

2013: A COMMUNITY PULLING TOGETHER

WE ARE ONE.

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THE CITY OF CALGARY, ALBERTA
ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2013
Produced by the Chief Financial Officer's Department of The City of Calgary,
in cooperation with all civic departments, offices and agencies.

CITIES THRIVE WHEN WE ALL DO OUR PART.

TOGETHER

TABLE OF CONTENTS

INTRODUCTION

RISING TO THE CHALLENGE OF A LIFETIME	4
MESSAGE FROM THE MAYOR.	7
CORPORATE GOVERNANCE & ACCOUNTABILITY.	8
CALGARY CITY COUNCIL	10
MESSAGE FROM THE CITY MANAGER	13
AUDIT COMMITTEE.	14
CITY OF CALGARY ADMINISTRATION	15
GETTING AROUND	18
TECHNOLOGY	22
COMMUNITY	26
FLOOD RESPONSE	30
FLOOD RECOVERY	34
FINANCIAL INFORMATION	36
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS.	37
FINANCIAL SYNOPSIS	54
CONSOLIDATED FINANCIAL STATEMENTS	56
RESPONSIBILITY FOR FINANCIAL REPORTING	57
AUDITOR'S REPORT	58
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	59
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.	60
CONSOLIDATED STATEMENT OF CASH FLOWS	61
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS	62
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.	63
FINANCIAL & STATISTICAL SCHEDULES	95
REVENUE BY SOURCE	96
EXPENDITURES BY FUNCTION	98
OTHER FINANCIAL AND STATISTICAL SCHEDULES	99
TAXATION AND ASSESSMENTS	102
CONTINUITY OF LONG-TERM DEBT.	104
DEMOGRAPHIC AND OTHER INFORMATION.	106

CALGARY AT A GLANCE

POPULATION (APRIL, 2013)	1,149,552
POPULATION GROWTH.	.2.62%
MEDIAN AGE	36.4
CITY AREA.	848 KM ²
UNEMPLOYMENT RATE	4.8%
TOTAL BUILDING PERMITS ISSUED	18,849
SINGLE FAMILY HOUSING STARTS.	5,915
MLS AVERAGE SELLING PRICE	\$456,695
TRANSIT RIDERSHIP	107.5 M
CITY PATHWAYS	800 KM
CITY-SUPPORTED EVENTS	270



RISING TO THE CHALLENGE OF A LIFETIME

EVERYONE HAS A STORY. HOW COULDN'T WE? IN 2013, CALGARIANS, BY THE TENS OF THOUSANDS, HELPED DEFINE OUR GREAT CITY.

IT BEGAN ON JUNE 20, WHEN THE BOW AND ELBOW RIVERS, “ANGRIER” THAN WE’D EVER SEEN, SURGED TOWARDS CALGARY. THEIR SIZE AND SPEED DEFIED BELIEF. THE DAMAGE CAUSED HERE AND IN SOUTHERN ALBERTA COMMUNITIES WAS UNPRECEDENTED – THE COSTLIEST NATURAL DISASTER IN CANADIAN HISTORY.

Stories, pictures and videos quickly spread throughout Calgary and across the world. A narrative, amid the destruction, unfolded: This was a community pulling together.

Early images were surreal. A powerless downtown core pitched into darkness. City landmarks filled up with the equivalent of dozens of Olympic-sized swimming pools. River pathways and bridges were swallowed and swept away.

Calgary was under a state of local emergency.

Public safety was the first priority for emergency officials.

Eighty-thousand Calgarians were quickly evacuated from their homes. Days later, when 50,000 residents were given the OK to return and assess the damage, countless volunteers, often strangers, arrived at flood victims’ doors. Armed with shovels, smiles and hugs, they asked: “How can we help?”

Skilled City crews distinguished themselves through long hours and compassion. They

evacuated citizens who needed help, served at evacuation and community centres and shored up river banks. Faced with the mud-diast inflow of river water on record, staff treated it, and delivered high quality drinking water throughout the event.

This year’s annual report, as it does each year, provides consolidated financial information for The City of Calgary. It also provides highlights and achievements that improve our quality of life.

In so many cases – like our flood efforts – it is this past year’s engagement between citizens and City staff that stands out. This partnership works. Indeed, in our annual Citizen Satisfaction survey, nine in 10 Calgarians agree we are on track to becoming a better city.

The survey, an important voice for Calgarians, was conducted in August and September. When citizens were asked if they were satisfied with The City’s long-term plan to restore and rebuild City services and infrastructure affected by the flood, the response was resounding – 96 per cent said yes.

As the annual report shows, our city got back on its feet quickly despite the flood’s devastation. It also notes there’s much work ahead, with a need to build greater resiliency to reduce the impact of future risks.

As we move into 2014, building a better city remains the story.

JUNE 22, 2013

**FLOODWATERS SWAMPED THE
COMMUNITIES OF BRIDGELAND (TOP),
INGLEWOOD (BOTTOM) AND THE
CALGARY ZOO (RIGHT).**



JUNE 25, 2013

**PEOPLE WERE SUFFERING. SO WHEN WE ASKED FOR VOLUNTEERS,
CALGARIANS OVERWHELMED US WITH THEIR RESPONSE.**

TOGETHER

MESSAGE FROM THE MAYOR

2013 WAS A YEAR OF TRIBULATION, A YEAR OF TRAGEDY, BUT – ULTIMATELY – A YEAR OF TRIUMPH FOR OUR COMMUNITY.



OUR RESPONSE TO THE SUMMER FLOOD SHOWED OUR TRUE SPIRIT. HOWEVER, 2013 WAS ALSO A YEAR WHEN WE PLANNED AND BUILT AN EVEN BETTER CITY.



When I look back at the past year, I've never been prouder to be a Calgarian.

The June flooding caused extraordinary destruction and much pain for many. But we made it through. We made it because we're blessed to have nearly 20,000 City of Calgary employees – my colleagues – who worked hard to keep us safe and rebuild our community.

From first responders like police and fire, to the folks in Waste and Recycling Services who brought cleanliness and normalcy to flood-ravaged neighbourhoods, to the people safeguarding our water supply, and all the rest, City crews showed us true public service.

While it's impossible to name all those responsible for the work they did, I'm pleased to acknowledge the leadership of City Manager Owen Tobert. Mr. Tobert is and has been an extraordinary public servant for 32 years, and he was a true hero of the flood. We wish him the best in his retirement.

My fondest memories of the past year are of everyday Calgarians using their own hands, hearts, and minds to help our neighbours and, so often, strangers. It's part of what makes our community work. It's what we do.

I'm also proud of many other accomplishments we made throughout the year – commitments and plans to make Calgary even better.

The annual report shows how we're taking real action in partnership with citizens. The Transforming Planning initiative will help us build better neighbourhoods with stakeholders. RouteAhead, a

30-year transit strategy, details how we'll provide excellent transit service that best meets the needs of our citizens.

Through tremendous consultation, we're excited to help lead the Calgary Poverty Reduction Initiative. Another plan, Fair Calgary, is working to ensure all citizens have ease of access to City programs and services they need.

New recreation facilities, new libraries, new apps, and new technology continue to improve the great quality of life we have in Calgary. It's a standard that puts us on the map. For example, the Economist this year again ranked Calgary as one of the five most-livable cities in the world. MoneySense magazine said we're the best place in Canada to raise kids. And our citizen satisfaction survey shows Calgarians are feeling it – results have never been better.

It's high praise for a community, one we continue working to make even better.

Naheed K. Nenshi
Mayor

CORPORATE GOVERNANCE & 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 significant 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 2013, 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) chaired by the Mayor, the Intergovernmental Affairs Committee, the Gas, Power and Telecommunications Committee, the Audit Committee, and the Land and Asset Strategy Committee. The four SPCs and all the committees, with the exception of the Priorities and Finance Committee, meet once every month in City Hall. The public is welcome to attend the SPCs and to make presentations at these meetings. The decisions and directions that come out of committee meetings are forwarded to City Council for final approval. The Priorities and Finance Committee meets twice monthly, and during 2012, PFC oversaw the nominations and appointments to various boards, committees, commissions and other bodies, and created and maintained a process for the regular review and reporting of Council's legislative governance practices.

This 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 Legislative resource group, the external auditors, and The City's internal controls and management information systems. This helps ensure Administration's accountability to Council and adherence to the Integrated Risk Management Policy.

The Council Compensation Review Committee is responsible for making recommendations to Council regarding its remuneration, pension, benefits and other forms and levels of compensation. This committee is comprised of five independent external advisors, including professional representation from labour, business and law.

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 and 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 including the Acceptable use of City Technology Resources Policy, Occupational Health and Safety



2013 and 2014 adjustments to the current business plans and budgets. All this information is available on 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 and process, when decisions impact 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, foundations and committees, and any of the policies referenced here, visit calgary.ca

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.

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 review, engagement and comment on the budget prior to approval.

Currently, The City of Calgary employs a multi-year business planning and budgeting process, which was approved in November of 2011 for the 2012 – 2014 cycle. In November of 2012, Council approved the

THE CITY HAS IMPLEMENTED CORPORATE GOVERNANCE POLICIES AND PRACTICES WHICH SAFEGUARD THE PUBLIC INTEREST AND PROMOTE TRANSPARENCY AND ACCOUNTABILITY AT ALL LEVELS WITHIN THE ORGANIZATION.

CALGARY CITY COUNCIL

NEW COUNCIL ELECTED IN OCTOBER

- Members are now called Councillors, not Aldermen
- Council's term extended to four years from three
- Wards encompass 223 communities
- Residents speak more than 130 languages
- 5,600 public parks in our neighbourhoods
- 18 public libraries



Ward 1 Councillor
Ward Sutherland



Ward 2 Councillor
Joe Magliocca



Ward 3 Councillor
Jim Stevenson



Ward 4 Councillor
Sean Chu



Ward 5 Councillor
Ray Jones



Ward 6 Councillor
Richard Pootmans



Ward 7 Councillor
Druh Farrell



Ward 8 Councillor
Evan Woolley



Ward 9 Councillor
Gian-Carlo Carra



Ward 10 Councillor
Andre Chabot



Ward 11 Councillor
Brian Pincott



Ward 12 Councillor
Shane Keating



Ward 13 Councillor
Diane Colley-Urquhart



Ward 14 Councillor
Peter Demong

JUNE 22, 2013

**THE SADDLEDOME TOOK A MASSIVE HIT BUT WAS
READY FOR THE NHL SEASON IN OCTOBER.**





JUNE 25, 2013

CITY CREWS TEAMED WITH RESIDENTS TO TOSS MUD-SOAKED DRYWALL, RUGS, CLOTHING AND APPLIANCES.

TOGETHER

MESSAGE FROM THE CITY MANAGER

IN JUNE, UNPRECEDENTED FLOODING TESTED THIS COMMUNITY'S CHARACTER, ITS RESILIENCE, LIKE NEVER BEFORE. TRUE TO FORM, CITY EMPLOYEES AND CALGARIANS WORKED TOGETHER.



ON BEHALF OF THE CITY OF CALGARY ADMINISTRATION, I AM PROUD TO PRESENT THE 2013 ANNUAL REPORT, A SUMMARY OF ACCOMPLISHMENTS MADE THROUGH A GREAT PARTNERSHIP BETWEEN DEDICATED CITY EMPLOYEES AND ENGAGED CITIZENS.

The annual report provides consolidated financial statements required by law that detail The City's financial position as of Dec. 31, 2013. It also presents a picture of the programs and services we provide through the use of public funds.

Over time, it becomes something else – a historical document. One, that when we look back at an extraordinary year, shows a community pulling together in response to the costliest natural disaster ever recorded in Canada.

How we responded, and continue to recover, is a tribute to City employees and Calgarians.

During the flood's first difficult days when the power was out, roads and bridges washed away, City crews responded with an immediacy that kept the public safe.

Many of our employees, about 2,800, were displaced and redeployed because their own workplaces were

affected. Across business units, staff accepted roles beyond their job descriptions where 16-hour days became the norm.

This report speaks to how crews evacuated about 80,000 citizens, effectively repaired roads and rails, staffed evacuation and community centres, provided clean drinking water and within the first month, inspected about 18,000 homes and businesses.

The enormity of the event was unparalleled. So too, was the participation of citizens who took in the great majority of evacuees and then helped in a massive cleanup.

Two images capture that great sense of community: the call-out for volunteers at McMahon Stadium when we needed 600 people and more than 3,000 showed up; and the ubiquitous photos on social media of mud-caked, rubber-booted volunteers – by the thousands – who helped exhausted flood victims clean up their homes.

In this year's annual report, that theme – an engaged population – is evident throughout. Whether it was flood related, or in many other achievements, it's a story of citizens working with municipal government to make our lives better.

For City employees, it's a privilege to partner with such great citizens – to create an exceptional and enviable place to live, work and raise a family.

Eric Sawyer
City Manager (interim)

 **85%**
RATE QUALITY OF CITY SERVICE AS
CONSISTENTLY HIGH

 **88%**
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 IS COMPARABLE TO THE CURRENT STANDARD FOR AUDIT COMMITTEES IN THE PUBLIC AND PRIVATE SECTORS.

AUDIT COMMITTEE MEMBERSHIP AT THE CITY OF CALGARY 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 financial audit requirements. The current external auditor for The City is Deloitte LLP.

