)	772,888
	\$19,599,954	\$ 1,272,233	\$ (122,736)	\$20,749,451
Accumulated Amortization	January 1, 2014	Additions	Disposals	December 31, 2014
	Opening Balance			Closing Balance
	(Restated Note 30)			
Land Improvements	\$ 543,487	\$ 43,275	\$ (1,552)	\$ 585,210
Engineered Structures	3,780,998	292,974	(10,435)	4,063,537
Buildings	635,784	65,905	(8,128)	693,561
Machinery and Equipment	502,121	83,041	(24,105)	561,057
Vehicles	518,043	64,806	(28,413)	554,436
	\$ 5,980,433	\$ 550,001	\$ (72,633)	\$ 6,457,801
Net Book Value	\$13,619,521	\$ 722,232	\$ (50,103)	\$14,291,650

In 2014, \$228,284 (2013 – \$249,829) 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 2014 and 2013 consist of certain machinery and equipment, land and land improvements. There was a permanent writedown of \$nil (2013 – \$nil) relating to impairment.

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 included in the values shown on the consolidated financial statements.

No interest was capitalized by The City in 2014 (2013 – \$nil).

## 16. 2014 BUDGET

Budget data presented in these consolidated financial statements are based upon the 2014 operating and capital budgets as approved by Council. Council approved budgets are prepared on a modified cash basis which differs from budget amounts reported on the consolidated statement of operations and 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
Budget as approved by Council			
Operating	\$ 3,211,001	\$ 3,241,361	\$ 30,360
Capital	–	1,798,283	1,798,283
Add			
Related authorities	265,253	297,789	65,215
Equity in earnings of ENMAX	130,700	–	–
2014 Property Tax Bylaw adjustment	5,255	5,255	–
Operating budget carry forward from 2013 to 2014	8,661	8,661	–
Capital budget carry forward from 2013 to 2014	–	1,178,302	1,178,302
Miscellaneous adjustments	7,891	7,891	–
	<b>\$ 3,628,761</b>	<b>\$ 6,537,542</b>	<b>\$ 3,072,160</b>
Less			
Intercompany eliminations	73,843	151,165	77,322
Contributions from Utilities	59,931	42,500	–
Contributions from reserves and operations	115,537	397,254	–
Business unit requested adjustments	–	36,943	36,943
Debt principal repayments	–	68,709	–
Mid and end of year capital adjustments	–	739,784	739,784
Tangible capital asset adjustments	–	1,912,024	–
Debt issued	–	–	689,804
Transfers from reserves	–	–	170,903
Transfers between reserves and operating	–	–	276,410
Amortization	–	107,902	–
<b>BUDGET FOR FINANCIAL STATEMENT PURPOSES</b>	<b>\$ 3,379,450</b>	<b>\$ 3,081,261</b>	<b>\$ 1,080,994</b>

## 17. ACCUMULATED SURPLUS

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

	2014	2013 (Restated Note 30)
Operating fund	\$ 27,490	\$ 8,159
Capital fund	305,212	234,939
Local improvements to be funded in future years	72,921	70,719
Unfunded portion of provision for landfill rehabilitation	(9,190)	-
Reserves (Note 19)	1,626,107	1,437,065
Equity in ENMAX (Note 7 a))	2,527,655	2,460,204
Equity in Co-Ownership (Note 7 b))	1,539	3,438
Equity in non-financial assets	10,776,790	10,050,050
	<b>\$15,328,524</b>	<b>\$ 14,264,574</b>

## 18. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013 (Restated Note 30)
Tangible capital assets (Note 15)	\$20,749,451	\$19,599,954
Accumulated amortization (Note 15)	(6,457,801)	(5,980,433)
Long-term debt (Note 14)	(3,626,177)	(3,661,382)
Land inventory adjustments	23,643	19,067
Inventory	62,410	50,836
Prepaid expenses	25,032	21,776
Land receivable	232	232
	<b>\$10,776,790</b>	<b>\$ 10,050,050</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. Individual reserves with significant balances include:

	2014	2013 (Restated Note 30)
Fiscal stability	\$ 415,881	\$ 357,301
Reserve for future capital	318,286	269,629
Debt servicing	52,570	52,570
Legacy parks	23,033	19,738
Corporate housing reserve	35,750	31,903
Real Estate Services	90,913	73,799
Community investment	168,302	151,077
Development and building approvals sustainment	74,063	48,701
Reserve for tax loss provision	37,398	39,823
Lifecycle maintenance and upgrade	97,251	125,729
Calgary Housing Company	22,589	17,010
Subtotal	<b>\$ 1,336,036</b>	<b>\$ 1,187,280</b>

Other reserve balances will be utilized in future years for the following types of expenses:

	2014	2013
Utilities sustainment	\$ 49,153	\$ 44,076
Social programs	8,316	8,283
Police services (capital)	30,978	28,362
Police services (operating)	4,000	4,000
Waste and recycling sustainment	41,968	33,808
ENMAX Dividend Stabilization	16,450	10,100
Other operating	59,076	52,205
Other capital expenditures	80,130	68,951
Subtotal	<b>\$ 290,071</b>	<b>\$ 249,785</b>
Total	<b>\$ 1,626,107</b>	<b>\$ 1,437,065</b>

## 20. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2014	2013 (Restated Note 30)
Property taxes	<b>\$ 2,006,894</b>	\$ 1,906,540
Community Revitalization Levy	<b>32,745</b>	27,336
Business taxes	<b>201,114</b>	225,390
Revenue in lieu of taxes	<b>224,186</b>	202,517
Local improvement levies and special taxes	<b>5,624</b>	80,021
	<b>\$ 2,470,563</b>	\$ 2,441,804
Less: Provincial property taxes (see below)		
Current year levy	<b>(665,666)</b>	(632,055)
Prior year levy	<b>(3,497)</b>	(4,083)
Net taxes available for municipal use	<b>\$ 1,801,400</b>	\$ 1,805,666

The City is required to collect provincial property taxes under Section 353 of the *Municipal Government Act*. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest. An amount of provincial property taxes receivable of \$4,656 (2013 – \$3,497) has been recorded at December 31, 2014 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

## 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, which 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 of Calgary. AHCC began operations in 2010.

The Calgary Parking Authority 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.

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 17 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, a former industrial and residential area located in downtown Calgary.

	2014 Calgary TELUS Convention Centre	2014 Attainable Homes Calgary Corporation	2014 Calgary Parking Authority	2014 Calgary Public Library Board	2014 Calgary Housing Company	2014 Calgary Municipal Land Corporation	2014 Total
<b>Financial Position</b>							
Physical assets	\$ 1,420	\$ 52	\$ 122,978	\$ 50,374	\$ 92,222	\$ 209,659	\$ 476,705
Financial assets	10,611	19,142	7,926	12,523	29,451	90,845	170,498
	12,031	19,194	130,904	62,897	121,673	300,504	647,203
Long-term debt	-	3,450	4,333	-	20,647	181,852	210,282
Financial liabilities	8,661	4,883	15,565	4,847	32,144	59,235	125,335
	8,661	8,333	19,898	4,847	52,791	241,087	335,617
Net Assets	\$ 3,370	\$ 10,861	\$ 111,006	\$ 58,050	\$ 68,882	\$ 59,417	\$ 311,586
<b>Results of Operations</b>							
<b>Revenue</b>							
Community Revitalization Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,081	\$ 32,081
Sales of goods & services	22,508	38,141	65,597	-	49,978	8,936	185,160
Government transfers, agreements & subsidies	-	-	-	6,181	36,236	-	42,417
Equity in earnings from Co-Ownership	-	1,992	-	-	-	-	1,992
Developer contributions	-	6	-	-	-	-	6
Investment income	-	6	2,563	173	398	261	3,401
Fines & penalties	-	-	15,093	1,603	-	-	16,696
Licenses, permits and fees	-	-	854	1,164	-	-	2,018
Miscellaneous revenue	-	83	7,186	1,905	2,369	238	11,781
Gain (Loss) on sale of TCA	-	-	365	(158)	-	(2)	205
Internal transfers & contributions	1,701	-	-	43,828	(2,836)	384	43,077
Total revenue	24,209	40,228	91,658	54,696	86,145	41,898	338,834
<b>Expenses</b>							
Salaries, wages, and benefits	\$ 7,388	\$ 1,213	\$ 8,114	\$ 34,619	\$ 14,936	\$ 2,156	\$ 68,426
Contracted and general services	3,039	764	24,773	9,153	28,144	11,181	77,054
Materials, equipment and supplies	12,484	35,840	4,439	4,755	4,667	1,010	63,195
Interest charges	-	97	1,428	1	750	6,377	8,653
Transfers	-	-	-	-	18,211	-	18,211
Utilities	1,272	31	2,094	773	10,986	22	15,178
Amortization	419	15	7,683	6,953	2,873	2,701	20,644
Internal recoveries	-	-	(254)	-	-	-	(254)
Debt principal repayments	-	-	1,154	-	5,380	-	6,534
Total expenses	24,602	37,960	49,431	56,254	85,947	23,447	277,641
Income (loss) before appropriations	(393)	2,268	42,227	(1,558)	198	18,451	61,193
Internal transfers	393	(2,268)	(17,910)	1,558	(198)	(18,451)	(38,876)
To City operating fund <sup>(1)</sup>	-	-	(24,317)	-	-	-	(24,317)
Change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2013 Calgary TELUS Convention Centre	2013 Attainable Homes Calgary Corporation	2013 Calgary Parking Authority	2013 Calgary Public Library Board	2013 Calgary Housing Company	2013 Calgary Municipal Land Corporation	2013 Total
<b>Financial Position</b>							
Physical assets	\$ 1,373	\$ 51	\$ 121,839	\$ 49,688	\$ 93,298	\$ 158,436	\$ 424,685
Financial assets	12,536	17,535	5,277	13,392	30,834	81,067	160,641
	13,909	17,586	127,116	63,080	124,132	239,503	585,326
Long-term debt	-	2,450	5,487	-	26,027	154,535	188,499
Financial liabilities	3,763	6,544	15,840	5,989	34,803	44,003	110,942
	3,763	8,994	21,327	5,989	60,830	198,538	299,441
Net Assets	\$ 10,146	\$ 8,592	\$ 105,789	\$ 57,091	\$ 63,302	\$ 40,965	\$ 285,885
<b>Results of Operations</b>							
<b>Revenue</b>							
Community Revitalization Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,337	\$ 27,337
Sales of goods & services	24,294	43,498	62,351	-	47,462	4,665	182,270
Government transfers, agreements & subsidies	-	-	-	6,044	36,196	-	42,240
Developer contributions	-	4	-	-	-	4,306	4,310
Investment income	-	31	2,096	169	349	122	2,767
Fines & penalties	-	-	14,925	1,621	-	-	16,546
Licenses, permits and fees	-	-	794	1,404	-	-	2,198
Miscellaneous revenue	-	36	3,500	1,656	2,527	649	8,368
Gain (Loss) on sale of TCA	2	-	(605)	(36)	11	-	(628)
Internal transfers & contributions	1,700	-	-	42,147	(2,113)	678	42,412
Total revenue	25,996	43,569	83,061	53,005	84,432	37,757	327,820
<b>Expenses</b>							
Salaries, wages, and benefits	\$ 7,098	\$ 986	\$ 7,274	\$ 33,432	\$ 13,923	\$ 1,967	\$ 64,680
Contracted and general services	3,097	3,612	26,071	8,708	27,974	11,400	80,862
Materials, equipment and supplies	13,822	33,700	5,015	4,664	4,642	1,036	62,879
Interest charges	-	48	1,353	30	917	6,149	8,497
Transfers	-	-	-	-	19,672	-	19,672
Utilities	1,207	27	1,441	798	10,055	18	13,546
Amortization	364	37	7,586	6,738	2,779	3,004	20,508
Internal recoveries	-	-	(402)	-	-	-	(402)
Debt principal repayments	-	-	1,101	-	5,235	-	6,336
Total expenses	25,588	38,410	49,439	54,370	85,197	23,574	276,578
Income (loss) before appropriations	408	5,159	33,622	(1,365)	(765)	14,183	51,242
Internal transfers	(408)	(5,159)	(13,518)	1,365	765	(14,183)	(31,138)
To City operating fund <sup>(1)</sup>	-	-	(20,104)	-	-	-	(20,104)
Change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## 22. EXPENSES BY OBJECT

