

**Calgary Parking Authority**  
Report to the Audit Committee on the  
2021 audit

November 17, 2022

November 8, 2022

The Audit Committee of The City of Calgary ("The City")

## Report on audited annual financial statements

Dear Audit Committee members:

We are pleased to submit this report on the status of our audit of Calgary Parking Authority (the "Authority") for the 2021 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with management to complete the outstanding matters summarized on page 1 of this report.

As agreed in our master services agreement ("MSA") dated December 14, 2018, and any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time, we have performed an audit of the financial statements of Calgary Parking Authority as of and for the year ended December 31, 2021, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated November 17, 2022.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on December 16, 2021.

This report is intended solely for the information and use of the Audit Committee, management and others within the Authority and The City and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants

# Table of contents

Executive summary	1
Significant audit risks and areas of focus	3
Significant accounting policies, judgements and estimates	6
Appendix 1 – Communication requirements and other reportable matters	7
Appendix 2 – Draft version of our auditor’s report	9
Appendix 3 – Draft independence	11
Appendix 4 – Draft management representation letter	13

# Executive summary


## Audit scope and terms of engagement


We have been asked to perform an audit of the Authority’s financial statements (the “financial statements”) in accordance with Canadian public sector accounting standards (“PSAS”) as at and for the year ended December 31, 2021. Our audit was conducted in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

The terms and conditions of our engagement are described in the MSA. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

## Significant risks

- 1 Management override of controls
- 2 Revenue recognition
- 3 Revenue recognition – Impound Lot
- 4 Cash

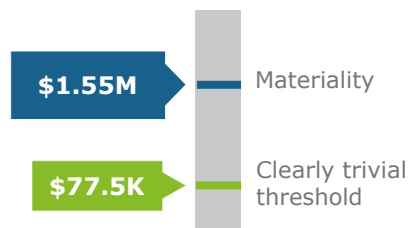
 Continued from prior year

 New from prior year

## Status

- 
- 
- 
- 

## Materiality



Materiality levels are determined on the basis of total revenues. Our materiality for the year ended December 31, 2021 was \$1,550,000 (2020, \$1,550,000).

## Outstanding Matters & Next Steps

<b>Receipt</b> of signed management representation letter	<b>Receipt</b> of subsequent events update
<b>Completion</b> of minor documentation items	<b>Receipt</b> of legal letters
<b>Completion</b> of final draft version of the financial statements	<b>Completion</b> of engagement quality control reviews



**Audit fees**

<b>Audit fees</b>	<b>2021</b>	<b>2020</b>
Audit	\$121,550	\$85,700
Procedures with respect to cash in lieu sustainment reserve fund	\$4,000	-
Local Authorities Pension Plan Audit	-	\$13,000
<b>Total fees</b>	<b>\$125,500</b>	<b>\$98,700</b>



**Going Concern**

Management has completed its assessment of the ability of the Authority to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Authority's ability to continue as a going concern. We believe this disclosure is adequate.



**Results**

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the Authority for the year ended December 31, 2021 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Calgary Parking Committee.

# Significant audit risks and areas of focus

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

## Significant risk dashboard

### Legend



Significant level of management judgment involved



Minimal/No management judgment involved

**D+I:** Planned testing of the design and implementation of key controls

**OE:** Planned testing of the operating effectiveness of key controls


## Significant risks

### Management override of controls

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Excel Analytics were used to perform journal entry testing.

Analysis of risk	Audit response and results
<ul style="list-style-type: none"> <li>Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.</li> <li>Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</li> </ul>	<ul style="list-style-type: none"> <li>We discussed fraud with management.</li> <li>We asked the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Authority and their role in the oversight of management's antifraud programs.</li> <li>We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.</li> <li>We evaluated the business rationale for any significant unusual transactions.</li> <li>We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

**Revenue recognition**

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.