Deloitte LLP carried out the audit of The City of Calgary's 2013 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 integrity of 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 2013 Annual Report.

The City Auditor's Office is independent from

City Administration and reports to City Council through the Audit Committee. The City Auditor's independence and terms of reference are provided for in the City Auditor's Bylaw and City Auditor's Office Charter. The City Auditor's Office is the independent internal audit of The City of Calgary. The City Auditor submits an annual work plan to the Audit Committee for approval. Audit Committee can add items to the City Auditor's work plan; however, the Audit Committee can not remove items from the work plan. Open disclosure is encouraged and all audit reports by the City Auditor's Office are provided to the Audit Committee to review when completed. Audit reports are a matter of public record.

The City Auditor's Office oversees the Whistleblower Program, which may include complaints from City employees and members of the public. The City Auditor's Office reports on those complaints and the outcomes, subject to confidentiality, to the Audit Committee.

In 2013, major areas of focus for Audit Committee, in addition to those areas already noted, included the evaluation and recommendation of an external auditor to City Council, the evaluation

and recommendation of a new City Auditor to City Council, implementation of a new Audit Resource Management area, and review and recommendation of a new City Auditor Bylaw and City Auditor's Office Charter. 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 Bylaw came into effect in October 2013 and was most recently reviewed and amended in December 2013.

The Audit Committee has been successful in ensuring that the right professionals and appropriate level of resources are in place to continue to fulfill the Audit Committee's mandate.

Richard Pootmans
Ward 6 Councillor
Chair, Audit Committee

CITY OF CALGARY ADMINISTRATION

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. City Administration anticipates changes and identifies potential

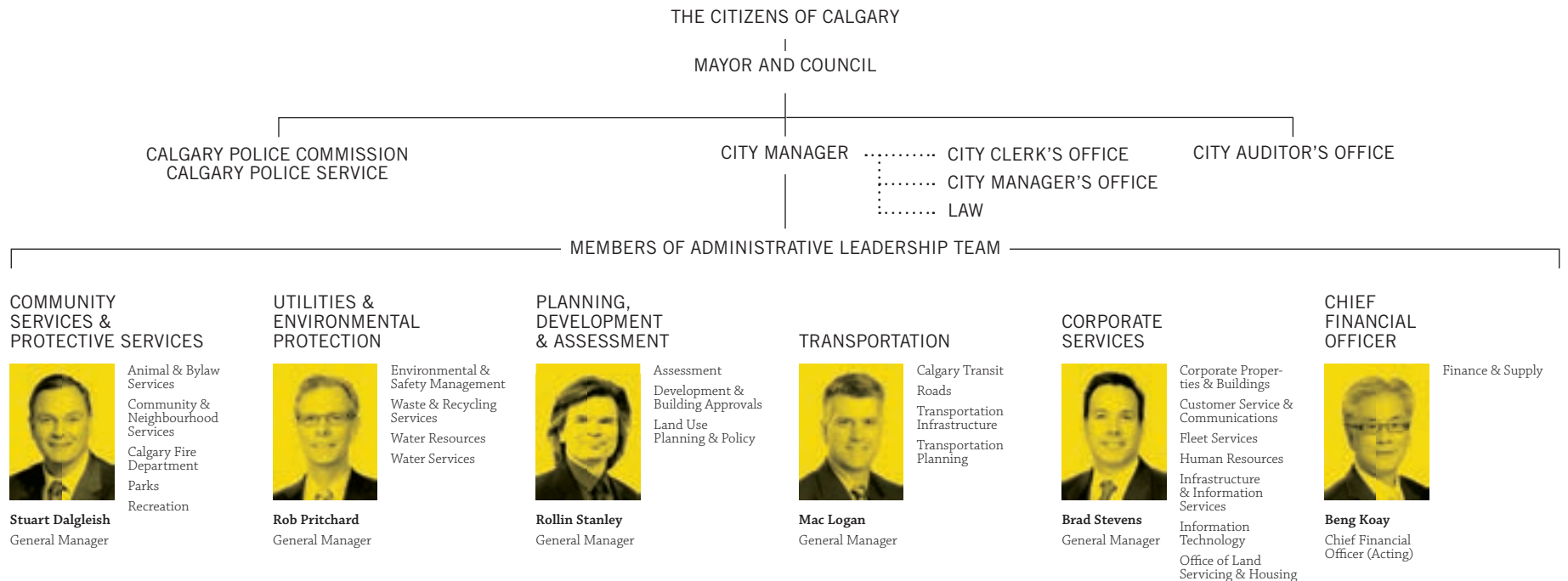
opportunities, then puts in place the municipal services that will enable those opportunities to become realities. The City of Calgary is constantly evolving to ensure the needs and values of its citizens are reflected in its services.

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, balancing the priorities and best interests of the community with The City's corporate goals and available resources.





JUNE 23, 2013

**WE RODE A ROLLER COASTER OF EMOTIONS: UTTER AMAZEMENT
FOLLOWED BY INCREDIBLE RESOLVE TO GET OUR CITY BACK ON TRACK.**

TOGETHER

100 METRES OF TRACK NEAR
ERLTON/STAMPEDE STATION HAD
TO BE COMPLETELY REBUILT
DUE TO FLOOD DAMAGE.



On July 3, two days before
Stampede officially began,
the LRT line reopened.



GETTING AROUND

IN 2013, WE SET A RECORD FOR RIDERSHIP ON CALGARY TRANSIT. OPENED OUR FIRST SEPARATED BIKE LANE. RECEIVED APPROVAL ON A 30-YEAR STRATEGIC TRANSIT PLAN. USED TECHNOLOGY AND SOCIAL MEDIA TO KEEP CITIZENS UP TO SPEED ON ROADS AND TRAFFIC INFORMATION.

THE FLOOD COULDN'T DERAIL A COMMUNITY FULLY ON BOARD WITH WANTING THE BEST WAYS TO KEEP PEOPLE ON THE MOVE.

RIDERSHIP

Transit carried 107.5 million customers, 5.5 million more than in 2012. To build future capacity we expanded eight more CTrain platforms to accommodate four-car trains (by 2015) from the current three cars. To increase reliability, we added 20 new 40-foot buses, 10 articulated buses and 20 shuttle buses to our fleet.

ROUTEAHEAD

In March, Council approved the RouteAhead plan, a public transit strategy for the next 30 years. Beginning in April 2012, City staff listened in person to more than 4,000 citizens and stakeholders. The public's ideas for transit's future were also captured online.

FIRST SEPARATED BIKE LANE

Opened in July, after four months of public engagement, the 7 Street S.W. cycle track was an instant hit. In its first two months, more than 1,000 cyclists a day used the track, doubling our original projections.

ON THE MAP

Our interactive map on calgary.ca shows major road closures, incidents, traffic cameras, as well as Snow Route parking ban information. The Snow and Ice Control map (microsite) displays real-time information on the plowing and sanding status of city roads.

INFRASTRUCTURE

In 2013, The City turned over all sections above the Airport Tunnel to the Calgary Airport Authority. Among numerous projects, we finished widening Airport Trail between Deerfoot Trail and Barlow Trail. The tunnel, West LRT, 52nd Street S.W., and Peace Bridge also won multiple construction awards for completed projects.

SOCIAL MEDIA

Transit's Twitter account grew to 35,000 followers, providing immediate information on delays to service and two-way communication with Calgary Transit staff. Hashtags like #yyccroads #yyctrffic also spread the word about traffic and road conditions.

 **80%** ARE SATISFIED WITH SERVICE CALGARY TRANSIT PROVIDES

 **73%** SATISFIED WITH ROADS AND INFRASTRUCTURE

**WITHIN THE FIRST TWO WEEKS OF THE
FLOOD, ABOUT 40 CTRAIN AND BUS
ROUTES WERE REOPENED.**





JUNE 22, 2013

**SOMETIMES ALL PEOPLE COULD DO WAS STOP AND
STARE AT HOW THE SWOLLEN RIVERS HAD TAKEN OVER.**

TOGETHER

DAILY CITY BRIEFINGS, SOCIAL MEDIA, 311 AND CALGARY.CA GOT THE WORD OUT.



During the flood, average daily hits to Calgary Transit website rose to 140,000 from 14,000.



TECHNOLOGY

TECHNOLOGY CONTINUES TO SERVE THIS CITY WELL. DURING THE FLOOD, IT HELPED THE CITY MAKE INFORMED DECISIONS. THROUGHOUT THE YEAR, NEW TOOLS SIMPLY GAVE US ALL BETTER WAYS OF DOING THINGS.

EASY ACCESS TO INFORMATION AND STREAMLINED PROCESSES STRENGTHEN CITY AND CITIZEN PARTNERSHIPS.

GEOSPATIAL EMERGENCY MANAGEMENT PROJECT

During the June flood, Emergency Operations Centre officials used award-winning technology to make quick and effective decisions critical in a crisis. The Web-based Common Operating Picture tool provided more than 212 geographic layers of information – e.g. floor plans, aerial photos, roads and river maps, social media videos – in one place.

OISEAU APP

The OISEAU Agents of Nature mobile app lets youth join a “secret nature intelligence agency” where they scan QR codes in City parks to learn about nature. Since its launch this year, “agents” have walked 320 hours and covered 1,177 hours in fun challenges.

311 CALGARY MOBILE APP

This new mobile app lets “on the go” people report concerns they may have about potholes, streetlights and pathways. Citizens can take a photo, describe the issue and use their smartphones’ GPS to detect the location. In 2013, 311 received 11,712 requests for service through the app.

WHAT GOES WHERE?

Our new, easy online search tool on calgary.ca shows Calgarians which household waste can be disposed of as garbage, recycled, or if possible, donated. It’s information to help the community achieve Council’s 80/20 waste diversion target, and is expected to reduce 9,000-plus related calls annually made to 311.

ECONSTRUCTION DRAWINGS

The electronic construction drawing and mark-up tool was created by The City for the development industry. It has reduced the submission and approval time for subdivision construction drawings to six weeks from 12 weeks. Because of the streamlined process, which enables simultaneous review of drawings, industry costs are also reduced.

CALGARY.CA

In 2013, about 12 million visits were made to calgary.ca, 28 per cent from mobile devices. Citizens registered online for recreation programs, sought traffic information, job postings and kept returning to the adoptable pets section. Our Web satisfaction tool keeps giving us customer feedback on making the award-winning site more usable.



87%

FEEL SATISFIED WITH THE OVERALL QUALITY OF CITY INFORMATION AND COMMUNICATIONS



43%

STATE CALGARY.CA AS THEIR MAIN SOURCE OF INFORMATION ABOUT THE CITY’S PROGRAMS, SERVICES, AND POLICIES



**THE EMERGENCY OPERATIONS CENTRE
SERVED AS THE MULTI-AGENCY COMMAND
CENTRE FOR FLOOD RESPONSE.**



JUNE 25, 2013

**CLEANING UP THE MESS WAS DIRTY, EXHAUSTING
WORK BUT EASIER WITH SO MANY HELPING HANDS.**

TOGETHER

THE FLOOD AFFECTED
MANY CITIZENS, SOME
WHO LIVE WITH THE PAIN
OF LOSING EVERYTHING.



During the first call out
for volunteers, 3,000
citizens showed up.



COMMUNITY

IN 2013, THOUSANDS OF PEOPLE SHARED IDEAS, HELPED PLAN AND TAKE ACTION ON MATTERS IMPORTANT TO CALGARIANS. WE WORKED TOGETHER TO ENSURE ALL CITIZENS HAVE ACCESS TO THE RESOURCES THEY NEED. TOOK STEPS TOWARDS A BETTER ENVIRONMENT. AND PLANNED HOW WE'LL GROW.

OUR COMMUNITY IS ONE THAT STRIVES TO FIND PLACES AND SPACES FOR ALL CITIZENS.

POVERTY REDUCTION

In May, Council unanimously endorsed a strategic plan to reduce poverty in our city. The Calgary Poverty Reduction Initiative is community led and supported by The City and United Way of Calgary. The plan's recommendations are based on more than 15,000 hours of consultation, dozens of community workshops and submissions from like-minded organizations.

COMMUNITY CLEANUPS

This year, 92 communities, up by 18 per cent over 2012, partnered with The City to support safe neighbourhoods. Community associations made sure volunteer resources were in place and advertised clearly what materials The City would accept. Cleanups take place every year, in spring and fall.

GREEN CART

In March, the food and yard waste pilot in four communities reached a milestone as nearly 2 million kg of material had been collected and turned into compost. In the pilot's first year, participating households reduced their garbage by over 40 per cent. Council approved the go-ahead of a composting facility, a key step towards a city-wide green cart program by 2017.

NEW FACILITIES

In December, we broke ground on two southeast recreation facilities. Quarry Park and Great Plains are two of four centres planned for under-served communities. Council also approved the new Central Library, its plan shaped in part by input from 16,500 citizens over a six-month period.

FAIR CALGARY

More than 45,000 low-income citizens access City programs and services. But, to participate, they may have to repeatedly prove their financial status. A new "single-entry" system is being developed to end a multiple-application process that can be embarrassing and inconvenient. It's estimated 114,000 Calgarians live below the low-income poverty cut-off rate.

POPPY PLAZA

The 86,100-square-foot plaza opened on Memorial Drive's Landscape of Memory. Our newest gathering place, it honours the men and women who served our country in war. Fittingly, the military, veterans association, adjacent communities and pathway user groups were consulted on its design that won the Canadian Architect Award of Merit.