	2014	2013
		(Restated Note 30)
Salaries, wages and benefits	\$ 1,746,977	\$ 1,693,095
Contracted and general services	426,657	501,829
Materials, equipment and supplies	338,899	336,045
Interest charges	139,499	138,160
Transfer payments	156,931	162,546
Utilities	86,931	75,003
Amortization	546,449	437,028
Loss on disposal of tangible capital assets	12,890	20,313
	<b>\$ 3,455,233</b>	<b>\$ 3,364,019</b>

## 23. GOVERNMENT TRANSFERS

	2014	2013
Operating		
Province of Alberta	\$ 150,186	\$ 108,906
Government of Canada	4,486	4,462
	<b>154,672</b>	<b>113,368</b>
Capital		
Province of Alberta	552,807	294,007
Government of Canada	48,919	88,971
	<b>601,726</b>	<b>382,978</b>
	<b>\$ 756,398</b>	<b>\$ 496,346</b>

In accordance with the recommendations of 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 tangible capital assets are acquired.

## 24. SEGMENTED INFORMATION

The Consolidated Schedule of Financial Activities by Segment has been prepared in accordance with PSAS Handbook Section 2700 (PS2700) *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 quarterly reporting of budget status during the year. Segments include:

- a) **Tax Supported Operating programs** includes the items of revenue, recoveries and expenses pertaining to the ongoing operations of those programs that are funded, in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. This includes all operating programs with the exception of Water Resources and Water Services.
- b) **Self Supported Operating programs** includes the items of revenue, recoveries and expenses pertaining to the ongoing operations of programs not funded by tax revenues but solely by revenues or recoveries resulting from their own operations. These programs are Water Resources and Water Services, the units that manage our water resources and supplies quality drinking water, and provides treatment/disposal of wastewater for The City.
- c) **Tax Supported Capital programs** includes the expenses and sources of financing for acquisition of land and construction of buildings, bridges and other major permanent improvements to be used in programs that are funded, in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. This includes all programs with the exception of Water Resources and Water Services.
- d) **Self Supported Capital programs** includes the expenses and sources of financing for acquisition of land and construction of buildings, bridges, and other major permanent improvements to be used by programs that are not funded by tax revenues but solely by revenues or recoveries resulting from their own operations. These programs are Water Resources and Water Services, the units that manage our water resources and supplies quality drinking water, and provides treatment/disposal of wastewater for The City.
- e) **Subsidiary Entities** include the Calgary Public Library Board, Calgary Parking Authority, Calgary Housing Company, Attainable Homes Calgary Corporation, Calgary TELUS Convention Centre and Calgary Municipal Land Corporation. These related authorities are consolidated within these financial statements. For more information regarding these related authorities, refer to Note 21.
- f) **ENMAX Corporation** is included in the government business enterprise and is accounted for on a modified equity basis. For more information regarding ENMAX Corporation, refer to Note 7.

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, 2014 (in thousands of dollars)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
<b>REVENUES</b>					
Property tax	\$ 1,667,378	\$ -	\$ -	\$ -	\$ 1,667,378
Business tax	201,114	-	-	-	201,114
Sales of goods & services	544,395	543,162	242	-	1,087,799
Government transfers, grants & subsidies					
Federal	3,370	-	48,919	-	52,289
Provincial	104,018	5,067	552,678	-	661,763
Developer contributions	2,292	25,731	58,490	2,402	88,915
Donated assets	-	-	-	-	-
Investment income	65,954	-	-	-	65,954
Fines & penalties	53,463	1,962	-	-	55,425
Licences, permits and fees	112,681	1,813	-	-	114,494
Miscellaneous revenue	32,824	1,965	(236)	-	34,553
Proceeds on sale of TCA (Misc revenue)	964	-	-	-	964
Gain/(Loss) on sale of TCA (Misc revenue)	3,894	12	-	-	3,906
Dividends from ENMAX Corporation	60,000	-	-	-	60,000
Equity in earnings from ENMAX	-	-	-	-	-
Equity in earnings from Co-Ownership	-	-	-	-	-
Debt	-	-	130,240	238,900	369,140
Contribution from reserves	123,129	23,866	340,756	96,695	584,446
Internal transfers & contribution	23,840	-	-	-	23,840
<b>Total Revenues</b>	<b>2,999,316</b>	<b>603,578</b>	<b>1,131,089</b>	<b>337,997</b>	<b>5,071,980</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	1,587,384	134,324	23,792	18,680	1,764,180
Contracted and general services	545,352	62,070	572,998	233,644	1,414,064
Materials, equipment and supplies	341,713	48,203	276,307	33,453	699,676
Utilities	67,444	25,243	1,619	76	94,382
Transfers	164,162	49,928	54,251	750	269,091
Internal recoveries	(505,492)	(36,489)	(42,674)	2,268	(582,387)
Interest charges	39,959	72,484	26,964	918	140,325
Amortization	29,505	67,888	-	-	97,393
Loss on sale	-	-	-	-	-
Debt principal repayments	302,613	6,751	3,049	-	312,413
Contribution from operations to reserves	677,956	125,639	-	-	803,595
Contribution (to) from operations to capital	(236,388)	5,155	242,972	26,837	38,576
Internal transfers & contribution	(42,500)	42,500	-	-	-
<b>Total Expenses</b>	<b>2,971,708</b>	<b>603,696</b>	<b>1,159,278</b>	<b>316,626</b>	<b>5,051,308</b>
<b>Annual Surplus</b>	<b>\$ 27,608</b>	<b>\$ (118)</b>	<b>\$ (28,189)</b>	<b>\$ 21,371</b>	<b>\$ 20,672</b>

	Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2014
\$	32,081	\$ -	\$ (99,173)	\$ 1,600,286
	-	-	-	201,114
	185,160	-	(53,507)	1,219,452
	1,186	-	(71)	53,404
	41,231	-	-	702,994
	6	-	-	88,921
	-	-	228,284	228,284
	3,401	-	(7,613)	61,742
	16,696	-	-	72,121
	2,018	-	-	116,512
	11,781	-	(5,626)	40,708
	(2,135)	-	17,621	16,450
	2,340	-	(18,494)	(12,248)
	-	-	-	60,000
	-	67,451	-	67,451
	1,992	-	-	1,992
	-	-	(369,140)	-
	-	-	(584,446)	-
	43,077	-	(66,917)	-
	<b>338,834</b>	<b>67,451</b>	<b>(959,082)</b>	<b>4,519,183</b>
	68,426	-	(85,629)	1,746,977
	77,054	-	(1,064,461)	426,657
	63,195	-	(423,972)	338,899
	15,178	-	(22,629)	86,931
	18,211	-	(130,371)	156,931
	(254)	-	582,641	-
	8,653	-	(9,479)	139,499
	20,644	-	428,412	546,449
	-	-	12,890	12,890
	6,534	-	(318,947)	-
	-	-	(803,595)	-
	-	-	(38,576)	-
	-	-	-	-
	<b>277,641</b>	-	<b>(1,873,716)</b>	<b>3,455,233</b>
\$	<b>61,193</b>	\$ <b>67,451</b>	\$ <b>914,634</b>	\$ <b>1,063,950</b>