**Analysis of risk**

**Audit response and results**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>Assurance standards include the presumption of a significant risk of fraud in revenue recognition.</li> <li>We have pinpointed this risk to revenue relating to the ParkPlus System™ (“ParkPlus”) and Parking Control revenue, which may be understated or inaccurately recorded. Parking Control revenue could also be misclassified on the financial statements.</li> </ul> | <ul style="list-style-type: none"> <li>We made enquiries of management regarding relevant internal controls to assist them in ensuring the accuracy and completeness of these revenue streams and the classification of Parking Control revenue.</li> <li>We evaluated the design and implementation of those internal controls including testing of the reconciliations between ParkPlus, Beanstream and Peoplesoft.</li> <li>We performed substantive audit procedures on these revenue streams.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul> |
|--|---|

Certain areas of significant risks will be presented in closed meeting.

Areas of focus

Long term investments

Analysis	Audit response and results
<ul style="list-style-type: none"> <li>The fair value of long term investments is based on an allocation of the fair value rate of return based on The City of Calgary’s pooled investments.</li> <li>The activity of investments (sales, purchases) is not directly tracked by the Authority, as this information is tracked by The City of Calgary, leading to potential misclassifications in related gains and losses.</li> <li>There is a risk that long term investments are not appropriately recorded at fair value as the investments are pooled and may be based on inputs other than quoted market prices.</li> <li>There is a risk of inappropriate recognition and classification of unrealized and realized gains and losses on long term investments.</li> </ul>	<ul style="list-style-type: none"> <li>We confirmed the investments with the City of Calgary to assess the reasonableness and appropriateness of the fair value of the long term investments.</li> <li>We performed sensitivity analysis on the rates of return provided by the City of Calgary.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

Cash in lieu sustainment reserve fund

Analysis	Audit response and results
<ul style="list-style-type: none"> <li>There is a risk that claims made against the Sustainment Reserve fund in 2021 relating to 2019, 2020 and 2021 are not accounted for properly and that related revenues are not recognized in the correct period.</li> <li>There is a risk that the expenditures charged to the reserve may be incorrect and inaccurately presented.</li> </ul>	<ul style="list-style-type: none"> <li>We performed substantive procedures over claims made to determine that amounts were valid and were recognized in the appropriate period.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>



# Significant accounting policies, judgements and estimates

The accounting policies described below are those that are most important and representative of the Authority's financial condition and financial performance.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

We believe the Authority's significant accounting policies to be:

- Valuation of tangible capital assets
- Useful lives and related amortization of tangible capital assets
- Accrued liabilities
- Employee benefit obligations
- Contingent liabilities
- Commitments

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of the Authority.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. These judgements are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2021, management advised us that there were no significant changes in accounting estimates or in judgements relating to the application of the accounting policies.

# Appendix 1 – Communication requirements and other reportable matters

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
<b>Audit Service Plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Master services agreement dated December 14, 2018.
2. An overview of the overall audit strategy, addressing: <ol style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ol>	Audit plan communicated on December 16, 2021.
3. Significant transactions outside of the normal course of business, including related party transactions	Related party transactions are disclosed in Note 15 to the financial statements.
<b>Enquiries of those charged with governance</b>	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	Significant audit risks and areas of focus
5. Any known suspected or alleged fraud affecting the Authority	Presented in closed meeting
6. Whether the Authority is in compliance with laws and regulations	Our limited procedures did not identify any areas of material noncompliance with laws and regulations by the Authority.
7. Fraud or possible fraud identified through the audit process	Please refer to discussion in point 5 above.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting policies, judgements and estimates
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting policies, judgements and estimates

<b>Year End Communication</b>	
10. Matters related to going concern	Executive summary
11. Consultation with other accountants	Management has informed us that the Authority has not consulted with other accountants about auditing or accounting matters.
12. Management judgements and accounting estimates	Significant accounting policies, judgements and estimates
13. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.
15. Material written communications between management and us, including management representation letters	Management representation letter
16. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report
17. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
18. Modifications to our opinion	Executive summary
19. Other significant matters discussed with management	Significant audit risks and areas of focus
20. Matters involving noncompliance with laws and regulations that came to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention.	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
21. Litigation	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	We are aware of recommendations raised by an external consultant with respect to certain control deficiencies. We agree with those recommendations.
23. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. No uncorrected misstatements and uncorrected disclosure to report.
24. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee. We confirm that there have been changes to the significant risks previously communicated, which are presented in the closed meeting referenced on page 4.
25. Concerns regarding management competence and integrity	We do not have any concerns regarding management's competency and integrity.
26. Disagreements with management	During the current audit, we did not have any disagreements with management.
27. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
28. Limitations when sending confirmations	Not applicable.
29. Other significant matters arising from the audit	No other significant matters to report.