TRANSFORMING PLANNING

After 18 months of extensive work, City staff, industry and community representatives agreed to a new planning system for Calgary. The system promises all stakeholders that our planning processes can and will be done differently. In 2014, steps will begin, collaboratively, to complete this long-term transformation.

 **88%** RATE THE OVERALL QUALITY OF LIFE IN THE CITY OF CALGARY AS GOOD

 **90%** AGREE CALGARY IS ON THE RIGHT TRACK TO BE A BETTER CITY

**ON JULY 1, CALGARIANS TOOK A BREAK,
AND TOOK OUR CITY BACK, WITH SOME
DOWNTOWN CANADA DAY CELEBRATIONS.**



JUNE 23, 2013

**RESIDENTS FROM PARTS OF 32 COMMUNITIES
WERE EVACUATED QUICKLY AND SAFELY.**

TOGETHER

A STATE OF LOCAL EMERGENCY FOR THE CITY OF CALGARY WAS DECLARED FROM JUNE 20 TO JULY 4.



City Police, Fire, Bylaw and peace officers helped evacuate about 80,000 people from parts of 32 communities.



FLOOD RESPONSE

ON JUNE 20, A STATE OF LOCAL EMERGENCY WAS DECLARED. THE CALGARY EMERGENCY MANAGEMENT AGENCY MANAGED THE CITY'S RESPONSE FROM THE MUNICIPAL EMERGENCY OPERATIONS CENTRE.

BY JUNE 23, 50,000 CITIZENS RECEIVED THE OK TO RETURN TO THEIR HOMES FOR SELF-ASSESSMENT OF THEIR PROPERTY.

PREPAREDNESS

In the 12 months prior to the flood, CEMA and partners practised for scenarios that include flooding, train derailments, zoo incidents, Stampede Grounds flooding and large fires. Flood inundation mapping assisted CEMA in determining the areas requiring evacuations. Upgrades to water treatment facilities, completed in 2012, proved invaluable in protecting water quality.

EVACUATION

On June 20, City Police, Fire, By-law and peace officers went door to door to evacuate about 80,000 residents in parts of 32 communities. Transit would send 344 buses to help evacuees, seniors in care facilities and volunteers. Access Calgary aided 500-plus people who use wheelchairs.

DAMAGE

The downtown core was flooded, closed to traffic and without power. Old City Hall, the Municipal Building, Stampede Grounds and Calgary Zoo suffered massive damage. Sixteen LRT stations shut down. Thirty parks flooded and river pathways were destroyed. Twenty-two bridges and numerous roads closed.

COMMUNICATION

During the first two weeks, Calgarians turned to The City for news. Citizens heard daily updates from the Emergency Operations Centre. The 311 Centre handled 100,000 phone calls. The City's Twitter account gained 50 per cent more followers and calgary.ca had 1.8 million-plus visits.

CITY SERVICES

Staff from City business units and community partners helped citizens at evacuation reception centres and at community centres during re-entry. Crews stabilized riverbanks and sandbagged neighbourhoods with citizens' help. Within 48 hours, temporary tax payment, permit and licence counters were set up across the city.

RE-ENTRY

Crews assessed buildings for re-entry, and on June 23 about 50,000 evacuees got the OK to return home for property self assessment. They were supported by community recovery centres, a City FAQ blog and "arriving home" booklets. Crews quickly handled 95 per cent of citizen requests to pump out water. Collection vehicles helped carry debris that was dumped for free at City landfills.

ACHIEVEMENTS

During the event, our drinking water met provincial standards and was safe to drink every day. City crews repaired about 250 sink holes, opened 150 km of roads and reopened about 40 bus and CTrain routes. By the end of June, 100 per cent of the city grid was re-energized by Enmax.

 **96%** **FEEL SATISFIED WITH THE CITY'S OVERALL RESPONSE TO THE FLOOD**



**THE BEARSPAW AND GLENMORE WATER
TREATMENT PLANTS SUPPLIED CLEAN, SAFE
DRINKING WATER THROUGHOUT THE EVENT.**



JUNE 26, 2013

**PEOPLE QUICKLY BEGAN THE CLEANUP TO GET THEIR HOMES AND
BUSINESSES IN ORDER. FOR SOME, THE WORK CONTINUES.**

TOGETHER

OUT OF 185 FLOOD-RELATED
INFRASTRUCTURE PROJECTS
IDENTIFIED, 90 WERE NEAR
COMPLETION BY YEAR'S END.



Within six months, The City's top 10
flood-related infrastructure projects
were substantially completed.



FLOOD RECOVERY

ON JULY 4, THE FLOOD RECOVERY TASK FORCE BEGAN LEADING OUR COMMUNITY TO STABILIZE, RESTORE, REHABILITATE AND RECOVER. TAKING A HOLISTIC, COMMUNITY-BASED APPROACH, EMPHASIS FOCUSES ON FIVE PRIORITY AREAS: PEOPLE, SERVICES, HOUSING & PROPERTY, INFRASTRUCTURE AND FUNDING.

ONE PRIORITY IS TO REDUCE THE RISK OF FUTURE EVENTS BY BUILDING A MORE DISASTER RESILIENT COMMUNITY.

ACHIEVEMENTS

Of the 185 flood impacted projects, 90 were completed or substantially completed by year's end. These included the Municipal Building, Administration Building, City Hall Parkade, public transit track rebuilding, major road work at Macleod Trail and 25 Avenue S. plus Heritage Drive and Glenmore Trail. Recovery work was also done at Prince's Island Park and other major parks affected by the flood, on lift stations and on critical riverbank erosion sites along the Bow River. The Calgary Zoo and the Calgary Public Library Main Branch reopened to the public even though recovery work continues.

FUNDING

In balancing our flood recovery infrastructure needs with Council priorities, the following funding

decisions were approved: \$67 million during state of local emergency; \$19.8 million under the Municipal Emergency Plan; \$95.6 million – 2013 capital budget; \$134.2 million – 2014 capital budget.

FLOOD MITIGATION

In July, The City announced that an expert management panel would steer the River Flood Mitigation Program. The five-member panel is researching ways to reduce damage from any future flooding. Working with City business units, the community and the Province, the panel makes recommendations to Council in 2014.

CITY INFRASTRUCTURE

By year's end, the flood's full extent was still being evaluated. A total of 185 infrastructure projects were identified in the early days with a total estimate of \$445 million in

damages. This included an estimated \$129 million in yet unfunded recovery projects.

SERVICES

City staff worked diligently to get neighbourhoods back to normal: we took in 99,555 tonnes of flood debris at our landfills; stabilized five riverbank sites for public safety; resurfaced and cleaned seven playgrounds; and with the help of 400 volunteers, reopened 15 City parks.

HOUSING & PROPERTY

The City worked with the Province on policy issues related to property ownership and development. Recovery services were provided at community meetings, via mobile Disaster Recovery Program funding offices and through a winterization program to help protect unoccupied

properties. We provided citizens with more than 3,000 permits to repair, remediate or demolish their homes and businesses. There is a next phase of repair or rebuild, as property owners come forward for permits for more substantial interior re-construction projects, or demolition and rebuilds. Additionally, buildings affected by the flood, with no permit activity to date are expected to come forward in 2014.

PEOPLE

Through technology, face-to-face meetings and working with partner organizations, we support Calgarians who need help. In five months, calgary.ca had more than 215,000 visits from people seeking flood-related information. We talked to 2,700 residents at community meetings and knocked on 1,300 doors in hard-hit communities.

 **95%** FEEL SATISFIED WITH THE CITY'S FLOOD RECOVERY PROGRAM



**A MONTH AFTER THE FLOOD, PRINCE'S ISLAND
PARK WAS BATHED IN SUNSHINE AND READY
TO HOST THE CALGARY FOLK FEST.**

FINANCIAL INFORMATION

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The City of Calgary 2013 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants (CPA) Canada, as required by the *Alberta Municipal Government Act*.

The financial statements consist of:

- Consolidated statement of financial position (summary of financial assets and liabilities, net financial assets (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 of Calgary 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 2013, The City of Calgary was able to implement its business plans and budgets essentially as expected. The City enters 2014 as the final year of a three-year plan reflecting its long-term goals, but it continues to monitor its financial performance carefully so that it can address any local effects should the recovery from the global economic downturn weaken. These issues are touched on in the risk management and outlook sections at the end of the FSD&A, following the financial analysis of 2013.

In 2013, as part of on-going usage and refinement of capital asset accounting and management systems, certain asset balances were identified that required correction. These asset balances primarily consisted of land improvement, engineered structures, and machinery and equipment. As a result, approximately \$14.9M in net adjustments was restated for 2012. 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, property tax assessments or any other related balances.

ECONOMIC ENVIRONMENT

Economic growth in the Calgary Economic Region was about 2.9% in 2013, while Calgary's population increased by 2.6%.

	2013	2012	Change
Calgary			
Population (April census)	1,149,552	1,120,225	+2.6%
Employment (1)	679,571	659,921	+3.0%
Residential housing starts	9,400	10,301	-0.9%
Building permit applications	17,921	16,613	+7.9%
Building permit value (\$ billions)	6.027	4.475	+34.7%
Calgary Census Metro Area			
CPI inflation rate	1.4%	1.0%	40.0%
Calgary Economic Region			
Unemployment rate	4.8%	4.8%	0.0%

Sources: see schedule of demographic and other information on page 107 except:

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

Population growth from April 2012 to April 2013 was 29,327 (2.6%) compared to 29,289 (2.7%) for the year ending April 2012. The annual rate of population growth is estimated at 1.8% over the next ten years.

Population and economic growth forecasted for 2013 will continue to drive demand for more infrastructure and services from The City.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

REVENUES AND EXPENSES

The City had consolidated revenues of \$3.693 billion in 2013 before external transfers for infrastructure (grants and revenue sharing from other governments plus funds and tangible capital assets from developers totaling \$728.7 million) (2012 – \$3.224 billion, before external transfers of \$844.3 million).

City consolidated expenses were \$3.337 billion before net ENMAX adjustments of \$13.2 million (2012 – \$3.009 billion, before net ENMAX adjustments of \$49.2 million). Included in expenses is depreciation in the amount of \$436 million (2012 – \$525 million) as the estimated annual cost of owning and using The City's capital assets.

For 2013, net revenues including external contributions to infrastructure of funds and tangible capital assets totaled \$1.084 billion (2012 – \$1.059 billion).

Operating budgets were exceeded for both revenues and expenses, once again contributed to by 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)	2013	2012
		(Restated)
A. Financial Assets	\$ 6,489,172	\$ 5,407,521
B. Liabilities	5,903,191	5,267,439
C. Net Financial Assets (A minus B)	585,981	140,082
D. Non-Financial Assets	13,689,630	13,037,917
E. Accumulated Surplus (C plus D)	14,275,611	13,177,999

The City's financial position increased primarily due to the increase in its investment in ENMAX, and increases in investment balances, partially offset by increases in debt and other liabilities. The City's net financial assets increased by \$446 million (2012 – \$318 million) primarily as a result of the acquisition of capital assets, including donated assets of \$0.856 billion (2012 – \$1.080 billion), net revenues of \$1.084 billion (2012 – \$1.107 billion), non-cash charges for amortization of \$436 million (2012 – \$525 million) and an increase in debt proceeds, net of debt principal repayments of \$241 million (2012 – \$192 million). The net increase in net financial assets reflects primarily the increase in investment balances and also the increase in the equity in ENMAX.

The City's accumulated surplus (net assets) increased by \$1.098 billion (8.3%) in 2013, primarily from the net increase in tangible capital assets (purchased and donated) of \$0.650 billion partially offset by a net increase in debt of \$241 million, as well as reflecting an increase in the equity in ENMAX of \$298 million.

The long-term debt component of liabilities (including self-supported and excluding ENMAX) increased by \$241 million to \$3.661 billion.

The City's long-term debt ratings were affirmed at AA+ by Standard and Poors and AA (high) by Dominion Bond Rating Service in 2013.

CASH FLOW

The City's cash and cash equivalents increased by \$14.6 million to \$62 million while investments increased by \$608 million to \$3.317 billion. The increase in investments largely reflects the collection of property taxes, increases in various grant investment balances to fund capital projects, and increases in other capital and operating reserves.

CASH PROVIDED BY OPERATING ACTIVITIES

In 2013, cash provided by operating activities was \$1.156 billion, compared to \$1.193 billion in 2012. This decrease was driven primarily by increase in receivables and other assets.

CASH USED IN CAPITAL ACTIVITIES

Cash used in capital activities was \$840.2 million, compared to \$1.050 billion in 2012, and includes:

- Additions to capital assets of \$856.4 million;
- Proceeds from sale of tangible capital assets of \$16.2 million.

CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities was \$540.6 million, compared to \$320.4 million provided by investing activities in 2012, and includes:

- Net purchases of investments of \$608.1 million;
- Dividends from ENMAX Corporation of \$67.5 million.

