

## **Calgary Parking Authority 2021 Year-End Financial Report**

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Consider this report in conjunction with Report AC2022-1199 External Auditor – Calgary Parking Authority 2021 Year-End Report; and
2. Recommends Council approval of the Calgary Parking Authority 2021 Annual Financial Statements.

### **RECOMMENDATION OF THE AUDIT COMMITTEE, 2022 NOVEMBER 17:**

That Council approve the Calgary Parking Authority 2021 Annual Financial Statements.

### **HIGHLIGHTS**

- The 2021 External Auditor's Year End Audit Report is required for the Audit Committee to fulfill its audit governance responsibilities, with respect to confirming the integrity of the Calgary Parking Authority's Annual Financial Statements and recommending its approval to Council. The External Auditor's Year-End Audit Report will be brought forward to Council as report AC2022-1199. Financial Reporting compliance with provincial legislation is essential to ensure public confidence and fulfill the public's need for transparency and accountability.
- The Calgary Parking Authority is integrating fully into the City of Calgary as of December 19, 2022. 2021 is the last year that stand alone financial statements will need to be prepared and audited.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

### **DISCUSSION**

The Calgary Parking Authority Annual Financial Statements will be published on the Calgary Parking authority website and will be available to the public. This will provide readers with financial and operation information for 2021.

#### **Summary of Financial Results:**

The Public Sector Accounting Standards reporting model prescribes five indicators of performance:

1. Net Financial Assets (Debt);
2. Accumulated Surplus (Deficit);
3. Annual Surplus (Deficit);
4. Cash Flow in the Year; and
5. Change in Net Financial Assets (Debt) in the Year.

Together, these indicators help the reader understand how well the Calgary Parking Authority has managed its finances in the year and where the Authority stands in terms of resources held and debts owed at the end of the year.

## Calgary Parking Authority 2021 Year-End Financial Report

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The 2021 financial statements of the Calgary Parking Authority continue to reflect a strong financial position with the ability to generate financial returns to the City of Calgary and maintain infrastructure in the long term.

Each of the five indicators of financial health is described in detail, below:

### **On the Statement of Financial Position:**

1. Net Financial Assets: calculated as total financial assets less financial liabilities. The focus on financial assets as separate from non-financial assets is critical, as financial assets can be used to discharge liabilities or provide services, while non-financial assets are normally only used to provide services in the future. The Calgary Parking Authority has a net financial assets position of \$155 million. This is a decrease of \$50 million from the net financial assets position of \$205 million at the end of 2020. The net financial assets position means the Calgary Parking Authority has more financial assets than financial liabilities. The decrease results from the completion of the new 9<sup>th</sup> Avenue Parkade, which moved that value to the non-financial assets section of the Statement of Financial Position.
2. Accumulated Surplus: This indicator represents the Calgary Parking Authority's total net economic resources, both financial and non-financial and it is the sum of net financial performance since inception. The Calgary Parking Authority has an accumulated surplus of \$348 million as at December 31, 2021, comprised of \$155 million in net financial assets and \$192 million in non-financial assets. This surplus means that there are net resources (both financial and physical) that can be used to provide future services. This total accumulated surplus also indicates that, over time, the Calgary Parking Authority has earned enough income to cover annual operations and contributions to capital programs. A further breakdown of the elements of the accumulated surplus is provided in Note 13 of the financial statements.

### **On the Statement of Operations and Accumulated Surplus:**

3. Statement of Operations: The Calgary Parking Authority continued to experience significant decreases to revenues as a result of the Covid-19 pandemic. Revenues were \$4 million below budget. On a positive note, due to a number of cost cutting initiatives and lower expenses due to decreased demand, expenses were \$8 million below budget. The result is an excess of revenues over expenses that was \$4 million higher than budgeted.
4. Annual Surplus: The Calgary Parking Authority is mandated through the Calgary Parking Policy to distribute 65% of net revenues from parking operations and 100% of net revenues from enforcement activities. This resulted in a total distribution of \$3.5 million for 2021. Under the Calgary Parking Policy, the Calgary Parking Authority is normally required to return a minimum of \$11 million each year from parking operations. Due to the impact of the Covid-19 pandemic, City Council waived this requirement for 2021 (report TT2021-1258) in order to ensure the Authority could maintain services and meet contributions to capital programs. The Calgary Parking Authority ended 2021 with an annual surplus position of \$17 million. This surplus primarily relates to a gain on sale of land adjacent to the new parkade (\$12.4M), which helped finance the parkade, as well as unrealized gains on reserve investments (\$6.7M).

## Calgary Parking Authority 2021 Year-End Financial Report

### On the Consolidated Statement of Cash Flows:

5. Cash flow in the year: Cash and cash equivalents remained stable at approximately \$3.5 million compared to 2020. This is due to excess cash flow being invested into higher yield long term investments. The completion of the new parkade represented a net increase in Capital activity of \$60 million, with the offsets stemming from construction loan financing of \$45 million being repaid and cash generated from operating activities of \$15 million.

### On the Consolidated Statement of Changes in Net Financial Assets:

Change in Net Financial Assets in the year: From December 31, 2020 to December 31, 2021, the Calgary Parking Authority decreased its net financial asset position by \$50 million, from \$205 million in 2020 to \$155 million in 2021. As previously mentioned, this decrease results from the completion of a new parkade, which is considered a non-financial asset. It does not reflect a decrease in the overall value of the organization.

## STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

## IMPLICATIONS

### Social, Environmental, Economic

The 2021 Financial Statements do not reflect a number of initiatives that the Calgary Parking Authority undertook in 2021, in cooperation with City Council and City of Calgary Administration, in order to assist in the recovery of Calgary's Downtown including:

- Free short term on street parking
- Free parking at the Telus Convention Center Vaccination Clinic
- Reducing enforcement during street sweeping due to more people working from home
- Allowing patio extensions into on street parking spaces to assist restaurants
- Adjusting evening parking rates to encourage more downtown parking
- Adjusting rush hour parking enforcement.
- New product offerings to accommodate changing demand due to hybrid work changes

The total value of these initiatives has been estimated at approximately \$5 million.

### Service and Financial Implications

### No anticipated financial impact

*Include actual figure*

**Calgary Parking Authority Report to  
Audit Committee  
2022 November 17**

**ISC: UNRESTRICTED  
AC2022-1251  
Page 4 of 4**

**Calgary Parking Authority 2021 Year-End Financial Report**

No anticipated financial impact. The Calgary Parking Authority is not tax supported.

**RISK**

None.

**ATTACHMENT(S)**

1. Attachment 1 - The Calgary Parking Authority 2021 Financial Statements

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Chris Blaschuk	General Manager	Approve
Carla Male	City of Calgary CFO	Consult