## Schedule of Financial Activities by Segment

For the Year Ended December 31, 2013 (in thousands of dollars)(Restated Note 30)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
<b>REVENUES</b>					
Property tax	\$ 1,622,540	\$ -	\$ -	\$ -	\$ 1,622,540
Business tax	225,390	-	-	-	225,390
Sales of goods & services	474,595	493,507	7	-	968,109
Government transfers, grants & subsidies					
Federal	3,471	-	88,971	-	92,442
Provincial	63,832	4,124	293,776	-	361,732
Developer contributions	346	20,039	66,620	4,468	91,473
Donated assets	-	-	-	-	-
Investment income	50,866	-	-	-	50,866
Fines & penalties	51,152	1,805	-	-	52,957
Licences, permits and fees	100,324	1,123	-	-	101,447
Miscellaneous revenue	55,154	1,394	26,116	-	82,664
Proceeds on sale of TCA (Misc revenue)	581	-	-	-	581
Gain/(Loss) on sale of TCA (Misc revenue)	2,449	27	-	-	2,476
Dividends from ENMAX Corporation	67,500	-	-	-	67,500
Equity in earnings from ENMAX	-	-	-	-	-
Debt	-	-	361,331	68,480	429,811
Contribution from reserves	135,366	16,556	299,584	79,710	531,216
Internal transfers & contribution	20,438	-	-	-	20,438
<b>Total Revenues</b>	<b>2,874,004</b>	<b>538,575</b>	<b>1,136,405</b>	<b>152,658</b>	<b>4,701,642</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	1,542,747	125,465	20,916	14,397	1,703,525
Contracted and general services	550,379	59,473	582,865	172,948	1,365,665
Materials, equipment and supplies	317,616	40,721	254,805	26,365	639,507
Utilities	58,939	21,120	942	158	81,159
Transfers	158,528	45,207	60,223	-	263,958
Internal recoveries	(450,111)	(31,638)	(54,767)	53	(536,493)
Interest charges	37,663	72,805	27,083	1,011	138,562
Amortization	29,422	64,451	-	-	93,873
Loss on sale	-	-	-	-	-
Debt principal repayments	72,751	6,272	295	-	79,318
Contribution from operations to reserves	587,334	88,116	-	-	675,450
Contribution (to) from operations to capital	3,077	4,113	(2,031)	12,654	17,813
Internal transfers & contribution	(42,500)	42,500	-	-	-
<b>Total Expenses</b>	<b>2,865,845</b>	<b>538,575</b>	<b>890,331</b>	<b>227,586</b>	<b>4,522,337</b>
<b>Annual Surplus</b>	<b>\$ 8,159</b>	<b>\$ -</b>	<b>\$ 246,074</b>	<b>\$ (74,928)</b>	<b>\$ 179,305</b>

Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2013
\$ 27,337	\$ -	\$ (69,601)	\$ 1,580,276
-	-	-	225,390
182,270	-	(34,081)	1,116,298
1,059	-	(67)	93,434
41,181	-	-	402,913
4,310	-	-	95,783
-	-	249,829	249,829
2,767	-	(6,276)	47,357
16,546	-	-	69,503
2,198	-	-	103,645
8,368	-	(22,455)	68,577
(47)	-	15,663	16,197
(581)	-	8,622	10,517
-	-	-	67,500
-	298,218	-	298,218
-	-	(429,811)	-
-	-	(531,216)	-
42,412	-	(62,850)	-
<b>327,820</b>	<b>298,218</b>	<b>(882,243)</b>	<b>4,445,437</b>
64,680	-	(75,110)	1,693,095
80,862	-	(944,698)	501,829
62,879	-	(366,341)	336,045
13,546	-	(19,702)	75,003
19,672	-	(121,084)	162,546
(402)	-	536,895	-
8,497	-	(8,899)	138,160
20,508	-	322,647	437,028
-	-	20,313	20,313
6,336	-	(85,654)	-
-	-	(675,450)	-
-	-	(17,813)	-
-	-	-	-
<b>276,578</b>	-	<b>(1,434,896)</b>	<b>3,364,019</b>
\$ 51,242	\$ 298,218	\$ 552,653	\$ 1,081,418

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$798,960 (2013 – \$562,117) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2014, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year's capital budget of \$2,187,749 (2013 – \$2,278,993) and will be funded from reserves and debt in future years.
- b) Commitments related to operating leases of \$22,534 (2013 – \$21,826) for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating fund in the respective future years and are as follows:

2015	\$	4,528
2016		3,160
2017		2,350
2018		1,672
2019		1,476
<b>Thereafter</b>		<b>9,348</b>
	\$	<u>22,534</u>

- c) In the ordinary course of business, various claims and lawsuits are brought against The City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by The City pursuant to expropriation settlement is charged to the year of settlement.
- d) Where estimated reclamation and closure costs are reasonably determinable, The City has recorded a total provision in the amount of \$4,080 (2013 – \$4,619) 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.
- e) As at December 31, 2014, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.
- f) 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 Corporation regularly reviews the potential for adverse outcomes in respect of tax matters and believes it has adequate provisions for these tax matters. Tax provisions are adjusted, positively or negatively, for changes in estimates and assessments by tax authorities in the period in which they are more likely than not to have an impact on the financial results.

- g) The City has entered into a 20-year contract for power supply from ENMAX Energy from 2007 to 2026. Under the terms of the agreement, ENMAX Energy is to supply The City with 100% of the electricity from renewable sources. Annual electricity prices are based on a portfolio of energy sources developed for The City by ENMAX Energy.
- h) The City has entered into a 20-year agreement with District Energy, a wholly owned subsidiary of ENMAX, for thermal energy supply commencing July 1, 2010. The annual price of the energy supplied will be a blended rate which includes a fixed charge component.
- i) The City has entered into an agreement with CMLC for the New Central Library (NCL). The City has committed a total of \$175,000 of which \$28,142 (2013 – \$21,589) is included in the total capital commitments. CMLC has committed an additional \$70,000.

## 26. 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 another party to perform under an obligating agreement or, (c) failure of a third 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 ("CES"). This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CES in the event CES 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 2039. The interest rates on the credit facilities held by CES range from 1.60% to 6.23% (2013 – 2.06% to 6.23%). As at December 31, 2014, CES has drawn a total of \$79,269 (2013 – \$64,608) on the total maximum available facility of \$97,669 (2013 – \$121,008). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$100,227 (2013 – \$135,500) charging certain lands owned by the CES.

- 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 2024, and the related debt will mature in 2019. In the event the Zoo does not extend the loan beyond 2019, the City's guarantee will automatically expire. The interest rate on the credit facility is 4.94% (2013 – 4.94%). As at December 31, 2014, the outstanding balance of the facility was \$3,766 (2013 – \$4,048) on the total maximum available facility of \$3,766 (2013 – \$4,048). 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 the Calgary Olympic Development Association ("CODA") operating under the trade name Canadian Winter Sport Institute ("WinSport Canada™"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of CODA in the event CODA cannot fulfill its obligations to a Canadian chartered bank. The term of this guarantee is equal to the term of the related credit facility, which matures in 2015. The interest rate

on the credit facility is prime plus 0.00% or bankers acceptances plus 1.00% (2013 – prime plus 0.00% or bankers acceptances plus 1.00%). As at December 31, 2014, the outstanding balance of the facility was \$19,250 (2013 – \$19,250) on the total maximum available facility of \$19,250 (2013 – \$19,250). The City, as an unconditional guarantor, holds as security a Mortgage, Assignment, and Security Agreement in the amount of \$42,250 charging certain lands owned by CODA.

**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.

**27. EXECUTIVE SALARIES AND BENEFITS**

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

	2014 Salaries	2014 Benefits	2014 Total	2013 Salaries	2013 Benefits	2013 Total
Mayor	\$ 208	\$ 34	\$ 242	\$ 208	\$ 32	\$ 240
Councillors <sup>(1) (2)</sup>	1,614	497	2,111	1,580	455	2,035
City Manager <sup>(4)</sup>	322	49	371	346	46	392
Designated Officers <sup>(3)</sup>	1,092	210	1,302	1,226	217	1,443

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

Notes:

1. The Councillors who served throughout 2014 in Wards 1 through 14 each received a salary of \$111 (2013 – \$111) and benefits ranging between \$34 and \$36 (2013 – \$33-\$34). Transitional allowances in 2014 were paid to Councillors who left office after the 2013 election as disclosed in Note 27 (2).
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 to the former Councillors who left office in 2013 are Ward 1 – \$22, Ward 2 – \$17, and Ward 8 – \$26. Transitional allowances paid in 2015 and beyond are: Ward 1 – \$77 and Ward 2 – \$34.
3. The City's five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2014, there was \$nil (2013 – \$nil) holiday, vacation pay out of the ordinary course of business and severance payouts for these five designated officers.
4. Salary and benefits for the City Manager excludes compensation paid to the outgoing City Manager from February through September 2014, which amounted to \$231 for salaries, including vacation and statutory holidays, as well as \$33 for benefits.

## 28. FINANCIAL INSTRUMENTS

At December 31, 2014, The City had 12 (2013 – 24) U.S. foreign exchange fixed contracts in place. Maturity dates for these contracts range from January 2015 to January 2016. Total committed future foreign merchandise purchases are \$42,483 USD (2013 – \$102,672).

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 1.06 to 1.16 Canadian dollars. The Canadian dollar equivalent of these contracts at December 31, 2014 is \$45,455

(2013 – \$107,623) Canadian dollars. During the fiscal year ended December 31, 2014, the various arrangements for foreign merchandise cost The City \$4,249 less (2013 – \$173 more) than if the arrangements had not been entered into.