CASH PROVIDED BY FINANCING ACTIVITIES

Cash provided by financing activities was \$239.7 million, compared to \$164.1 million in 2012, and includes:

- Proceeds from long-term debt issued of \$436.8 million;
- Long-term debt repayments of \$196.0 million;
- Net decrease in bank indebtedness of \$1.1 million.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS REVIEW

REVENUES — BUDGET TO ACTUAL COMPARISON

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

	Budget 2013	Actual 2013	Favourable/ (Unfavourable)	Percent Change
Net taxes available for				
Net taxes available for municipal purposes	\$ 1,672,400	\$ 1,795,403	\$ 123,003	7%
Sales of goods and services	1,062,786	1,115,418	52,632	5%
Government transfers and revenue sharing agreements				
Federal	5,528	4,462	(1,066)	-19%
Province of Alberta	110,013	108,906	(1,107)	-1%
Investment income	46,910	47,357	447	1%
Fines and penalties	69,420	69,503	83	0%
Licences, permits and fees	85,528	103,645	18,117	21%
Miscellaneous revenue	15,617	95,457	79,840	511%
Equity in earnings of ENMAX	287,000	352,483	65,483	23%
Total revenues (before external transfers for infrastructure)	\$ 3,355,202	3,692,634	\$ 337,432	10%
Developer contributions	\$ 259,333	\$ 95,783	\$ (163,550)	-63%
Government transfers related to capital	965,239	382,978	(582,261)	-60%
Developer contributions-in-kind related to capital	-	249,978	249,978	N/A
Total external transfers for infrastructure	\$ 1,224,572	\$ 728,739	\$ (495,833)	-40%

Total City revenues (before external transfers for infrastructure) were approximately 10% greater than budgeted for 2013, mainly as a result of greater than anticipated net municipal taxes, sales of goods and services, licences, permits and fees, higher miscellaneous revenue, and higher equity earnings of ENMAX.

Net taxes available for municipal purposes was approximately 7% higher than budgeted primarily due to lower property tax cancellations (\$24.3 million) as a result of continued stability in the Calgary real estate market, lower business tax cancellations (\$11.5 million), favourable growth in business assessment (\$7.1 million), higher local improvement levies (\$57.8 million) as a result of changes to Public Sector Accounting Standards, and higher revenue in lieu of taxes (\$19.7 million).

Sales of goods and services were approximately 5% 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 the flood, and higher material sales and recoverable work.

Licences, permits and fees were approximately 21% higher than budget as a result of increased activity and growth in development and building permit acquisitions.

Miscellaneous revenue was approximately 511% higher due to a variety of items, primarily increased transactions with associated parties, and higher recoveries from third parties, including for damage caused to City property by the June 2013 flood, and outstanding hail damage claims.

Equity in earnings of ENMAX was approximately 23% higher than budgeted primarily as a result of gain on sale of subsidiary, lower amortization expense, and lower foreign exchange losses.

City revenues related to infrastructure were lower than budgeted for 2013 mainly as a result of the Municipal Sustainability Initiative (MSI) agreement, introduced by the Province of Alberta in 2007-08 as a commitment to Calgary 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.

Developer contributions were approximately 63% below budget due to differences in the estimates of anticipated acreage assessments used during the year.

Government transfers related to capital were approximately 60% lower than budgeted primarily due to unanticipated changes in timing of grant receipts for the Municipal Sustainability Initiative (\$423 million), the Alberta Municipal Infrastructure Program (\$14 million), and the Fuel Tax Rebate (\$81 million).

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

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

EXPENSES — BUDGET TO ACTUAL COMPARISON

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

	2013 Budget (excluding Depreciation)	2013 Actual Depreciation Expense	2013 Actual (excluding Depreciation)	2013 Favourable/ (Unfavourable)**	Percent Change
Police	\$ 421,007	\$ 16,571	\$ 422,106	\$ (1,099)	0%
Fire	238,905	16,778	245,672	(6,767)	-3%
Public Transit	376,211	98,816	394,129	(17,918)	-5%
Roads, traffic and parking	220,482	139,064	260,683	(40,201)	-18%
Water services and resources	359,907*	94,983	403,117*	(43,210)	-12%
Waste and recycling services	104,628	7,746	117,484	(12,856)	-12%
Community and social development	62,384	145	62,987	(603)	-1%
Social housing	132,607	2,990	126,011	6,596	5%
Parks and recreation facilities	185,875	42,490	214,117	(28,242)	-15%
Societies and related authorities	51,311	364	108,089	(56,778)	-111%
Calgary Public Library Board	49,163	6,738	40,273	8,890	18%
General government	311,808	36,468	305,683	6,125	2%
Public works	216,070*	29,980	186,479*	29,591	14%
Real estate services	94,962	26,921	55,075	39,887	42%
	\$ 2,825,320	\$ 520,054	\$ 2,941,905	\$ (116,585)	-4%

* Includes depreciation expense

** Excludes depreciation, except as noted above

Expenses were higher than budget, primarily for unbudgeted amortization charges of \$436.2 million. Given 2009 was the first year of adoption of the new Tangible Capital Assets standards (PS 3150), The City has yet to integrate these new standards for budget preparation, and so amortization charges for most tax supported assets are not included in the budget process. The following variance explanations have been prepared excluding the impact of depreciation expense. Other expenses above budget include police, fire, transit, roads, waste and recycling services, water services and resources, community and social development, parks and recreation facilities, and societies and related authorities, offset by lower than budgeted amounts in social housing, Calgary Public Library Board, general government, public works and real estate services.

The following variance explanations exclude the impact of depreciation expense except where noted.

Fire was approximately 3% over budget primarily due to material and equipment, and contracted and general services expenses generated by the flood.

Public transit was approximately 5% higher than budgeted primarily due to higher overtime required to ensure the achievement of operational commitments, the flood, and higher building and fleet maintenance costs, partially offset by higher than expected recoveries for insurance claims.

Roads, traffic and parking were approximately 18% higher than budgeted primarily due to higher salaries and wages resulting from increased road maintenance, higher snow and ice control and street cleaning activities as a result of higher snowfall and more activity in paving and streetlight requests, and flood-related activity.

Water services and resources was approximately 12% higher than budgeted due to higher depreciation expense than budgeted offset by lower interest expense resulting from lower debt incurred as a result of lower than anticipated capital expenditures and savings from lower salaries and wages from vacant positions.

Waste and recycling services was approximately 12% higher than budgeted due to flood clean-up and higher vehicle and equipment maintenance costs.

Social housing was lower than budgeted by approximately 5% primarily due to higher sales and lower cost of sales than budgeted.

Parks and recreation facilities were approximately 15% higher than budgeted primarily due to higher material, equipment and supplies costs associated with the flood, and higher costs associated with maintenance work being contracted out as part of a pilot project.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Societies and related authorities expenses were approximately 111% higher than budget due to higher than anticipated capital transfers for related authorities, and flood-related expenses.

Calgary Public Library Board was approximately 18% 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, Customer Service & Communications, Finance & Supply, Human Resources and Information Technology. Expense were approximately 2% lower than budgeted primarily due to lower

employee benefit liability offset by flood and hail damage costs, higher material, equipment, contract and general services costs, and higher provisions for corporate contingencies.

Public works was approximately 14% lower than budgeted primarily due to lower capital activity than planned, increased transactions from associated parties and depreciation expense.

Real estate services expenses were approximately 42% lower than budget due to lower capital activity than planned.

REVENUES — COMPARISON TO PRIOR YEAR

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

	Actual 2013	Actual 2012 (Restated)	Increase/ (Decrease)	Percent Change
Net taxes available for municipal purposes	\$ 1,795,403	\$ 1,593,447	\$ 201,956	13%
Sales of goods and services	1,115,418	1,028,539	86,879	8%
Government transfers and revenue sharing agreements				
Federal	4,462	6,117	(1,655)	-27%
Province of Alberta	108,906	117,974	(9,068)	-8%
Investment income	47,357	41,753	5,604	13%
Fines and penalties	69,503	75,477	(5,974)	-8%
Licences, permits and fees	103,645	90,938	12,707	14%
Miscellaneous revenue	95,457	44,339	51,118	115%
Equity in earnings of government business enterprises	352,483	225,038	127,445	57%
Total revenues (before external transfers for infrastructure)	\$ 3,692,634	\$ 3,223,622	\$ 469,012	15%
Developer contributions	\$ 95,783	\$ 96,396	\$ (613)	-1%
Government transfers related to capital	382,978	490,743	(107,765)	-22%
Developer contributions-in-kind related to capital	249,978	257,122	(7,144)	-3%
Total external transfers for infrastructure	\$ 728,739	\$ 844,261	\$ (115,522)	-14%

The increase between current and prior year revenues include property tax base growth and rate increases.

Net taxes available for municipal purposes was approximately 13% higher than 2012 as a result of a property tax rate increase, growth in both property tax and business tax assessment bases, decreased property tax cancellations and an increase in the Community Revitalization Levy due to higher development activity, and higher local improvement levies due to a change to Public Sector Accounting Standards, partially offset by a higher Provincial Property Tax Requisition.

Sales of goods and services was approximately 8% higher in 2013 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 13% higher than 2012 primarily due to higher investment earnings resulting from a higher principal balance.

Fines and penalties were approximately 8% lower than 2012 primarily due to lower court fine revenue resulting from fewer summons being issued by Calgary Police Services and lower infraction activity in Calgary Transit locations.

Licences, permits and fees were approximately 14% higher than 2012 primarily due to increased activity and growth in development and building permit acquisitions.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Miscellaneous revenue was approximately 115% higher than 2012 primarily due to increased recoveries from third parties related to the flood and hail damage, partially offset by lower transactions with associated parties.

Equity in earnings of government business enterprises was higher by approximately 57% due to overall earnings of ENMAX in 2013.

EXPENSES — COMPARISON TO PRIOR YEAR

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

	Actual 2013	Actual 2012 (Restated)	Increase/ (Decrease)	Percent Change
Police	\$ 438,677	\$ 410,897	\$ 27,780	7%
Fire	262,450	246,737	15,713	6%
Public transit	492,945	438,856	54,089	12%
Roads, traffic and parking	399,747	383,383	16,364	4%
Water services and resources	403,117	384,764	18,353	5%
Waste and recycling services	125,230	111,336	13,894	12%
Community and social development	63,132	55,567	7,565	14%
Social housing	129,001	113,430	15,571	14%
Parks and recreation facilities	256,607	214,423	42,184	20%
Societies and related authorities	108,453	68,593	39,860	58%
Calgary Public Library	47,011	52,195	(5,184)	-10%
General government	342,151	276,005	66,146	24%
Public works	186,479	177,086	9,393	5%
Real estate services	81,996	76,001	5,995	8%
	\$ 3,336,996	\$ 3,009,273	\$ 327,723	11%

Other than general inflation which applies to all items below, most increases from 2012 to 2013 were growth-related in various services and as a result of the flood event in 2013. For additional information, please refer to Note 31 on the 2013 audited consolidated financial statements.

Police expenses were approximately 7% higher than in 2012 from new positions for growth, higher overtime due to initiatives to combat organized crime and gang activity and flood related activities, and higher expenses due to aircraft and building maintenance.

Fire increase of approximately 6% in expenses in 2013 includes costs associated with flood-related labour costs, new positions for growth, filling vacant positions and higher uniform expense due to a change in uniforms. In addition, material, equipment and supplies, and contract and general expenses increased due to the flood.

Government transfers related to capital were approximately 22% lower than 2012 primarily due to a decrease in the use of MSI funding received, and lower federal grant funding related to stimulus activities, partially offset by higher contributions from the Fuel Tax Grant program, and provincial funding related to the flood.

Developer contributions-in-kind related to capital were approximately 3% lower than 2012 due to the timing of completion of developer donated assets.

Public transit costs were approximately 12% higher than 2012 primarily due to higher labour costs, fuel, oil, maintenance and utility costs due to additional transit service in 2013, additional expenses related to the West LRT, and some flood related costs.

Roads, traffic and parking increased by approximately 4% over the prior year primarily due to high labour costs, increased maintenance, trouble and snow clearing service, increased building maintenance costs due to the flood, and higher property taxes due to higher assessed values for Calgary Parking Authority.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Water services and resources were approximately 5% higher primarily due to higher labour costs due to flood-related overtime, higher costs for biosolids removal, and general inflationary increases, partially offset by higher recoveries from associated parties.

Waste and recycling services were approximately 12% higher than prior year primarily due to higher labour costs associated with flood-related overtime, higher fleet maintenance costs for higher vehicle usage resulting from the flood, partially offset by adjustments to the provision for landfill rehabilitation.

Community and social development was 14% higher than prior year due to a transfer of employees from an associated party, higher labour costs due to flood-related overtime, and higher janitorial, security and transportation costs required to support flood evacuee reception centres.

Social housing increased from the prior year by approximately 14% primarily due to increased sales activity in social housing, partially offset by lower contract and general expenses resulting from the expiry of retrofit and renovation grant funding that existed in the prior year.

Parks and recreation facilities increased by approximately 20% primarily due to higher labour costs and flood-related overtime, and higher contractor costs due to maintenance work being contracted out.

Societies and related authorities expenses include transfer payments to third parties for capital projects, which can vary in amount from year to year. 2013 transfers for capital projects were approximately \$40 million higher than those made in 2012.

Calgary Public Library Board was approximately 10% lower than the prior year primarily due to higher transfers from associated parties.

General government was approximately 24% higher than 2012 primarily due to higher insurance, increase costs incurred related to the flood (approximately \$40 million), and election costs, partially offset by recoveries from third parties.

Public Works was approximately 5% higher primarily due to higher labour costs related to flood-related overtime, increases in limited term staff positions, the implementation of new initiatives and higher amortization due to the addition of flood-related assets.