# Appendix 2 – Draft version of our auditor’s report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

## Independent Auditor’s Report

To the Members of the Audit Committee and the Board of Directors of  
Calgary Parking Authority

### Opinion

We have audited the financial statements of Calgary Parking Authority (the “Authority”), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (“PSAS”).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
November 17, 2022

# Appendix 3 – Draft independence

November 17, 2022

The Audit Committee  
The City of Calgary

Dear Audit Committee members:

We have been engaged to audit the financial statements of Calgary Parking Authority (the “Authority”) for the year ended December 31, 2021.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Authority, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 9, 2021, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the “Deloitte Entities”) and the Authority and its affiliates, or persons in financial reporting oversight roles at the Authority and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 10, 2021 to November 17, 2022.

The total fees charged to the Authority for audit services were \$130,059 (2020, \$91,699) for the audit, \$4,280 (2020, \$nil) for procedures with respect to cash in lieu statement reserve fund and \$nil (2020, \$13,910) relating to the Local Authorities Pension Plan audit during the period covered by the financial statements.

We hereby confirm that we are independent with respect to the Authority in accordance with the Rules of Professional Conduct of the applicable Chartered Professional Accountants of Alberta as of November 17, 2022.

This letter is intended solely for the information and use of the Audit Committee, the Calgary Parking Committee, management and others within the Authority and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

# Appendix 4 – Draft management representation letter

## [Authority letterhead]

November 17, 2022

Deloitte LLP  
700, 850 - 2 Street SW  
Calgary, AB T2P 0R8

Dear Sirs:

**Subject:** Financial statements of Calgary Parking Authority as at and for the year ended December 31, 2021

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of Calgary Parking Authority (the “Authority” or “we” or “us”) as of and for the year ended December 31, 2021, the notes to the financial statements and a summary of significant accounting policies (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, remeasurement of gains and losses, changes in net assets and cash flows of the Authority in accordance with Public Sector Accounting Standards (“PSAS”).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the master services agreement between the Authority and Deloitte dated December 14, 2018 and any subsequent confirmation of changes letters for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Authority as at December 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.



In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Authority has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority. No events have occurred subsequent to December 31, 2021 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. We have determined that the Financial Statements are complete as of November 17, 2022 as this is the date when there are no changes to the Financial Statements, including disclosures, planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2021 and up to the date of this letter.
5. The Financial Statements are free of material errors and omissions. A list of corrected misstatements is attached in Appendix A.

#### **Internal Controls**

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

#### **Information provided**

8. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence; and
  - d. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.

11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Authority.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices. There are also no known or possible instances of noncompliance with the requirements of regulatory or governmental authorities.
13. We have disclosed to you the identities of the Authority's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.

### **Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

14. Prior to the Authority having any substantive employment conversations with a former or current Deloitte engagement team member, the Authority has held discussions with Deloitte and obtained approval from the Audit Committee.
15. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

### **Other matters**

16. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Except where otherwise stated below, immaterial matters less than \$75,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

17. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
18. The Authority has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). The Authority has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
19. There are no instances of identified or suspected noncompliance with laws and regulations.
20. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
21. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
22. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
23. We have disclosed to you, and the Authority has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

24. The Authority has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

### **Going concern**

25. Management has completed its assessment of the ability of the Authority to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Authority's ability to continue as a going concern, which would require disclosure in the Financial Statements. In assessing whether the going concern assumption is appropriate, management took into account all available information about the future, which is at least, but is not limited to, twelve months from the statement of financial position date, their plans for future action and the feasibility of these plans.