At December 31, 2014, The City held 6 (2013 – 6) forward foreign exchange contracts to hedge foreign currency exposure related to its global investment holdings. These contracts were obtained from Chartered Banks. The total settlement amount of these contracts is \$17,966 (2013 – \$23,750) Canadian dollars. These contracts settle on January 15, 2015 and as at December 31, 2014 had a market value of \$18,081 (2013 – \$24,183) Canadian dollars and an unrealized loss of \$116 (2013 – \$434).

## 29. 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, 2013	Receipts	Investment Income	Disbursements	December 31, 2014
Joint Use Reserve Fund	\$ 67,726	\$ 7,040	\$ 1,221	\$ (664)	\$ 75,323
Oversize roads	24,919	3,874	232	(8,155)	20,870
Oversize parks	19,794	1,804	196	(2,349)	19,445
Oversize utilities	9,576	1,781	92	(2,319)	9,130
Developers' cash bonds	5,537	723	62	(497)	5,825
Southland natural park sport field	1,833	–	18	–	1,851
Calgary Technologies Inc.	2,478	–	26	–	2,504
Acreage assessments	450	–	4	–	454
Other miscellaneous trusts	505	469	8	(516)	466
	\$ 132,818	\$ 15,691	\$ 1,859	\$ (14,500)	\$ 135,868

## 30. PRIOR PERIOD ADJUSTMENTS

In 2014, as a result of continued usage and refinement of capital asset accounting and management systems, certain asset balances were identified that required correction. These asset balances primarily consisted of Roads land improvement, machinery and equipment, and engineered structures, Corporate Properties buildings and land improvements, Information Technology machinery and equipment and engineered structures, Parks land improvements, and Water Services engineered structures. The net effect of correcting these misstatements was to reduce the net book value of Tangible Capital Assets ("TCA") at December 31, 2013 by \$22,180. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2013 was reduced by \$22,180. In

addition, revenues from Developer contributions-in-kind related to capital previously reported in the 2013 financial statements as \$249,978 have been restated to \$249,829 and expenditures have been increased by \$27,024 resulting in an increase in 2013 depreciation expense for restated assets of \$873, \$20,940 in expenditures previously capitalized and \$5,211 in losses on disposal. \$165 in miscellaneous revenue has been reclassified to expenditures. Also during the fiscal 2013 year \$24,915 was reclassified from land inventory to TCA. The net effect of correcting these misstatements was to increase the net book value of 2013 TCA by \$2,735 from \$13,616,786 to \$13,619,521 and to decrease 2013 land inventory by \$24,915. Similarly, 2013 equity in non financial assets a category within accumulated surplus increased by \$2,735 from \$10,047,315 to \$10,050,050 and the 2013 Capital Fund decreased by \$24,915.

These restated amounts relate solely to the accounting for TCA and land inventory and had no effect on The City's cash balances, property tax revenues or any other balances influencing The City's operating budget, capital budget, grants received, property tax assessments or any other related balances.

In 2013, The City adopted PSAS 3510 Tax Revenue, changes related to this standard primarily affected how The City recognized its local improvement levy revenue accounting. During 2014 certain revenue balances were identified that required correction. As a result \$10,263 in adjustments to property tax revenue, \$10,263 in accounts receivable, \$7,369 in local improvements to be funded in future years and \$2,894 in reserves was restated for 2013.

These restated amounts solely relate to local improvement levy revenue accounting, other assets, receivables and local improvements to be funded in future years and affect The City's net financial asset position and tax revenue but do not affect The City's cash balances, taxes raised, debt borrowings, other revenue or expenditures.

## 31. CHANGE IN ACCOUNTING ESTIMATE

Upon adoption of PSAS 3150 Tangible Capital Assets, certain assets were recognized in the financial statements using Transitional Provisions for Local Governments, specifically, certain assets were recognized as estimates using valuation strategies when the historic cost accounting records were unavailable. In 2014, as part of on-going usage and refinement of capital asset accounting and management systems, some of these assets were physically verified and the resulting information provided more accurate information regarding these estimations. These asset balances primarily consisted of land improvement, machinery and equipment, buildings and engineered structures. The effect of adjusting these estimates was to decrease the net book value of TCA at December 31, 2014 by \$7,783. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2014 decreased by \$7,783.

## 32. 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 TCA balances. While The City has completed a substantial portion of the work to restore conditions to pre-flood, it is expected that remediation and mitigation efforts will continue into 2015 and beyond.

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

The City has 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 to deal with erosion damage from the flood and address immediate repairs 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 grant 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 new asset are capitalized, with repairs and maintenance being expensed. 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 has received cash advances totalling \$nil (2013 - \$50,000) from insurance providers relating to building and content losses which are reflected in Miscellaneous revenue on the Consolidated Statement of Operations and Accumulated Surplus. The City has incurred \$32,353 (2013 - \$68,932) in insurance related capital expenditures and \$nil (2013 - \$3,670) in operating related expenditures. This was funded by the advancement received from the insurance providers, with the remainder being funded internally until the insurance claims are processed and finalized.

With respect to the Provincial flood funding, the following grants received and expenses were recognized in the Consolidated Statement of Operations and Accumulated Surplus:

- The City received from the DRP \$nil (2013 – \$63,033) during 2014. The City has incurred \$41,139 (2013 – \$32,248) in DRP related capital expenditures, the total of which has been funded by the DRP advance and interest earned \$277 (2013 – \$219), with the remainder being funded internally until further DRP claims are processed and finalized.
- The City has also incurred \$4,586 (2013 – \$43,118) of emergency operating and recovery costs and recovered \$32,372 (2013 – \$nil) from the DRP in 2014 with the remaining balance expected to be recovered in future years.
- FREC provided \$39,460 (2013 – \$12,645) and \$18,717 (2013 – \$nil) was spent in 2014. Cash advances that are not spent at the end of the year including interest earned \$552 (2013 – \$nil) in the amount of \$33,940 (2013 – \$43,649) are recorded as capital deposits in accordance with accounting policies in Note 1.
- The City recognized a total of \$4,930 (2013 – \$nil) in MSCG revenue and has spent \$2,909 (2013 – \$763). Cash advances that are not spent at the end of the year including interest earned \$7 (2013 – \$nil) in the amount of \$1,265 are recorded in deferred revenue.
- The City received \$7,685 (2013 – \$nil) for Flood Readiness and has spent \$4,257 (2013 – \$nil) in 2014. Cash advances that are not spent at the end of the year of \$3,513 (2013 – \$nil) including interest earned of \$85 (2013 – \$nil) are recorded as deferred revenue.

The City is required to earn interest income, through its investment strategy, on the unspent balance of the Provincial grants received for DRP, FREC, MSCG and Flood Readiness.

The City has recognized accounts receivable and revenue of \$nil (2013 – \$2,804) for expenditures incurred as part of preparing land for the Temporary High River Housing Project which is funded and confirmed by Alberta Emergency Management Agency.

Due to significant uncertainty in measurement, as well as significant uncertainty of collectability, The City has not recognized accounts receivable or revenue for Provincial or insurance related proceeds that it expects to receive in the future related to remediation or mitigation costs. These amounts will be recorded as revenue in the fiscal year received.

TCA's that were significantly impacted by the flood include a variety of asset types through a variety of business units. The majority of asset classes affected include buildings, various engineered structures (e.g. roads, bridges, pathways, transit lines, etc.), machinery and equipment and vehicles. The majority of these assets have been replaced or repaired with the remainder of these costs to be incurred in 2015 and beyond. The City has completed review assessment's of the conditions of assets affected by the flood and has determined that no permanent impairment is present as at December 31, 2014.

### Measurement Uncertainty

The impact of the flood was subject to a high degree of estimation and judgement, particularly as it relates to the estimation of future expenditures and impairment of assets. The City has used the best information at the time in all measurements and estimations related to the flood and those estimates may not materialize and the final results and adjustments to these estimates will be reflected in future financial statements.