Real estate services were 8% higher than 2012 primarily as a result of increased transactions with associated parties, and higher facility operation costs, partially offset by lower land acquisition costs.

TANGIBLE CAPITAL ASSETS

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

	2013 Net book value	2012 Net book value (Restated)	Increase/ (Decrease)
Land	\$ 1,975,232	\$ 1,924,633	\$ 50,599
Land Improvements	542,053	530,294	11,759
Engineered Structures	7,881,440	7,581,594	299,846
Buildings	1,210,366	1,105,451	104,915
Machinery and Equipment	328,484	346,546	(18,062)
Vehicles	657,105	673,528	(16,423)
	12,594,680	12,162,046	432,634
Work in Progress			
Land	27,181	28,221	(1,040)
Construction	994,925	776,944	217,981
Tangible capital assets	\$ 13,616,786	\$ 12,967,211	\$ 649,575

During 2013, The City spent \$0.856 billion on capital projects (2012 – \$1.080 billion), which included \$0.890 billion for tax-supported projects (2012 – \$0.983 billion). Spending on capital projects was primarily on roads and water projects' and 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 of machinery and equipment. 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 \$250.0 million (2012 – \$257.1 million).

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT TRENDS

REVENUES (before external transfers for infrastructure)

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

	Actual 2013	Actual 2012 (Restated)	Actual 2011	Actual 2010 (Restated)	Actual 2009 (Restated)
Net taxes available for municipal purposes	\$ 1,795,403	\$ 1,593,447	\$ 1,467,317	\$ 1,343,960	\$ 1,292,408
Sales of goods and services	1,115,418	1,028,539	966,413	907,229	861,126
Government transfers					
Federal	4,462	6,117	6,418	6,941	9,506
Province of Alberta	108,906	117,974	118,512	158,748	165,753
Equity in earnings of government business enterprises	352,483	225,038	184,581	177,819	206,034
Investment income	47,357	41,753	43,980	40,507	40,486
Fines and penalties	69,503	75,477	69,680	67,324	60,075
Licences, permits and fees	103,645	90,938	74,527	70,739	69,061
Miscellaneous revenue	95,457	44,339	35,319	35,625	46,343
Total revenues (before external transfers for infrastructure)	\$ 3,692,634	\$ 3,223,622	\$ 2,966,747	\$ 2,808,892	\$ 2,750,792

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 2013, water, wastewater and drainage rates were increased by 13.5%, 7.5% and 4.9% respectively, which combined with an increase in population, contributed to an increase of approximately \$46 million over 2012. In addition, increased transit ridership resulted in a year-over-year increase of approximately \$17 million. A significant increase in unit sales of attainable homes also contributed to higher revenue of approximately \$21 million over 2012.

Government transfers (Provincial) decreased slightly in 2012, partially offset by one time provincial grant revenue of \$4.2 million was received for affordable housing in 2012. No provincial grant revenue for affordable housing was received in 2011. Additional one-time grants for affordable housing received in prior years include \$38 million in 2010, compared to \$48 million in 2009.

Equity in earnings of ENMAX comprises the net equity increase in The City's government business enterprise ENMAX. The increase in 2009 is primarily a result of the growth in 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 as a result of rate increases, reduced income tax and interest charges, partially offset by increased operating expenses.

Investment income for the years 2009 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 continued through 2013 with a slight decrease in 2012.

Licences, permits and fees reflects the building permit revenues driven by Calgary's growth, which declined somewhat in 2009 due to economic softening and 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 2013 with some increased activity attributable to the flood.

Miscellaneous revenue has increased for 2013 primarily due to flood and hail costs recovered from external insurance companies. In 2012, miscellaneous revenue was higher primarily due to increased transactions with associated parties, after remaining stable through 2011 and 2010. 2009 experienced an unusually high gain on sale of \$22.4 million.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND DEBT

FINANCIAL POSITION — NET FINANCIAL ASSETS (DEBT)

As at December 31 (in thousands of dollars)

	Actual 2013	Actual 2012	Actual 2011	Actual 2010 (Restated)	Actual 2009 (Restated)
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 62,021	\$ 47,429	\$ 61,172	\$ 60,359	\$ 54,064
Investments	3,317,463	2,709,358	2,333,003	2,358,079	2,218,939
Receivables	308,945	209,350	230,247	237,469	224,490
Land inventory	254,680	249,499	243,109	244,595	241,017
Other assets	85,859	29,899	20,310	20,329	10,395
Investment in government business enterprises	2,460,204	2,161,986	1,943,731	1,845,250	1,744,464
	6,489,172	5,407,521	4,831,572	4,766,081	4,493,369
LIABILITIES					
Bank indebtedness and short-term borrowing	29,215	30,385	57,922	57,470	56,518
Accounts payable and accrued liabilities	745,015	648,205	639,457	574,002	574,820
Deferred revenue	74,287	59,089	57,934	54,268	64,189
Capital deposits	929,765	687,310	639,567	713,477	613,498
Provision for landfill rehabilitation	64,700	60,100	56,100	54,400	12,100
Employee benefit obligations	398,827	361,810	329,455	309,138	278,994
Long-term debt	3,661,382	3,420,540	3,228,887	2,945,662	2,461,850
	5,903,191	5,267,439	5,009,322	4,708,417	4,061,969
NET FINANCIAL ASSETS (DEBT)	\$ 585,981	\$ 140,082	\$ (177,750)	\$ 57,664	\$ 431,400

From 2009 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 in 2013 with a further increase of \$446 million. 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.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

LONG-TERM DEBT

As at December 31 (in thousands of dollars)

	2013	2012	2011	2010	2009
Opening Balance	\$ 3,420,540	\$ 3,228,887	\$ 2,945,662	\$ 2,476,075	\$ 1,967,939
Increase (Decrease)					
Tax-supported	209,329	(46,991)	(28,061)	(14,020)	(37,342)
Self-sufficient tax-supported	74,378	238,514	247,643	308,000	266,000
Self-supported	(42,865)	130	63,643	175,607	279,478
Net Increase during the year	240,842	191,653	283,225	469,587	508,136
Closing balance	3,661,382	3,420,540	3,228,887	2,945,662	2,476,075
ENMAX debt in The City's name	915,510	827,828	732,877	631,494	516,852
Total debt attributable to The City	\$ 4,576,892	\$ 4,248,368	\$ 3,961,764	\$ 3,577,156	\$ 2,992,927

In 2013, 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, financial policies/practices and approval of three-year business plans and budgets.

The City of Calgary 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;
- 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 2013, \$261.3 million in new tax-supported debt (debt that is repaid using tax revenues and is the long-term debt used in tax-supported areas) was obtained to finance growth-related projects, which was \$209.3 million more than tax-supported debt repayments. The City's tax-supported long-term debt was \$570.8 million as at December 31, 2013. The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 3.9% (including MSI), which is well within The City's 10% policy limitation. \$350 million of additional tax-supported debt capacity, approved by Council in 2002, is fully committed.

In 2006, Council approved a further \$75 million per year for 2007-2008 for self-sufficient tax-supported debt in anticipation of possible funding requirements for new projects such as The Rivers Community Revitalization Plan. 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 Government's Municipal Sustainability Initiative (MSI). In 2008, Council authorized \$100 million per year, in each of the next five years, of self-sufficient, tax-supported debt for self sustaining projects (e.g. Calgary Municipal Land Corporation projects). As at December 31, 2013, the Calgary Municipal Land Corporation has borrowed a total of \$154.5 million. In 2009, Council also approved a maximum debt of \$1 billion to provide bridge financing for MSI-funded projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total amount of bridge financing to approximately \$1.6 billion. As at December 31, 2013, The City has borrowed a total of \$1.020 billion for these projects.

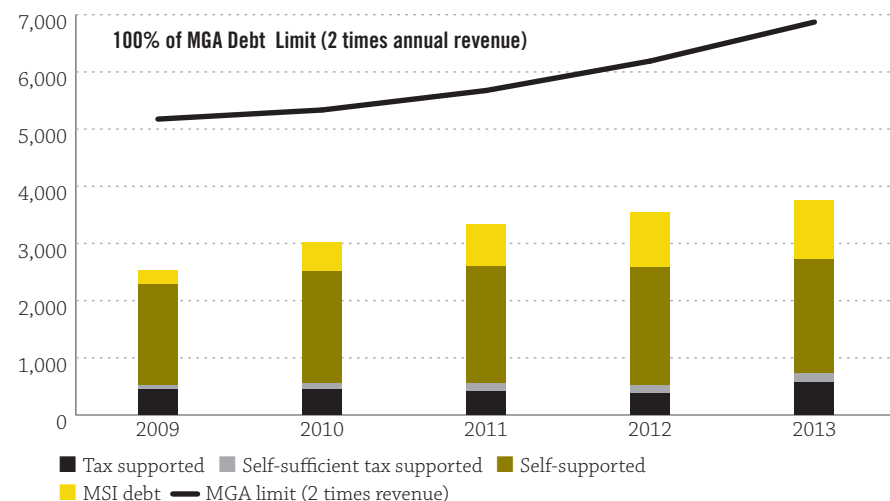
Also in 2013, \$98.5 million in new self-supported debt (self supported debt, primarily related to Water Services & Resources, is debt repaid from sources excluding the tax-supported portion of The City's budget, such as fees for services, levies on user fees, or local improvement levies) was obtained, and debt repayments exceeded new borrowing by \$42.9 million, lowering the total self-supported debt to \$1.916 billion (excluding \$915.5 million in debt attributable to ENMAX).

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The *Municipal Government Act* (MGA) requires The City 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 projects The City's total historical outstanding debt from 2009 to 2013. It indicates that as at December 31, 2013 The City had used 55% of its MGA debt limit.

CHART A — THE CITY OF CALGARY'S HISTORIC DEBT LEVELS
MGA DEBT LIMITS TREND 2009 – 2013

(in millions of dollars)

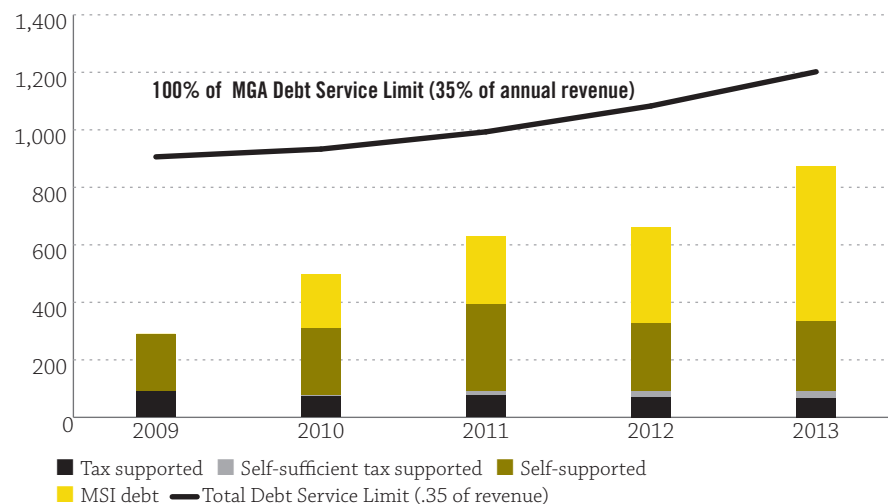


The MGA Debt Service Limit sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur and is calculated at 35% of revenue. For MSI bullet debt, the total principal and interest is recognized as debt servicing in the year the debt matures. Chart B below forecasts The City's Debt Servicing Charges and indicates that 73% of the MGA debt service limit has been used to the end of 2013.

CHART B — DEBT SERVICE LIMIT VS. DEBT SERVICING CHARGES
(PRINCIPAL AND INTEREST)

MGA DEBT SERVICE LIMIT TREND 2009 – 2013

(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 is expected to exceed this ratio for several years due to debt associated with MSI bridge financing.

Debt associated with MSI bridge financing will test 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.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

RESERVES

As at December 31 (in thousands of dollars)

	2013	2012	2011	2010	2009
	\$ 1,434,171	\$ 1,297,791	\$ 1,131,968	\$ 1,017,747	\$ 958,433

The reserve balances totaled \$1.434 billion at the end of 2013 (2012 – \$1.298 billion). The net increase was primarily the result of transferring funds to the Community Investment Reserve as a result of The City taking up vacated provincial property tax room resulting in a projected cash flow of approximately \$42 million annually. In addition, there were increases in the Fiscal Stability Reserve, and reserves for major capital projects and real estate, partially offset by reductions in funds for corporate housing and debt servicing.

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 2013, the third year of the current triennial review period, City staff undertook a review of 17 reserves, representing approximately one-third of all reserves' balances as of December 31, 2012. Findings and recommendations of the review were approved by Council in December 2013.

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, 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, used to fund capital expenses.
- Sustainment reserves, 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 (2013 – \$357.3 million; 2012 – \$295.0 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 (2013 – \$269.6 million; 2012 – \$271.9 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. In addition to the corporate-wide IRM framework, there are specific risk management processes in place that are presented below.

ECONOMIC MONITORING

The City of Calgary was not as materially impacted by the recent worldwide economic downturn as many other organizations. However, the local economy is still potentially vulnerable to the impact of external economic pressures due to differing rates of recovery in the global economy, 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 Calgary for infrastructure construction underway and planned for the near future. As a result, Calgary will take on short-term 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. Stable economic activity in 2013 maintained the level of property development within the city, and population and the tax assessment base continues to grow. Natural gas franchise fee revenues were affected by less growth in demand and lower energy prices, but even as recovery continues there is still uncertainty about the direction in the coming years.