### **Communicating a threshold**

26. We understand that the threshold used for accumulating misstatements identified during the year was \$75,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

### **Adjusting journal entries**

27. We have reviewed the year-end adjusting entries and acknowledge our responsibility for their accuracy.

28. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules, and the financial statements and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:

- a. Recording of transactions for which we have determined or approved the appropriate account classification;
- b. Posting transactions to the general ledger;
- c. Preparing financial statements; and
- d. Posting journal entries to the trial balance.

### **Assets**

29. The Authority has recognized all assets, which do not fall within the scope of other standards, only when the requirements in CPA Canada Public Sector Accounting Handbook Section PS 3210, *Assets* ("Section PS 3210") have been met. For those assets which do not meet the recognition criteria in Section PS 3210, the Authority has appropriately disclosed details of such unrecognized assets in accordance with Section PS 3210.

### **Contingent assets**

30. The Authority has identified all contingent assets in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

### **Contractual rights**

31. The Authority has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3380, *Contractual Rights*.

### **Inter-entity transactions**

32. The Authority has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3420, *Inter-entity transactions*. The Authority has not recognized any amount in the financial statements in respect of shared services received for which no costs are allocated by the provider.

**Employee future benefits**

33. Employee future benefit costs, assets and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains/losses have been amortized to the liability/asset and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group.
34. We have correctly accounted for the multi-employer plan in which we are a participating government or government organization, as a defined contribution plan.

**Tangible capital assets**

35. Tangible capital assets have been recorded properly and consistently according to the standards in CPA Canada Public Sector Accounting Handbook Section PS 3150, *Tangible Capital Assets*.
36. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets to have a long-term service potential to the Authority and therefore do not require a write down.

**Liabilities for Contaminated Sites**

37. We have evaluated all of our tangible capital assets that we have direct responsibility for or accept responsibility for and have not identified any sites in which contamination exceeds an environmental standard.

**Notes, loans and accounts receivable**

38. The Authority is responsible for determining the appropriate carrying amount of notes, loans and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

**Contracts**

39. The Authority has disclosed all agreements it has entered into that would impact the December 31, 2021 financial statements.

**Financial Instruments**

40. The Authority has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, *Financial Instruments* ("Section PS 3450"). Specifically, all financial instruments are classified as fair value, cost or amortized cost. In addition, there have been no reclassifications of instruments into or out of the fair value classification after the adoption of Section PS 3450 or, after the instrument was first recognized subsequent to the adoption of Section PS 3450, unless explicitly permitted by Section PS 3450.
41. The Authority has properly identified all financial contracts that meet the definition of a derivative in Section PS 3450. The Authority has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section PS 3450.

The fair values of all derivatives have been determined based on quoted prices in an active market or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at December 31, 2021.

42. For all derivatives and any other financial instruments measured at fair value at December 31, 2021, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Section PS 3450.

Where the instrument is not traded in an active market, the Authority has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of observable inputs.

The Authority has identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value and have included the appropriate disclosures relating to the fair value level of all financial instruments carried at fair value.

43. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
- a. The other than temporary impairment of financial assets; and
  - b. Provisions for loans receivable.
44. Changes in fair value of financial instruments in the fair value category have been properly recorded in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized.

Yours truly,  
Calgary Parking Authority

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Chris Blaschuk, Interim General Manager

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Carla Male, Chief Financial Officer

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Richard Pootmans, Audit Committee Chair

## Appendix A

### Calgary Parking Authority

Summary of corrected financial statement misstatements  
Year ended December 31, 2021

#### Summary of corrected misstatements

(000's)	Assets DR (CR)	Liabilities DR (CR)	Accumulated Surplus DR (CR)	Income DR (CR)
Accrual for vehicles received before year-end by fleet	170,338	(170,338)	-	-
Write-off unrecoverable cash and cheques from ILOT	(602,853)	-	-	602,853
Reclass of un-invested investment income to cash	1,150,403 (1,150,403)	-	-	-
Reclass recovered cheques related to ILOT from Cash to Receivables	537,413 (537,413)	-	-	-
<b>Total</b>	<b>(432,515)</b>	<b>(170,338)</b>	<b>-</b>	<b>603,853</b>