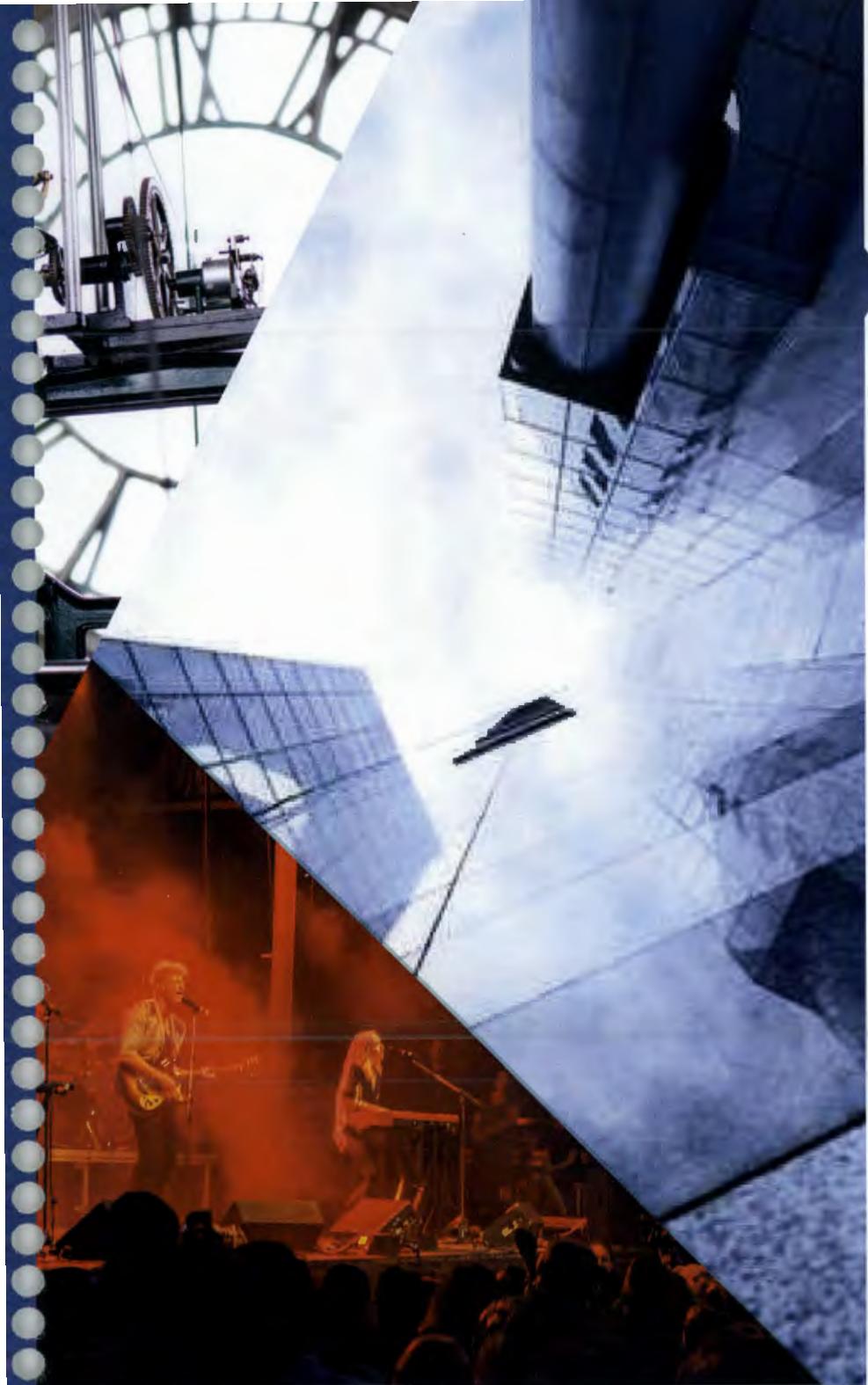
The City has estimated the total cost of capital expenditures related to the flood to be approximately \$445,147 (excluding resiliency), which includes repairs, replacements and mitigation strategies, of which \$95,827 (2013 – \$101,180) has been incurred.

## 33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Reclassifications have been made in 2013 to reclassify certain receivables, other assets, equity investment in Co-Ownership, accounts payable, deferred revenue, provision for landfill rehabilitation, guarantees, and capital fund.

## 34. SUBSEQUENT EVENTS

On March 30, 2015, The City activated a loan guarantee for \$10,000 in support of AHCC's, a wholly owned subsidiary of The City, line of credit with a financial institution. The City is obligated to make immediate payment of the line of credit facility on behalf of AHCC in the event AHCC cannot fulfill its obligations to the financial institution until the guarantee expires in 2021. The interest rate on the line of credit facility is Prime minus 0.75% per annum. No amount has been accrued in the consolidated financial statements of The City with respect to this agreement.



The City of Calgary, Alberta

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# FINANCIAL & STATISTICAL SCHEDULES

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## Revenue by Source Unaudited (see Notes) 2010 to 2014

(in thousands of dollars)

	2014 Operating	2014 Capital	Total	2013 Operating (Restated) <sup>(4)</sup>	2013 Capital (Restated) <sup>(4)</sup>	2013 Total (Restated) <sup>(4)</sup>
Property taxes	\$ 2,006,894	\$ -	\$ 2,006,894	\$ 1,906,540	-	1,906,540
Community Revitalization Levy	32,745	-	32,745	27,336	-	27,336
Business taxes	201,114	-	201,114	225,390	-	225,390
Revenue in lieu of taxes	224,186	-	224,186	202,517	-	202,517
Local improvement levies and special taxes	5,624	-	5,624	80,021	-	80,021
	2,470,563	-	2,470,563	2,441,804	-	2,441,804
Less: Provincial property taxes	(669,163)	-	(669,163)	(636,138)	-	(636,138)
<b>Net taxes available for municipal purposes</b>	<b>1,801,400</b>	<b>-</b>	<b>1,801,400</b>	<b>1,805,666</b>	<b>-</b>	<b>1,805,666</b>
Sales of goods and services						
Water and sewer	528,913	-	528,913	481,613	-	481,613
Public transit	191,171	-	191,171	186,493	-	186,493
Real estate	127,641	-	127,641	88,417	-	88,417
Recreation and culture	72,280	-	72,280	67,745	-	67,745
Parking	62,762	-	62,762	59,941	-	59,941
Social housing	49,978	-	49,978	47,469	-	47,469
Protective services	43,752	-	43,752	45,790	-	45,790
Waste disposal	99,535	-	99,535	91,525	-	91,525
Other	43,420	-	43,420	47,305	-	47,305
	1,219,452	-	1,219,452	1,116,298	-	1,116,298
<b>Government transfers and revenue sharing agreements</b>						
Federal						
Debenture interest rebates	147	-	147	151	-	151
Revenue and cost sharing agreements and grants agreements	4,339	48,919	53,258	4,311	88,971	93,282
Provincial						
Debenture interest rebates	33	-	33	48	-	48
Grants, entitlements, revenue and cost sharing agreements	150,153	552,807	702,960	108,858	294,007	402,865
	154,672	601,726	756,398	113,368	382,978	496,346
<b>Other revenue</b>						
Dividends from ENMAX Corporation	60,000	-	60,000	67,500	-	67,500
Other equity earnings in ENMAX	94,969	-	94,969	284,983	-	284,983
Other equity earnings in Co-Ownership	1,992	-	1,992	-	-	-
Developer contributions	-	88,921	88,921	-	95,783	95,783
Donated assets	-	228,284	228,284	-	249,829	249,829
Investment income	61,742	-	61,742	47,357	-	47,357
Fines and penalties	72,121	-	72,121	69,503	-	69,503
Licences, permits and fees	116,512	-	116,512	103,645	-	103,645
Miscellaneous revenue	44,910	-	44,910	95,292	-	95,292
	452,246	317,205	769,451	668,280	345,612	1,013,892
<b>Total revenue</b>	<b>\$ 3,627,770</b>	<b>\$ 918,931</b>	<b>\$ 4,546,701</b>	<b>\$ 3,703,612</b>	<b>\$ 728,590</b>	<b>\$ 4,432,202</b>

2012 Operating (Restated) <sup>(3)</sup>	2012 Capital (Restated) <sup>(3)</sup>	2012 Total (Restated) <sup>(3)</sup>	2011 Operating	2011 Capital	2011 Total	2010 Operating (Restated) <sup>(1)</sup>	2010 Capital (Restated) <sup>(1)</sup>	2010 Total (Restated) <sup>(1)</sup>
\$ 1,775,276	\$ -	\$ 1,775,276	\$ 1,631,781	\$ -	\$ 1,631,781	\$ 1,554,635	\$ -	\$ 1,554,635
22,396	-	22,396	15,110	-	15,110	11,068	-	11,068
214,174	-	214,174	212,264	-	212,264	201,681	-	201,681
209,778	-	209,778	202,012	-	202,012	176,246	-	176,246
13,308	-	13,308	13,366	-	13,366	13,121	-	13,121
2,234,932	-	2,234,932	2,074,533	-	2,074,533	1,956,751	-	1,956,751
(641,485)	-	(641,485)	(607,216)	-	(607,216)	(612,791)	-	(612,791)
1,593,447	-	1,593,447	1,467,317	-	1,467,317	1,343,960	-	1,343,960
435,386	-	435,386	394,878	-	394,878	370,698	-	370,698
169,914	-	169,914	151,887	-	151,887	150,463	-	150,463
80,994	-	80,994	98,496	-	98,496	65,683	-	65,683
65,247	-	65,247	55,525	-	55,525	60,011	-	60,011
58,435	-	58,435	53,618	-	53,618	52,361	-	52,361
45,586	-	45,586	39,410	-	39,410	42,240	-	42,240
42,529	-	42,529	42,655	-	42,655	47,866	-	47,866
85,019	-	85,019	89,053	-	89,053	84,068	-	84,068
45,429	-	45,429	40,891	-	40,891	33,839	-	33,839
1,028,539	-	1,028,539	966,413	-	966,413	907,229	-	907,229
400	-	400	778	-	778	943	-	943
5,717	112,135	117,852	5,640	79,867	85,507	5,998	62,661	68,659
135	-	135	135	159	294	153	149	302
117,839	378,608	496,447	118,377	452,839	571,216	158,595	415,673	574,268
124,091	490,743	614,834	124,930	532,865	657,795	165,689	478,483	644,172
56,000	-	56,000	55,600	-	55,600	61,800	-	61,800
169,038	-	169,038	128,981	-	128,981	116,019	-	116,019
-	-	-	-	-	-	-	-	-
-	96,396	96,396	-	55,220	55,220	-	36,031	36,031
-	257,122	257,122	-	188,071	188,071	-	199,622	199,622
41,753	-	41,753	43,980	-	43,980	40,507	-	40,507
75,477	-	75,477	69,680	-	69,680	67,324	-	67,324
90,938	-	90,938	74,527	-	74,527	70,739	-	70,739
44,339	-	44,339	35,319	-	35,319	35,625	-	35,625
477,545	353,518	831,063	408,087	243,291	651,378	392,014	235,653	627,667
\$ 3,223,672	\$ 844,261	\$ 4,067,883	\$ 2,966,747	\$ 776,156	\$ 3,742,903	\$ 2,808,892	\$ 714,136	\$ 3,523,028

## Expenses By Function unaudited (see Notes) 2010 to 2014

(In thousands of dollars)