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

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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, 2013. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial loss of \$58.4 million (2012 – \$77.3 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 liabilities are greater than the net assets available for benefits. The total deficit at December 31, 2012 for LAPP is \$4.98 billion and for SFPP is \$499 million. At December 31, 2012 the City of Calgary employees represented approximately 8.4% 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.

The Government of Alberta announced plan benefit changes to LAPP on February 24, 2014. The intended changes will affect benefits earned from January 1, 2016 onward. To the extent these or other changes in the regulatory and legal environment transpire, there may be financial impacts in future years to The City for these multi-employer plans as well as The City sponsored pension plans.

ENVIRONMENTAL RISK

Environmental risk at The City of Calgary 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, City of Calgary 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 Corporation 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 Corporation and the community at large. Infrastructure concerns related to climate change adaptation are also being addressed.

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. As such, The City is currently undergoing Flood Mitigation Programs.

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 \$250,000 Canadian. At December 31, 2013, The City had U.S. dollar foreign exchange fixed contract arrangements totaling \$102.7 million U.S. dollars (2012 – \$5.8 million) at exchange rates ranging from 1.00 to 1.07 Canadian dollars for U.S. dollar contracts. During the fiscal year ended December 31, 2013, the various arrangements for foreign merchandise purchases cost The City \$0.173 million (2012 – \$0.891 million) more than if the arrangements had not been entered into.

ENMAX (THE CITY'S WHOLLY-OWNED SUBSIDIARY)

The City of Calgary 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 (wires) 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 2013 strategic plan. Approvals for capital projects in excess of \$30 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. While the local economy appears to be relatively stable, the impact of external economic pressures on our economic growth urges The City of Calgary to stay vigilant.

The Calgary Economic Region (CER) should benefit from more robust global growth and increased investment activity arising from the need to repair residential and non-residential structures damaged by the flood of 2013. The CER's gross domestic product (GDP) is expected to grow by 2.7% in 2014, and 2.5% in 2015. However, economic growth is expected to decline to 2.3% by 2016, as a relatively tight labour market restricts increased production and consumer spending. Total employment in the CER was estimated at 830,000 in 2013, up from 806,000 in 2012 and 776,000 in 2011. The forecast calls for total employment to average 860,000 in 2014 and 885,000 in 2015. The unemployment rate was estimated at 4.8% in 2013, unchanged from 2012, as labour force growth matched employment growth. The unemployment rate is expected to fall to 4.6% in 2014 and 4.4% in 2015 as employment growth exceeds labour force growth. The latest economic projections paint a generally positive 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 2013 of approximately 19,100 people. This was consistent with the net migration seen in 2012 and marked a return to similar levels seen in 2007. 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.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The rapid swings in economic prospects, from the record growth of 2006-2007 to the slump of 2008-2010, and the current relative stability, have validated the flexibility built into The City's process for strategic and business planning. In 2013, Council approved a set of adjustments to the 2014 operating and capital budgets. The current stable economic and social outlook for Calgary allowed Council to approve adjustments to the most critical areas and lower the previously approved municipal property tax rate. The City has begun the business planning and budgeting process for 2015 – 2018 and will continue to maintain its flexibility to respond to economic, social, environmental and political changes through the 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 of Calgary's longer-term perspective carries well beyond its three-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. Calgary has also been a major contributor to the Calgary Metropolitan Plan (CMP), completed and approved by the Calgary Regional Partnership (CRP), which includes a comprehensive regional land use plan, a governance strategy and principles for regional servicing. The City is working with the Calgary Regional Partnership to establish a governance model for the region to implement the Calgary Metropolitan Plan. In particular, The City is working with the CRP to address regional servicing and transit. The CRP is currently refining its urban growth areas that are identified in the CMP. The Calgary Regional Partnership and its member municipalities adopted amendments to the Calgary Metropolitan Plan in June 2012 designed to ensure the CMP remains relevant to its members, and respond to provincial requirements. The amended CMP was submitted to the Government of Alberta for further consideration in July of 2012. After a cross-ministry review in 2012, the Minister of Municipal Affairs has asked that a government-led mediator be assigned to assist in addressing outstanding issues with the Plan. Mediation was completed and a report provided to the Province in July 2013. The City presented an updated long range financial plan to Council in 2011. This document extends The City's financial planning horizon by projecting costs and revenues for a ten year period and provides goals and strategies aimed at favourably influencing The City's long term financial future. An update to this document is expected to be presented to Council in 2014.

Calgary'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 with the objective of moving towards 100% "green" energy use. In 2012, Waste & Recycling Services launched the Green Cart pilot project in four Calgary neighbourhoods to test residential collection and capture citizens' experience with a food and yard waste diversion program. At the end of the one-year pilot program, garbage dropped 40 per cent in these communities compared to those without the green cart service. Over 1.9 million kilograms of food and yard waste were collected and composted. Research conducted with pilot residents showed that 89 per cent were satisfied with the pilot program and 91 per cent support a city-wide program. In 2013, Council approved the capital budget for a large-scale composting facility on the Shepard Landfill site. The City plans to launch green cart service across Calgary in 2017 once the composting facility is built. In the meantime, green cart service will continue in the four pilot communities.

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.

FUNDING GROWTH AND RENEWAL – INTERGOVERNMENTAL RELATIONS

The City will continue to identify and address Calgary'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 \$3.3 billion for Calgary 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 of Calgary has made several long-term commitments to major construction projects based on the funding agreement, the Province will allow Calgary 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 Calgary 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 \$2.7 billion allocated over the next three years, which is very close to the total announced in the 2012 – 2014 budget. Calgary's allocation for 2013 was approximately \$254.1 million and the 2014 allocation will be \$252.9 million. The province has also announced that the MSI and the Basic Municipal Transportation Grant (BMTG – Fuel Tax) will also be combined into one and the BMTG allocation for 2014 will be \$124.3 million.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

In December 2012, The City received notice from Alberta Transportation confirming advancement of GreenTRIP funding totaling \$473 million. Confirmation of the timing and amount of the funding has allowed The City to proceed with several transportation capital projects.

Provincial cooperation also is key to a renewed effort to make housing as affordable as possible, and to reduce the incidence of homelessness in Calgary. Joint City-provincial funding, and partnerships with the development industry, have created an Attainable Home Ownership Program with a goal to create 1,000 housing units on City-owned surplus lands and former dedicated school sites. The program is being administered by the Attainable Homes Calgary Corporation, an independent non-profit corporation, and is designed to have a positive impact on the rental vacancy rate and the wait list for Calgary Housing Company units, leading to improved economic vitality.

Federal government support for municipal priorities remains in place. In December 2011, The Government of Canada passed legislation to maintain its commitment to a long-term funding agreement with municipalities to share a portion of federal fuel tax proceeds for transportation infrastructure as well as for environmental initiatives. In March of 2013, the Federal Government's Economic Action Plan introduced indexing for the Gas Tax Fund revenue sharing program that will result in an increase of 2% per year for approximately another \$300 million in additional funding for The City of Calgary over the next 20 years.

FUNDING GROWTH AND RENEWAL – 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 is also evaluating the use of public-private partnerships (P3s) for the delivery of major infrastructure projects. As well, Council approved the Financing Municipal Infrastructure report in 2010 which set out the principles for funding infrastructure in new growth areas. The City has negotiated a new Standard Development Agreement with the Urban Development Institute based on these principles.

FUNDING GROWTH AND RENEWAL – COUNCIL AND CITY ADMINISTRATION ACTIONS

In 2011, Council adopted a Fiscal Plan for Calgary, the vision of which is to build a municipal government that is more citizen-centred, cost-conscious and innovative. Council's Plan recognizes that existing principles and practices governing municipal finance are not sustainable. In order to continue to fulfill the municipal mandate to provide the services and infrastructure that Calgarians expect and value, The City has approved and implemented a number of strategies that will align with this vision of transforming municipal government.

In June of 2012, the cities of Calgary and Edmonton signed an agreement with the province, agreeing to work together on legislation to redraft the relationship between the province and the two cities. This is intended to be a collaborative process which will provide a solution to allow the cities to sustain increasing demands for municipal services and infrastructure, and to more effectively fulfill their respective mandates. In 2014, the Province announced it is undertaking a review of the *Municipal Government Act* (MGA), Alberta's largest piece of legislation. This review will involve a multitude of stakeholders across the Province, and The City of Calgary will be an active participant.

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 2013, the ZBR Program had initiated reviews of business units making up 15% of The City's gross operating expenditure budget.

2013 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

In response to a Council directive to undertake a broad-scale review of the planning process, “Transforming Planning” was launched as an initiative to collaboratively design – and ultimately implement – a new planning system for Calgary. Transforming Planning conducted extensive engagement with City staff, industry and community representatives which resulted in a new planning system for Calgary and an implementation strategy for delivering long-term transformation for planning.

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. Thirty-two communities and 80,000 people were evacuated. In response to such a major event, hundreds of people from the Calgary Emergency Management Agency (CEMA) and over 40 City of Calgary business units worked around the clock to begin recovery efforts. The effects of the flood were felt across the organization as flood recovery and resiliency projects, as well as increased call volumes, affected the ability of departments to respond to citizen service needs. Due to the efforts of City staff in the weeks and months 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 28, 2014



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

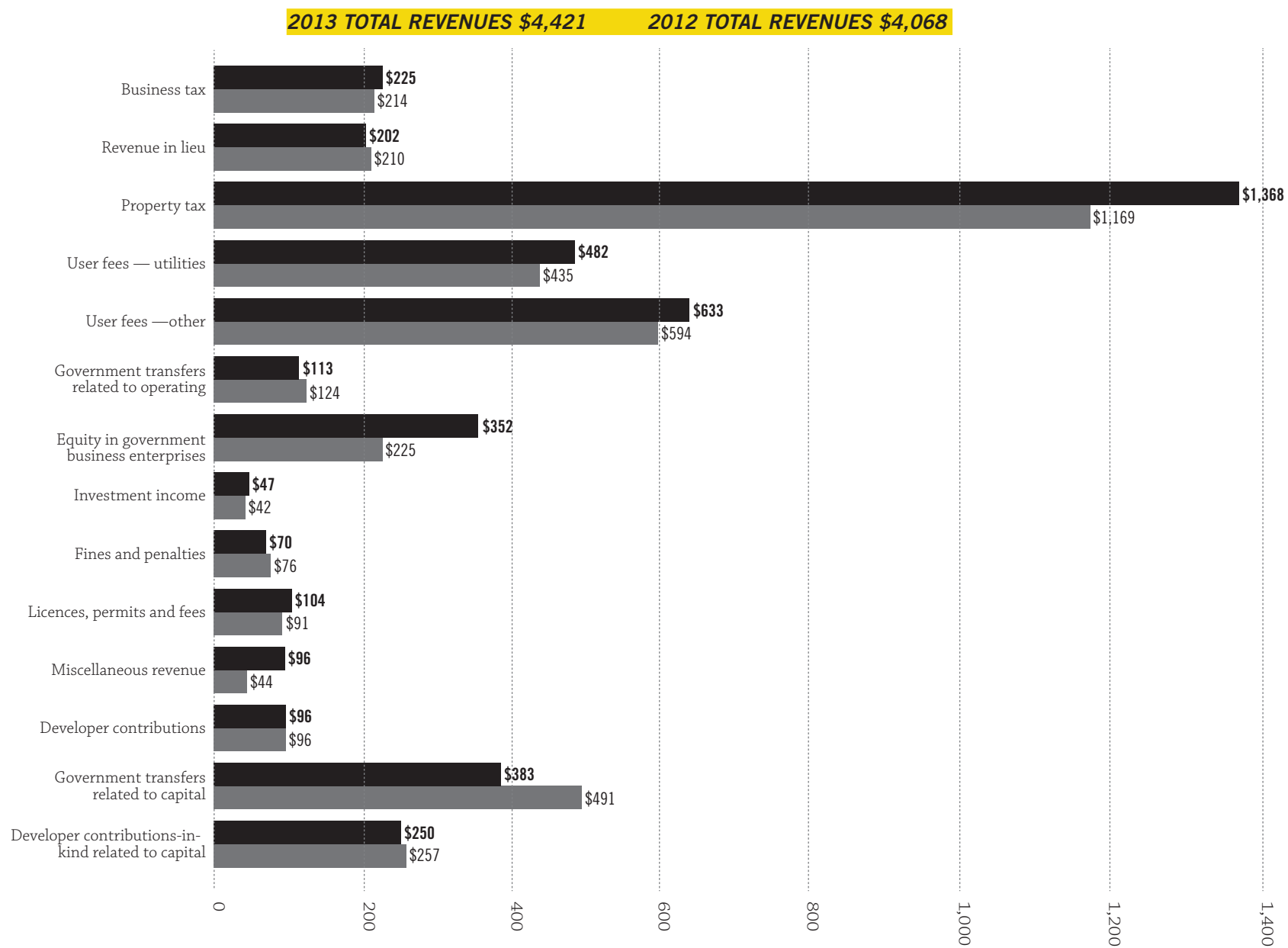
December 31, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

FINANCIAL SYNOPSIS 2013 SOURCES OF REVENUE FOR THE YEAR ENDED DECEMBER 31

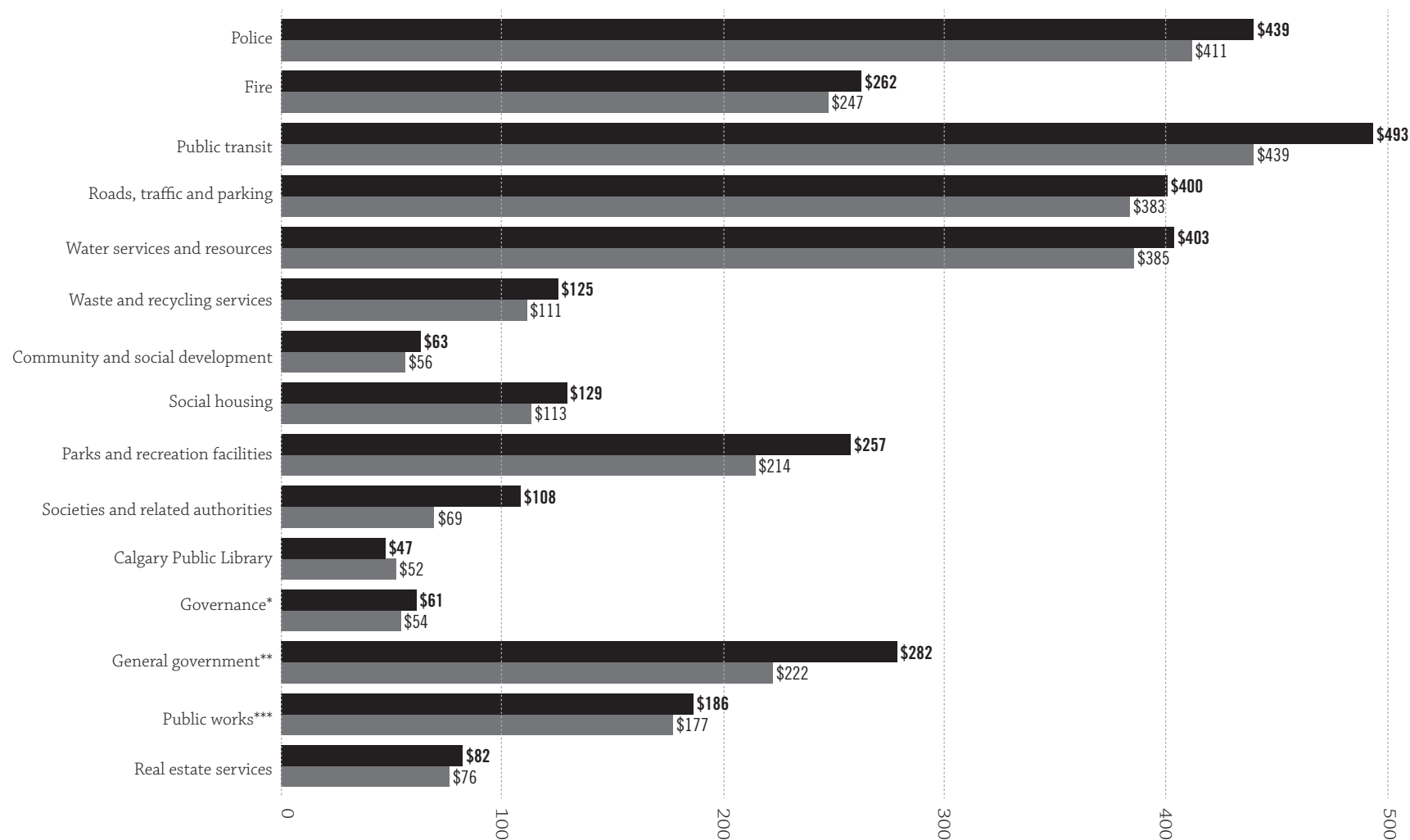
(IN MILLIONS OF DOLLARS)



FINANCIAL SYNOPSIS 2013 EXPENSES FOR THE YEAR ENDED DECEMBER 31

(IN MILLIONS OF DOLLARS)

2013 TOTAL EXPENSES \$3,337 2012 TOTAL EXPENSES \$3,009



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

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

*** Includes Animal & Bylaw Services, Development & Building Approvals (DBA), Land Use Planning and Policy, Environmental & Safety Management, Infrastructure Information Services, Fleet Services, and facilities.

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 generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants ("CPA") Canada. 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 2013, City Council fulfilled its responsibility for financial reporting through its Standing Policy Committee ("S.P.C.") on Finance and Corporate Services and its Audit Committee. The S.P.C. on Finance and Corporate Services consisted of seven councillors who meet regularly to deal with budget-related matters. In 2013, City Council fulfilled its responsibility for financial reporting through its 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 and the Chair of the Audit Committee, meets regularly to deal with financial planning and reporting matters. The Audit Committee, which consists of four councillors and three citizen representatives, meets regularly with both the independent external auditors and the City Auditor to review financial control and reporting matters.

Deloitte, Chartered Accountants, have been appointed by City Council to express an audit opinion on The City's consolidated financial statements. Their report follows.

Eric Sawyer, City Manager (interim)

Beng Koay, Chief Financial Officer (Acting)

Calgary, Canada
April 28, 2014

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, 2013 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, 2013 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 28, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2013	2012
		(Restated Note 29)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 62,021	\$ 47,429
Investments (Note 3)	3,317,463	2,709,358
Receivables (Notes 4 and 7(c))	308,945	209,350
Land inventory (Note 5)	254,680	249,499
Other assets (Note 6)	85,859	29,899
Investment in ENMAX (Note 7)	2,460,204	2,161,986
	6,489,172	5,407,521
FINANCIAL LIABILITIES		
Bank indebtedness (Note 8)	29,215	30,385
Accounts payable and accrued liabilities (Notes 7(c) and 9)	745,015	648,205
Deferred revenue (Note 10)	74,287	59,089
Capital deposits (Note 11)	929,765	687,310
Provision for landfill rehabilitation (Note 12)	64,700	60,100
Employee benefit obligations (Note 13)	398,827	361,810
Long-term debt (Note 14)	3,661,382	3,420,540
	5,903,191	5,267,439
NET FINANCIAL ASSETS	585,981	140,082
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 15, 29, 30 and 31)	13,616,786	12,967,211
Inventory	50,836	51,811
Prepaid assets	21,776	18,663
Land receivable	232	232
	13,689,630	13,037,917
ACCUMULATED SURPLUS (Note 17)	\$ 14,275,611	\$ 13,177,999

COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES (Notes 24 and 25)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:

Mayor Naheed Nenshi

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	Budget 2013 (unaudited) (Note 16)	Actual 2013	Actual 2012 (Restated Note 29)
REVENUES			
Net taxes available for municipal purposes (Note 19)	\$ 1,672,400	\$ 1,795,403	\$ 1,593,447
Sales of goods and services	1,062,786	1,115,418	1,028,539
Government transfers and revenue sharing agreements (Note 22)			
Federal	5,528	4,462	6,117
Province of Alberta	110,013	108,906	117,974
Investment income	46,910	47,357	41,753
Fines and penalties	69,420	69,503	75,477
Licences, permits and fees	85,528	103,645	90,938
Miscellaneous revenue (Note 31)	15,617	95,457	44,339
Equity in earnings of ENMAX (Note 7)	287,000	352,483	225,038
	3,355,202	3,692,634	3,223,622
EXPENSES			
Police	421,007	438,677	410,897
Fire	238,905	262,450	246,737
Public transit	376,211	492,945	438,856
Roads, traffic and parking	220,482	399,747	383,383
Water services & resources	359,907	403,117	384,764
Waste and recycling services	104,628	125,230	111,336
Community and social development	62,384	63,132	55,567
Social housing	132,607	129,001	113,430
Parks and recreation facilities	185,875	256,607	214,423
Societies and related authorities	51,311	108,453	68,593
Calgary Public Library Board	49,163	47,011	52,195
General government	311,808	342,151	276,005
Public works	216,070	186,479	177,086
Real estate services	94,962	81,996	76,001
	2,825,320	3,336,996	3,009,273
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	529,882	355,638	214,349
OTHER			
Developer contributions	259,333	95,783	96,396
Government transfers related to capital (Note 22)	965,239	382,978	490,743
Developer contributions-in-kind related to capital	–	249,978	257,122
NET REVENUES	1,754,454	1,084,377	1,058,610
ENMAX – other comprehensive gain adjustment (Note 7)	–	13,235	49,217
ANNUAL SURPLUS	1,754,454	1,097,612	1,107,827
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,177,999	13,177,999	12,070,172
ACCUMULATED SURPLUS, END OF YEAR	\$ 14,932,453	\$ 14,275,611	\$ 13,177,999

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2013	2012
		(Restated Note 29)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual Surplus	\$ 1,097,612	\$ 1,107,827
Deduct items not affecting cash:		
Equity in earnings of ENMAX	(352,483)	(225,038)
ENMAX – other comprehensive gain (Note 7)	(13,235)	(49,217)
Amortization of tangible capital assets	436,155	525,054
Loss/(gain) on disposal of tangible capital assets	4,420	(511)
Developer contributions-in-kind related to capital	(249,978)	(257,122)
Change in non-cash items:		
Receivables	(99,595)	20,897
Land inventory	(5,181)	(6,390)
Other assets	(55,960)	(9,589)
Inventory	975	(4,487)
Prepaid assets	(3,113)	(2,516)
Accounts payable and accrued liabilities	96,810	8,748
Deferred revenue	15,198	1,155
Capital deposits	242,455	47,743
Provision for landfill rehabilitation	4,600	4,000
Employee benefit obligations	37,017	32,355
	1,155,697	1,192,909
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(856,369)	(1,080,022)
Acquisition of land receivable	–	(232)
Proceeds on sale of tangible capital assets	16,197	29,841
	(840,172)	(1,050,413)
INVESTING ACTIVITIES		
Dividends from ENMAX Corporation	67,500	56,000
Net purchase of investments	(608,105)	(376,355)
	(540,605)	(320,355)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	436,811	436,630
Long-term debt repaid	(195,969)	(244,977)
Net decrease in bank indebtedness	(1,170)	(27,537)
	239,672	164,116
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,592	(13,743)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,429	61,172
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 62,021	\$ 47,429

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 2013 (unaudited) (Note 16)	Actual 2013	Actual 2012 (Restated Note 29)
ANNUAL SURPLUS	\$ 1,754,454	\$ 1,097,612	\$ 1,107,827
Amortization of tangible capital assets	98,900	436,155	525,054
Proceeds on sale of tangible capital assets	350	16,197	29,841
Acquisition of supplies inventories	-	143,096	179,037
Use of supplies inventories	-	(142,121)	(183,524)
Acquisition of prepaid assets	-	199,442	198,847
Use of prepaid assets	-	(202,555)	(201,363)
Tangible capital assets received as contributions	-	(249,978)	(257,122)
Loss / (gain) on sale of tangible capital assets	(5)	4,420	(511)
Acquisition of land receivable	-	-	(232)
Acquisition of tangible capital assets	(977,835)	(856,369)	(1,080,022)
INCREASE IN NET FINANCIAL ASSETS	875,864	445,899	317,832
NET FINANCIAL ASSETS (DEBT) BEGINNING OF YEAR	140,082	140,082	(177,750)
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,015,946	\$ 585,981	\$ 140,082

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 Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants ("CPA") Canada.

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 Calgary TELUS Convention Centre (Note 20). 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:

Calgary Board of Education
Calgary Exhibition and Stampede Limited
Calgary HandiBus Association
Alberta Health Services
Calgary Arts Development Authority Ltd.
Calgary Roman Catholic Separate School District No.1
TELUS World of Science & Creative Kids Museum
Calgary Zoological Society
EPCOR Centre for the Performing Arts
Heritage Park Society

Lindsay Park Sports Society
Metropolitan Calgary Foundation
Parks Foundation Calgary
Saddledome Foundation

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).

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 28, Funds Held in Trust.

b) Basis of Accounting

- i) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to 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, 2013.
- iii) 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 not met, government transfers are recognized in Capital Deposits (Capital Grants) or Deferred Revenue (Operating Grants) until criteria or stipulations are met.

- iv) Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.
- v) 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 is an internally managed portfolio consisting of temporary 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 and bonds. In 2008, The City added equities, on a limited basis, as an allowable asset class, with a constraint of not more than 10% of the market value of total funds invested allocated to 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 expenses are made.

i) Provision for Landfill Rehabilitation

The *Alberta Environmental Protection Act* 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 funded its total current requirements for employee benefit obligations at December 31, 2013. 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 related to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs.

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 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 at the time they are transferred to The City and are also recorded as revenue. 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 but are disclosed.

A tangible capital asset is 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 (unaudited)

The 2013 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 reduce the impact of fluctuating interest rates on its investment income and fluctuating foreign currency exchange rates 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 held 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) Accounting Standards Adopted in the Current Year

i) Government Transfers

PSAB released a standard related to Government Transfers (PS 3410). The standard discusses what the criteria are for a government transfer, recognition of the transferring and recipient government, eligibility criteria/stipulations within the transfer, and presentation and disclosure information related to the government transfer. The standard applies (retroactively or prospectively) to all local governments for fiscal years beginning on or after April 1, 2012. In 2013, The City adopted this standard prospectively, has been in compliance with the updated standard and has determined that there has been no financial implication change.

ii) Tax Revenue

PSAB released a standard related to Tax Revenue (PS 3510). The section discusses various types of tax, the timing of recognition, measurement and presentation and disclosure requirements. The standard applies to all local governments for fiscal years beginning on or after April 1, 2012. The City has robust processes in place with regards to tracking tax charges and outstanding balances related to taxes.