	2014	2013 <sup>(4)</sup>	2012 <sup>(3)</sup>	2011	2010 <sup>(1)(2)</sup>
<b>Protective Services</b>		(Restated)	(Restated)		(Restated)
Police	\$ 451,116	\$ 440,213	\$ 410,897	\$ 384,396	\$ 368,947
Fire	279,354	263,501	246,737	233,265	222,279
	<b>730,470</b>	<b>703,714</b>	<b>657,634</b>	<b>617,661</b>	<b>591,226</b>
<b>Transportation</b>					
Public transit	513,009	494,625	438,856	391,456	367,128
Roads, traffic and parking	433,444	397,462	383,383	362,113	467,576
	<b>946,453</b>	<b>892,087</b>	<b>822,239</b>	<b>753,569</b>	<b>834,704</b>
<b>Environmental protection</b>					
Water services & resources	435,912	404,800	384,764	362,259	329,901
Waste and recycling	136,664	125,236	111,336	94,476	119,980
	<b>572,576</b>	<b>530,036</b>	<b>496,100</b>	<b>456,735</b>	<b>449,881</b>
<b>Social development</b>					
Community and social development	61,784	63,132	55,567	56,736	51,694
Social housing	127,251	129,001	113,430	106,174	123,501
	<b>189,035</b>	<b>192,133</b>	<b>168,997</b>	<b>162,910</b>	<b>175,195</b>
<b>Recreation and culture</b>					
Parks and recreation facilities	257,178	264,550	214,423	263,844	255,456
Societies and related authorities	103,315	108,453	68,593	84,077	96,942
Calgary Public Library Board	52,898	47,011	52,195	51,367	45,481
	<b>413,391</b>	<b>420,014</b>	<b>335,211</b>	<b>399,288</b>	<b>397,879</b>
<b>Other expenditure</b>					
General government	319,922	350,073	276,005	277,138	199,097
Public works	199,408	193,486	177,086	186,081	167,355
Real estate services	83,978	82,476	76,001	57,690	80,820
	<b>603,308</b>	<b>626,035</b>	<b>529,092</b>	<b>520,909</b>	<b>447,272</b>
<b>Total expenses</b>	<b>\$ 3,455,233</b>	<b>\$ 3,364,019</b>	<b>\$ 3,009,273</b>	<b>\$ 2,911,072</b>	<b>\$ 2,896,157</b>

Notes: (1) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

(2) Reclassifications have been made in 2010 to reclassify amortization and interest expenses by function. Years prior to 2010 have not been restated for this adjustment.

(3) Figures for 2012 have been restated for the correction of certain tangible capital asset adjustments identified in 2013. Years prior to 2012 have not been restated for this adjustment.

(4) Figures for 2013 have been restated for the correction of certain tangible capital asset and tax revenue adjustments identified in 2014. Years prior to 2013 have not been restated for these adjustments.

## Other Financial and Statistical Schedules

### FINANCIAL POSITION AND NET REVENUES UNAUDITED

2010 to 2014 (in thousands of dollars)

	2014	2013 <sup>(3)</sup> (Restated)	2012 <sup>(2)</sup> (Restated)	2011	2010 <sup>(1)</sup> (Restated)
Financial assets	\$ 6,871,619	\$ 6,475,739	\$ 5,407,521	\$ 4,831,572	\$ 4,766,081
Financial liabilities	5,922,419	5,903,530	5,267,439	5,009,322	4,708,417
Net financial assets (debt)	949,200	572,209	140,082	(177,750)	57,664
Non-financial assets	14,379,324	13,692,365	13,043,074	12,233,230	11,196,485
Accumulated surplus	15,328,524	14,264,574	13,183,156	12,055,480	11,254,149
Annual Surplus	\$ 1,063,950	\$ 1,081,418	\$ 1,127,676	\$ 801,331	\$ 611,638

Notes: (1) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

(2) Figures for 2012 have been restated for the correction of certain tangible capital asset adjustments identified in 2013. Years prior to 2012 have not been restated for this adjustment.

(3) Figures for 2013 have been restated for the correction of certain tangible capital asset, land inventory, and tax revenue accounting related adjustments identified in 2014. Years prior to 2013 have not been restated for these adjustments.

### ACQUISITION OF TANGIBLE CAPITAL ASSETS

2010 to 2014 (in thousands of dollars)

	2014	2013 <sup>(3)</sup> (Restated)	2012 <sup>(2)</sup> (Restated)	2011	2010 <sup>(1)</sup> (Restated)
Acquisition of tangible capital assets	\$ 1,023,610	\$ 860,344	\$ 1,080,022	\$ 1,285,272	\$ 1,232,487

Notes: (1) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

(2) Figures for 2012 have been restated for the correction of certain tangible capital asset adjustments identified in 2013. Years prior to 2012 have not been restated for this adjustment.

(3) Figures for 2013 have been restated for the correction of certain tangible capital asset adjustments identified in 2014. Years prior to 2013 have not been restated for these adjustments.

## Other Financial and Statistical Schedules

### CONSOLIDATED ACCUMULATED SURPLUS UNAUDITED

2010 to 2014 (in thousands of dollars)

	2014	2013 <sup>(3)</sup> (Restated)	2012 <sup>(2)</sup> (Restated)	2011	2010 <sup>(1)</sup> (Restated)
Operating fund	\$ 27,490	\$ 8,159	\$ 31,258	\$ 5,243	\$ 24,992
Capital fund	305,212	234,939	49,866	(33,649)	84,042
Reserves	1,626,107	1,437,065	1,297,791	1,131,968	1,017,747
Unfunded portion of provision for landfill rehabilitation <sup>(1)</sup>	(9,190)	–	–	(16,500)	(13,500)
Equity in ENMAX	2,527,655	2,460,204	2,161,986	1,943,731	1,845,250
Equity in Co-Ownership	1,539	3,438	–	–	–
Local improvements to be funded in future years <sup>(4)</sup>	72,921	70,719	–	–	–
Equity in non-financial assets	10,776,790	10,050,050	9,642,255	9,024,687	8,295,618
	<b>\$ 15,328,524</b>	<b>\$ 14,264,574</b>	<b>\$ 13,183,156</b>	<b>\$ 12,055,480</b>	<b>\$ 11,254,149</b>

Notes: (1) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments and post closure costs on active landfill sites identified in 2011. Years prior to 2010 have not been restated for this adjustment.

(2) Figures for 2012 have been restated for the correction of certain tangible capital asset adjustments identified in 2013. Years prior to 2012 have not been restated for this adjustment.

(3) Figures for 2013 have been restated for the correction of certain tangible capital asset and tax revenue accounting adjustments identified in 2014. Years prior to 2013 have not been restated for these adjustments.

(4) 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.

### EXPENSES BY OBJECT UNAUDITED

2010 to 2014 (in thousands of dollars)

	2014	2013 <sup>(3)</sup> (Restated)	2012 <sup>(2)</sup> (Restated)	2011	2010 <sup>(1)</sup> (Restated)
Salaries, wages and benefits	\$ 1,746,977	\$ 1,693,095	\$ 1,570,469	\$ 1,495,451	\$ 1,421,993
Contracted and general services	426,657	501,829	321,683	366,936	439,334
Materials, equipment and supplies	338,899	336,045	237,771	250,271	216,175
Interest charges					
Tax supported	57,073	52,931	49,111	62,623	54,178
Self supported	82,426	85,229	86,618	70,749	69,860
Transfer payments	156,931	162,546	129,818	167,312	167,699
Utilities	86,931	75,003	70,455	67,406	60,454
Amortization	546,449	437,028	525,054	413,273	398,286
Loss on disposal of tangible capital assets	12,890	20,313	18,294	17,051	68,178
Total expenses	<b>\$ 3,455,233</b>	<b>\$ 3,364,019</b>	<b>\$ 3,009,273</b>	<b>\$ 2,911,072</b>	<b>\$ 2,896,157</b>

Notes: (1) Figures for 2010 have been restated for the correction of certain tangible capital asset adjustments identified in 2011. Years prior to 2010 have not been restated for this adjustment.

(2) Figures for 2012 have been restated for the correction of certain tangible capital asset adjustments identified in 2013. Years prior to 2012 have not been restated for this adjustment.

(3) Figures for 2013 have been restated for the correction of certain tangible capital asset related adjustments identified in 2014. Years prior to 2013 have not been restated for this adjustment.

## Other Financial and Statistical Schedules

### CONSOLIDATED INVESTMENTS UNAUDITED

2010 to 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
<b>Cost:</b>					
Government of Canada	\$ 306,468	\$ 296,416	\$ 52,593	\$ 148,114	\$ 164,569
Other Government	500,394	336,992	625,113	323,104	399,370
Corporate	2,680,473	2,487,030	1,893,506	1,728,753	1,685,924
Equity investments	209,463	197,025	138,146	133,032	108,216
	<b>\$ 3,696,798</b>	<b>\$ 3,317,463</b>	<b>\$ 2,709,358</b>	<b>\$ 2,333,003</b>	<b>\$ 2,358,079</b>
<b>Market Value:</b>					
Government of Canada	\$ 307,628	\$ 295,882	\$ 53,039	\$ 149,767	\$ 164,614
Other government	508,199	333,205	630,196	333,787	403,198
Corporate	2,689,034	2,486,998	1,900,726	1,734,843	1,690,935
Equity investments	263,798	238,039	151,249	134,098	127,430
	<b>\$ 3,768,659</b>	<b>\$ 3,354,124</b>	<b>\$ 2,735,210</b>	<b>\$ 2,352,495</b>	<b>\$ 2,386,177</b>

## Other Financial and Statistical Schedules

### CONSOLIDATED RESERVES UNAUDITED

2010 to 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
<b>Significant Reserves</b>					
Fiscal stability	\$ 415,881	\$ 357,301	\$ 294,985	\$ 240,932	\$ 224,916
Reserve for future capital	318,286	269,629	271,888	255,492	232,534
Debt servicing	52,570	52,570	67,769	72,996	82,827
Corporate housing reserve	35,750	31,903	44,547	43,274	65,589
Legacy parks	23,033	19,738	13,332	9,695	15,733
Real estate services (combined operating & capital)	90,913	73,799	68,239	69,605	35,851
Community investment	168,302	151,077	112,223	76,959	36,914
Development and building approvals ("DBA") sustainment	74,063	48,701	30,794	27,488	36,071
Reserve for tax loss provision	37,398	39,823	39,823	36,329	33,146
Landfill revenue <sup>(2)</sup>	-	-	-	-	10,794
Lifecycle maintenance and upgrade	97,251	125,729	102,075	92,205	75,477
Calgary Housing Company	22,589	17,010	13,737	10,625	6,851
	<b>\$ 1,336,036</b>	<b>\$ 1,187,280</b>	<b>\$ 1,059,412</b>	<b>\$ 935,600</b>	<b>\$ 856,703</b>
Other reserve balances will be utilized in future years for the following types of expenses:					
Wastewater treatment and disposal and water supply <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 18,624
Utilities sustainment <sup>(1)</sup>	49,153	44,076	52,226	18,982	-
Social programs	8,316	8,283	7,916	7,900	9,336
Police services (capital)	30,978	28,362	25,923	20,151	15,502
Police services (operating)	4,000	4,000	4,000	-	-
Waste & recycling sustainment <sup>(2)</sup>	41,968	33,808	41,910	58,162	24,059
ENMAX Dividend Stabilization	16,450	10,100	-	-	-
Other operating <sup>(3)</sup>	59,076	52,205	45,885	39,885	35,976
Other capital expenditures	80,130	68,951	60,519	51,288	57,547
	<b>290,071</b>	<b>249,785</b>	<b>238,379</b>	<b>196,368</b>	<b>161,044</b>
	<b>\$ 1,626,107</b>	<b>\$ 1,437,065</b>	<b>\$ 1,297,791</b>	<b>\$ 1,131,968</b>	<b>\$ 1,017,747</b>

Notes: (1) In 2011, Wastewater treatment, disposal and water supply reserves were closed and funds transferred to a new Utilities sustainment reserve.

(2) In 2011, Landfill revenue and the Environmental control reserves were closed and the funds transferred to a new Waste and recycling sustainment reserve.

(3) In 2013, other operating reserves were restated for the correction of tax revenue accounting related adjustments identified in 2014.

# Taxation and Assessments unaudited 2010 to 2014

(in thousands of dollars unless otherwise stated)

	2014	2013 (1) (Restated)	2012	2011	2010	
<b>TAX RATES</b>						
Residential						
Municipal and Library	Mills	3.747	3.797	3.457	3.205	3.138
Provincial property	Mills	2.356	2.525	2.709	2.464	2.735
Non-Residential						
Municipal and Library	Mills	10.694	10.991	12.311	11.510	9.909
Provincial property	Mills	3.417	3.305	3.934	4.099	3.885
<b>ASSESSED VALUES</b>						
Residential		\$ 183,058,116	\$ 170,331,240	\$ 162,729,050	\$ 165,284,722	\$ 150,838,293
Percentage of total (%)		74.1	74.9	77.6	78.6	76.2
Commercial, industrial and farm		\$ 64,107,914	\$ 57,042,815	\$ 46,855,572	\$ 44,859,905	\$ 47,067,544
Percentage of total (%)		25.9	25.1	22.4	21.4	23.8
Total assessment		\$ 247,166,030	\$ 227,374,055	\$ 209,584,622	\$ 210,144,627	\$ 197,905,837
<b>TAX LEVIES</b>						
Municipal property taxes						
Residential		\$ 691,397	\$ 650,287	\$ 563,117	\$ 526,126	\$ 471,447
Non-residential		655,222	628,404	579,364	507,369	479,406
Community Revitalization Levy		32,745	27,336	22,396	15,110	11,068
Business taxes		201,114	225,390	214,174	212,264	201,681
Revenue in lieu of taxes		215,298	194,228	201,088	193,081	167,237
Local improvement levies and special levies		5,624	80,021	13,308	13,366	13,121
		\$ 1,801,400	\$ 1,805,808	\$ 1,593,447	\$ 1,467,316	\$ 1,343,960
Provincial property taxes						
Residential		\$ 436,150	\$ 444,289	\$ 443,274	\$ 406,908	\$ 412,115
Non-residential		224,125	183,560	189,521	191,378	191,667
Revenue in lieu of taxes		8,888	8,289	8,690	8,930	9,009
		669,163	636,138	641,485	607,216	612,791
Total taxes levied		\$ 2,470,563	\$ 2,441,804	\$ 2,234,932	\$ 2,074,532	\$ 1,956,751
<b>Percentage of Total Levies</b>						
Property tax						
Residential property		45.64%	44.83%	45.03%	44.98%	45.15%
Non-residential property		35.59%	33.25%	34.40%	33.69%	34.29%
Local improvement levies		0.23%	3.28%	0.60%	0.63%	0.67%
Community Revitalization Levy		1.33%	1.12%	1.00%	0.73%	0.57%
Business tax		8.14%	9.23%	9.58%	10.23%	10.31%
Revenue in lieu of taxes		9.07%	8.29%	9.39%	9.74%	9.01%

Note: (1) Figures for 2013 have been restated for the correction of tax revenue accounting related adjustments identified in 2014.

# Taxation and Assessments unaudited 2010 to 2014

(in thousands of dollars unless otherwise stated)

	2014	2013 <sup>(1)</sup> (Restated)	2012	2011	2010
<b>PROPERTY TAX – Continuity</b>					
Taxes receivable, January 1	\$ 40,556	\$ 40,643	\$ 40,075	\$ 45,063	\$ 40,630
Current levies					
Property taxes	2,092,111	1,962,606	1,821,259	1,687,367	1,576,283
Business taxes	203,675	228,455	222,846	215,488	205,391
Non-tax items for collection	1,253	1,154	1,378	1,534	1,415
Penalties	8,631	8,296	9,088	9,037	8,610
Cancellation of tax arrears	(597)	(1,412)	(2,218)	(3,381)	(16,443)
Write-off of taxes	(3,266)	(534)	(559)	(614)	(868)
Total to be collected	2,342,363	2,239,208	2,091,869	1,954,494	1,815,018
Collections during the year					
Current levies	(2,278,604)	(2,164,807)	(2,018,942)	(1,878,537)	(1,748,852)
Arrears	(32,051)	(33,845)	(32,284)	(35,882)	(21,103)
Subtotal	31,708	40,556	40,643	40,075	45,063
Allowance for doubtful accounts	(500)	(450)	(850)	(500)	(850)
Taxes receivable, December 31	\$ 31,208	\$ 40,106	\$ 39,793	\$ 39,575	\$ 44,213
Percentage of current taxes collected (%)	97.28%	96.68%	96.51%	96.11%	97.50%
Taxes outstanding as a percentage of the current year levy (%)	1.38%	1.85%	1.99%	2.10%	2.40%
<b>Other Major Tax Levies:</b>					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 131,168	\$ 129,735	\$ 147,833	\$ 125,536	\$ 97,621
Franchise fees	77,042	57,354	48,635	63,873	65,327
Governments					
Provincial	9,649	9,403	10,931	10,255	11,094
Federal	2,081	2,011	2,443	2,328	2,204
	\$ 219,940	\$ 198,503	\$ 209,842	\$ 201,992	\$ 176,246

Note: (1) Figures for 2013 have been restated for the correction of tax revenue accounting related adjustments identified in 2014.

## Continuity of Long-Term Debt unaudited 2010 to 2014

(in thousands of dollars unless otherwise stated)

	2014	2013	2012	2011	2010
Opening Balance	\$ 3,661,382	\$ 3,420,540	\$ 3,228,887	\$ 2,945,662	\$ 2,476,075
<b>New issues or additions during the year</b>					
Tax supported					
Debentures	4,509	261,308	8,872	24,401	45,166
Capital leases	-	-	-	-	-
	4,509	261,308	8,872	24,401	45,166
Self supported					
Debentures	288,211	91,701	191,500	188,600	228,407
Local improvement debentures	7,195	5,273	4,018	6,864	23,686
Capital leases	-	-	84	5,391	-
Mortgages and other debt	3,590	1,530	(7,844)	10,393	46,251
	298,996	98,504	187,758	211,248	298,344
Self sufficient tax supported					
Debentures	101,500	77,000	240,000	248,000	308,000
	101,500	77,000	240,000	248,000	308,000
<b>Debt repaid during the year</b>					
Tax supported					
Debentures	(46,494)	(51,979)	(55,728)	(52,127)	(58,564)
Capital leases	-	-	(135)	(335)	(622)
	(46,494)	(51,979)	(55,863)	(52,462)	(59,186)
Self supported					
Debentures	(122,489)	(124,337)	(120,648)	(120,103)	(112,621)
Local improvement debentures	(5,695)	(8,278)	(8,826)	(9,524)	(6,321)
Capital leases	(914)	(932)	(926)	(301)	-
Mortgages and other debt	(20,935)	(7,822)	(57,228)	(17,677)	(3,795)
	(150,033)	(141,369)	(187,628)	(147,605)	(122,737)
Self sufficient tax supported					
Debentures	(243,683)	(2,622)	(1,486)	(357)	-
	(243,683)	(2,622)	(1,486)	(357)	-
<b>Increase (Decrease)</b>					
Tax supported	(41,985)	209,329	(46,991)	(28,061)	(14,020)
Self supported	148,963	(42,865)	130	63,643	175,607
Self sufficient tax supported	(142,183)	74,378	238,514	247,643	308,000
<b>Net Increase during the year</b>	(35,205)	240,842	191,653	283,225	469,587
<b>Closing balance</b>	<b>\$ 3,626,177</b>	<b>\$ 3,661,382</b>	<b>\$ 3,420,540</b>	<b>\$ 3,228,887</b>	<b>\$ 2,945,662</b>
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	2.4	2.6	3.1	3.1	3.6
Percentage of legal debt limit as per <i>Municipal Government Act</i> [see Note 14(f)]	52.4	54.4	57.2	58.9	56.9

# Continuity of Long-Term Debt unaudited 2010 to 2014

(In thousands of dollars unless otherwise stated)

	2014	2013	2012	2011	2010
<b>Tax Supported</b>					
Facility management (CPB)	\$ 48,820	\$ 49,359	\$ 51,210	\$ 53,828	\$ 51,231
Fire	2,912	3,230	3,451	3,768	3,846
General government	-	96	283	477	676
Parks and recreation	295,487	307,850	65,724	72,227	74,737
Police	-	334	1,202	2,387	3,741
Social housing	4,887	5,205	5,508	5,796	6,070
Roads	128,350	148,289	166,082	186,438	203,892
Societies & related authorities	13,247	13,610	12,334	14,555	11,018
Waste & recycling services	4,446	4,723	4,987	5,238	5,478
Transit	30,655	38,093	50,679	63,737	75,823
	<b>528,804</b>	<b>570,789</b>	<b>361,460</b>	<b>408,451</b>	<b>436,512</b>
Tax supported, % of total	14.6	15.6	10.6	12.6	14.8
Per capita, tax supported	\$ 442	\$ 493	\$ 323	\$ 374	\$ 407
<b>Self Supported</b>					
Calgary Parking Authority	\$ 4,333	\$ 5,487	\$ 6,588	\$ 7,638	\$ 8,860
Calhome Properties Ltd.	20,647	26,027	31,262	36,272	41,011
Lindsay Park Sports Society	6,642	2,067	2,345	2,614	2,874
Water services & resources	1,789,574	1,646,815	1,665,394	1,569,501	1,485,658
Facility management (CPB)	520	1,000	1,452	2,382	2,812
Fleet services	101,947	91,370	98,426	112,301	113,061
General government	-	-	-	-	203
Parks and recreation	5,451	6,665	8,163	9,772	11,474
Social housing	10,838	12,556	14,929	17,784	19,998
Real estate services	26,580	26,580	26,955	27,312	27,650
Roads	73,335	80,186	82,074	149,675	81,490
Societies & related authorities	1,173	1,474	3,727	4,228	4,700
Waste & recycling services	23,981	15,831	17,608	19,314	20,952
Transportation infrastructure	-	-	-	-	74,407
	<b>2,065,021</b>	<b>1,916,058</b>	<b>1,958,923</b>	<b>1,958,793</b>	<b>1,895,150</b>
Self supported, % of total	56.9	52.3	57.3	60.7	64.1
Per capita, self supported	\$ 1,728	\$ 1,657	\$ 1,749	\$ 1,796	\$ 1,764
<b>Self Sufficient Tax supported</b>					
CMLC	\$ 181,852	\$ 154,535	\$ 150,157	\$ 131,643	\$ 104,000
MSI	850,500	1,020,000	950,000	730,000	510,000
	<b>1,032,352</b>	<b>1,174,535</b>	<b>1,100,157</b>	<b>861,643</b>	<b>614,000</b>
Self suff tax supp, % of total	28.5	32.1	32.2	26.7	20.8
Per capita, self suff tax supported	\$ 864	\$ 1,015	\$ 982	\$ 790	\$ 573
<b>Total City debt</b>	<b>3,626,177</b>	<b>3,661,382</b>	<b>3,420,540</b>	<b>3,228,887</b>	<b>2,945,662</b>
ENMAX debt	1,088,771	915,510	827,828	732,877	631,494
<b>Total debt attributable to The City</b>	<b>\$ 4,714,948</b>	<b>\$ 4,576,892</b>	<b>\$ 4,248,368</b>	<b>\$ 3,961,764</b>	<b>\$ 3,577,156</b>

## Demographic and Other Information unaudited 2010 to 2014

	2014	2013 <sup>(1)</sup> (Restated)	2012	2011	2010
<b>Population, per April civic census</b>	<b>1,195,194</b>	<b>1,156,686</b>	<b>1,120,225</b>	<b>1,090,936</b>	<b>1,071,515</b>
Change due to natural increase	10,491	10,260	9,631	9,858	10,214
Change due to net migration	28,017	26,201	19,658	9,563	(4,154)
<b>Dwelling Units, per April civic census</b>					
Total number of units	478,223	468,358	459,339	450,952	445,455
Number of vacancies	9,315	11,782	12,616	16,180	16,929
Owner occupancy rate (%)	68.73	68.5	69.3	70.1	70.7
<b>Housing Activity</b>					
Annual applications for residential units					
Total residential	15,027	14,838	13,600	10,106	7,249
Change (%)	1.3	9.1	34.6	39.4	16.6
Single family	5,584	5,939	4,569	4,865	4,102
Change (%)	(6.0)	30.0	(6.1)	18.6	(1.5)
MLS average selling price (\$) <sup>(1)</sup>	483,160	456,695	428,655	414,570	397,442
New housing price inflation (%) <sup>(2)</sup>	7.2	5.1	2.6	2.4	3.4
<b>Building Permits, applied for</b>					
Number of applications	19,549	17,921	16,613	15,550	15,277
Change (%)	9.1	7.9	6.8	1.8	1.0
Value, in thousands of dollars	\$6,510,000	\$6,027,000	\$4,475,000	\$4,538,000	\$2,916,000
Change (%)	8.0	34.7	(1.4)	55.6	(20.3)
<b>Inflation, CPI annual increases <sup>(2)</sup></b>					
Calgary	3.00%	0.90%	1.00%	2.20%	0.80%
Alberta	2.60%	1.40%	1.10%	2.40%	1.00%
Canada	2.00%	1.70%	1.50%	2.90%	1.80%
<b>Unemployment Rate <sup>(2)</sup></b>					
Calgary	5.00%	4.80%	4.90%	6.20%	7.00%
Alberta	4.70%	4.60%	4.90%	5.60%	6.60%
Canada	6.90%	7.10%	7.10%	7.50%	8.10%

Note: (1) Figures for 2013 were revised to account for refinements in the original census data.

### External Sources

(1) Calgary Real Estate Board

(2) Statistics Canada

## Demographic and OTHER INFORMATION unaudited 2010 to 2014

	2014	2013 <sup>(4)</sup> (Restated)	2012	2011	2010
<b>Revenue sources – City general <sup>(1)</sup></b>	<b>\$ 2,816,520</b>	<b>\$ 2,725,055</b>	<b>\$ 2,455,521</b>	<b>\$ 2,312,699</b>	<b>\$ 2,231,090</b>
Taxes and revenue in lieu of taxes	63.96%	66.26%	64.89%	63.45%	62.00%
General	27.65%	26.47%	27.14%	28.26%	27.80%
Utilities and related authorities contributions	2.45%	2.32%	2.56%	2.75%	2.90%
Government transfers	3.81%	2.47%	3.12%	3.15%	4.60%
Dividends from ENMAX Corporation	2.13%	2.48%	2.28%	2.40%	2.80%
<b>Interest charges – City general</b>					
As a % of operating expenses					
Before subsidy	4.25%	4.35%	4.74%	4.91%	5.40%
After subsidy	4.25%	4.35%	4.74%	4.91%	5.00%
<b>Interest charges – consolidated</b>					
Before subsidy (000s)	\$ 112,537	\$ 111,076	\$ 111,605	\$ 113,845	\$ 112,214
Share of operating expenses (%)	4.2	4.2	4.6	4.8	4.2
After subsidy (000s)	\$ 112,357	\$ 111,876	\$ 111,070	\$ 112,392	\$ 112,198
Share of operating expenses (%) (net of subsidy)	4.2	4.2	4.6	4.8	4.2
<b>Debt service limit (principal + interest)</b>					
Total debt service limit	\$ 1,245,905	\$ 1,206,419	\$ 1,083,243	\$ 933,085	\$ 933,486
Total debt service	\$ 779,683	\$ 872,950	\$ 663,241	\$ 628,462	\$ 500,150
Percentage used (%)	62.6	72.4	61.2	63.3	53.6
<b>Debt limit <sup>(2)</sup></b>					
Total debt limit (000s)	\$ 7,119,460	\$ 6,893,824	\$ 6,189,960	\$ 5,674,772	\$ 5,334,208
Total debt (000s)	\$ 3,728,462	\$ 3,749,288	\$ 3,338,824	\$ 3,343,881	\$ 3,024,576
Percentage used (%)	52.4	54.4	57.2	58.9	56.7
<b>Municipal full-time equivalents – (excluding ENMAX Corporation)</b>					
Total full-time equivalents	15,928	15,207	15,352	15,449	15,038
Full-time equivalents per 1,000 population	13.3	13.2	13.7	14.2	14
Area, square kilometres	848	848	848	848	848
Km of roads (lane km)	19,488	19,268	19,088	18,041	17,809
Km of roads (centreline km)	7,312	7,260	7,115	6,732	6,634
Km of bus routes	3,804	4,138	4,138	4,419	4,205
Transit passenger trips, annual (000s)	109,956	107,493	101,972	96,204	94,368
Km of wastewater mains <sup>(3)</sup>	4,490	4,309	4,311	4,311	4,299
Km of water mains <sup>(3)</sup>	4,982	4,934	4,881	4,843	4,777
Km of storm drainage mains <sup>(3)</sup>	4,175	4,100	4,027	3,989	3,914

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

(2) Calculations as prescribed by The Province of Alberta, regulation 375/94 and does not include debt attributable to ENMAX Corporation.

(3) Prior year drainage mains reported certain types of piping that are no longer classified as drainage mains. The prior years values have been adjusted.

(4) Figures for 2013 have been restated for the correction of tax revenue accounting related adjustments identified in 2014.

NOTES

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