In 2013, The City adopted PS 3510 prospectively, which resulted in a change in the timing of revenue recognition of certain tax revenues. These tax revenues are presented on the consolidated statement of operations and accumulated surplus and further detail is presented in Note 19. The impact of this new standard on the City's consolidated statement of operations and accumulated surplus was a \$59.5M increase to local improvement levies and special taxes in the current year for projects completed in prior years. Local improvement levies and special taxes for projects completed in 2013 amounted to \$10.2M for a total revenue recognition of \$69.7M.

u) Future Accounting Pronouncements

i) Contaminated Sites

PSAB 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 has not yet determined what, if any, financial reporting implications may arise from this standard.

ii) Foreign Currency Translation

PSAB 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, 2015. 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 has begun reviewing policies and is in the planning stages for upgrading systems and reporting in order to ensure it complies with this standard. The City of Calgary has not yet determined what, if any, financial reporting implications may arise from this standard.

iii) Financial Instruments

PSAB 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, 2015. 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. The City of Calgary has not yet determined what, if any, financial reporting implications may arise from this standard.

2. CASH AND CASH EQUIVALENTS

	2013	2012
Cash on deposit	\$ 59,823	\$ 40,869
Treasury bills and GICs with original maturities of 90 days or less	2,198	6,560
	\$ 62,021	\$ 47,429

Treasury bills and GICs interest rate is approximately 1% in 2013 and 2012.

3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of \$2,114 (2012 – \$2,100) are managed by the Parks Foundation Calgary⁽¹⁾, and include equity investments of \$1,573 (2012 – \$1,717). The cost and market value of all investments as at December 31 are as follows:

	2013 Cost	2013 Market value	2012 Cost	2012 Market value
Government of Canada	\$ 296,416	\$ 295,882	\$ 52,593	\$ 53,039
Other Government	336,992	333,205	625,113	630,196
Corporate	2,487,030	2,486,998	1,893,506	1,900,726
Equity investments	197,025	238,039	138,146	151,249
	\$ 3,317,463	\$ 3,354,124	\$ 2,709,358	\$ 2,735,210

The average yield earned from investments during the year was 2.1% (2012 – 2.2%). Maturity dates on the investments range from 2014 to 2108. Investments include \$2,169,281 (2012 – \$1,758,761) in an internally managed portfolio composed of short term money market instruments and bonds.

The cost of investments, except for equity investments, exceeds the market value at December 31, 2013. Management is of the opinion that the loss in value is a temporary decline. No adjustment was made to reduce the carrying value of investments in the current year.

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

	2013	2012
Taxes	\$ 36,175	\$ 38,536
Federal and Provincial governments	93,828	21,231
General	178,942	149,583
	\$ 308,945	\$ 209,350

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.

	2013	2012
Developed land	\$ 22,769	\$ 22,736
Under development	144,069	138,260
Long-term inventory	87,842	88,503
	\$ 254,680	\$ 249,499

6. OTHER ASSETS

	2013	2012
Long-term debt recoverable	\$ 6,522	\$ 8,417
Assets held for sale	1,125	1,125
Long-term receivables	73,043	16,375
Other receivables	1,043	1,484
Loan receivables	4,126	2,498
	\$ 85,859	\$ 29,899

7. INVESTMENT IN ENMAX

- a) 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 (wires) 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 \$915,510 (2012 – \$827,828) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 14(a)).

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

	2013	2012
Financial Position		
Current assets	\$ 894,159	\$ 1,428,262
Power purchase arrangements	369,482	422,228
Future income taxes	59,069	60,991
Capital assets	3,146,951	2,810,823
Other assets	95,863	97,640
	4,565,524	4,819,944
Current liabilities (including current portion of long-term debt; 2013 – \$63,654 ; 2012 – \$59,656)	553,820	922,472
Other long-term liabilities	160,805	171,299
Asset retirement obligations	15,392	14,391
Long-term debt	1,375,303	1,549,796
	2,105,320	2,657,958
ENMAX net assets	2,460,204	2,161,986
Accumulated other comprehensive loss	(6,322)	(19,557)
Retained earnings	2,466,526	2,181,543
Investment in ENMAX	\$ 2,460,204	\$ 2,161,986

	2013	2012
Results of Operations		
Revenues	\$ 3,540,009	\$ 3,160,010
Operating expenses	3,156,394	2,886,372
Interest charges (net)	33,100	40,200
Earnings before income tax	350,515	233,438
Income tax	(1,968)	8,400
Earnings before dividends paid	352,483	225,038
Dividends paid	(67,500)	(56,000)
Net earnings after dividends paid	284,983	169,038
Other comprehensive gain	13,235	49,217
Net assets, beginning of year	2,161,986	1,943,731
Equity in ENMAX	\$ 2,460,204	\$ 2,161,986

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

	2013	2012
Received by The City		
Dividends	\$ 67,500	\$ 56,000
Local access fee	129,735	147,833
Sales of services	11,618	22,439
Purchased by The City		
Power and other services	\$ 388,204	\$ 117,726

The City's accounts payable and accrued liabilities include \$39,289 (2012 – \$20,017) for amounts owed to ENMAX at December 31, 2013. The City's receivables include \$44,107 (2012 – \$3,932) for amounts owing to The City by ENMAX at December 31, 2013. Corresponding related-party differences between the payables and receivables (Note 7(c)) for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

8. BANK INDEBTEDNESS

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, 2013, The City had a total of \$29,215 (2012 – \$30,385) of bank indebtedness comprised of \$nil (2012 – \$nil) on its line of credit and cheques issued in excess of deposits of \$29,215 (2012 – \$30,385). As at December 31, 2013 and 2012, The City has not issued any promissory notes.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade	\$ 666,874	\$ 575,607
Government	42,563	38,146
Accrued interest	35,578	34,452
	\$ 745,015	\$ 648,205

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, 2012	Inflows	Revenue Earned	December 31, 2013
Advance sales of				
goods and services	\$ 17,172	\$ 63,900	\$ (62,998)	\$ 18,074
Licences, permits and				
application fees	23,579	33,466	(21,835)	35,210
Government grants	14,327	53,892	(52,860)	15,359
Other contributions	4,011	2,862	(1,229)	5,644
	\$ 59,089	\$ 154,120	\$ (138,922)	\$ 74,287

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:

	2013	2012
Developers contributions	\$ 133,261	\$ 116,870
Acreage assessments	316,486	304,502
Other private contributions	20,903	20,217
Provincial government grants	425,645	199,683
Federal government grants	33,470	46,038
	\$ 929,765	\$ 687,310

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. The estimated total liability of \$128,700 (2012 – \$161,000) for these expenses represents the sum of the discounted future cash flows for closure and post-closure activities for 40 years after the site begins accepting waste. A discount rate of 3.50% (2012 – 3.25%) was used.

The calculation of the reported liability of \$64,700 (2012 – \$60,100) is based on the cumulative capacity used at December 31, 2013 compared to the total estimated landfill capacity at that same date. The estimated remaining capacity of the landfill sites is 57.7 (2012 – 54.1) million cubic metres, which is 55% (2012 – 58%) of the sites' total capacity. Based on current disposal practices and projected population growth rates, the landfills have an expected remaining life of 26 years (2012 – 33 years).

The City has provided a reserve to fund future landfill capital expenses, which is funded through tipping fees. At December 31, 2013 the balance of the Waste and Recycling Sustainment reserve is \$33,808 (2012 – \$41,910).

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, 2013.

The City has fully met its current year cash contribution obligations for employee benefit obligations at December 31, 2013. The City and its employees have an obligation to fund the unamortized net actuarial losses for its post 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:

	2013 Funded	2012 Funded
a) Registered defined-benefit pension plans	\$ 33,064	\$ 23,609
b) Non-registered defined-benefit pension plans	26,809	20,081
c) Other retirement benefits	149,941	137,514
d) Vacation and overtime (undiscounted)	189,013	180,606
	\$ 398,827	\$ 361,810

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:

	2013	2012
Registered defined-benefit pension plans	\$ 48,145	\$ 61,855
Non-registered defined-benefit pension plans	10,247	15,415
Other retirement benefits	(2,282)	20,333
	\$ 56,110	\$ 97,603

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")</i>
	<i>Contractual obligations</i>
Other retirement benefits	<i>Supplementary Compensation</i>

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).

In February 2014, the Government of Alberta announced intended changes to the LAPP, with plans to introduce legislation in the spring 2014 legislative session. Any financial impact to The City's registered and non-registered pension plans and other retirement benefits plans resulting from these or other changes to the LAPP will be reflected in future valuations of these plans.

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.

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	Dec. 31, 2013	Dec. 31, 2012
Year end obligation discount rate (%)	3.50	3.25
Inflation rate (%)	2.50	2.50
Expected rate of return on plan assets (%)	6.25	6.50
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, 2010	December 31, 2013
City of Calgary Supplementary Pension Plan ("SPP")	December 31, 2010	December 31, 2013
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, 2013 was projected forward to December 31, 2013 using expected employer and employee contributions and benefit payments for November and December 2013.

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

	2013	2012
Fair value of plan assets – beginning of year	\$ 87,739	\$ 88,899
Contributions – employer	7,726	6,736
Contributions – member	135	137
Expected interest on plan assets	5,428	5,259
Less benefits paid	(9,656)	(7,294)
Plan settlement	–	(7,791)
Actuarial gain	7,492	1,794
Fair value of plan assets – end of year	\$ 98,864	\$ 87,740
Accrued benefit obligation – beginning of year	\$ 173,204	\$ 171,903
Current period benefit cost	9,504	8,529
Interest on accrued benefit obligation	5,780	5,676
Less benefits paid	(9,656)	(7,294)
Plan settlement	–	(14,614)
Plan amendment	–	(147)
Actuarial loss	1,241	9,151
Accrued benefit obligation – end of year	\$ 180,073	\$ 173,204
Funded status – plan deficit	\$ 81,209	\$ 85,464
Unamortized net actuarial loss	(48,145)	(61,855)
Accrued benefit liability	\$ 33,064	\$ 23,609
Current period benefit cost	\$ 9,504	\$ 8,529
Amortization of actuarial losses	7,459	11,290
Plan Settlement	–	(6,823)
Past Service Cost	–	(147)
Less member contributions	(135)	(137)
Benefit expense	16,828	12,712
Interest on accrued benefit obligation	5,780	5,676
Less expected interest on plan assets	(5,427)	(5,258)
Benefit interest income	353	418
Total expense	\$ 17,181	\$ 13,130
Rate of compensation increase % (excluding merit & promotion)	2013	2012
FSP	3.0	4.5
SPP	3.0	3.0
EOPP	3.5	3.5

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

	2013	2012
FSP	15.6	15.6
SPP	8.0	8.0
EOPP	8.6	9.4
PSPP	nil	10.0

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.

At December 31, 2013, 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, 2010 as follows:

	2013 Employer	2013 Members	2012 Employer	2012 Members
Current service contributions	\$ 4,387	\$ 3,614	\$ 4,310	\$ 3,618
Contribution rates (% of pensionable salaries)	3.69%	3.02%	*3.69%	*3.02%
*Effective October 10, 2011				

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.

At December 31, 2013, 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, 2010 as follows:

	2013 Employer	2013 Members	2012 Employer	2013 Members
Current service contributions	\$ 2,023	\$ 1,640	\$ 1,898	\$ 1,466
Contribution rates (% of pensionable salaries)	2.53%	2.07%	2.49%	2.03%

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 as a result of Council's decision to adopt the independent Council Compensation Review Committee's recommendation dated January 23, 2012.

At December 31, 2013, 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 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, 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.

	2013 Employer	2013 Members	2012 Employer	2012 Members
Current service contributions	\$ 1,067	\$ 139	\$ 246	\$ 137
Contribution rates (% of pensionable salaries)	17.30%	9.00%	15.10%	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, 2013.

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 ("OCP") for management employees	December 31, 2010	December 31, 2013
OCP for the Police Chief and Deputies	December 31, 2013	December 31, 2014
OCP for the Fire Chief and Deputies	December 31, 2013	December 31, 2014
Supplementary Pension Plan for Elected Officials ("EOSP")	December 31, 2013	December 31, 2014
Executive Pension Plan ("EPP")	December 31, 2013	December 31, 2014
Contractual obligations	December 31, 2013	December 31, 2014

- (2) The results of, and significant assumptions utilized, in the December 31, 2013 actuarial accounting valuations for the non-registered pension plans are as follows:

	2013	2012
Accrued benefit obligation – beginning of year	\$ 35,496	\$ 31,223
Current period benefit cost	1,149	973
Interest on accrued benefit obligation	1,176	1,115
Less benefits paid	(951)	(686)
Plan amendment	–	(4)
Actuarial loss	186	2,875
Accrued benefit obligation – end of year	\$ 37,056	\$ 35,496
Funded status – plan deficit	\$ 37,056	\$ 35,496
Unamortized net actuarial loss	(10,247)	(15,415)
Accrued benefit liability ⁽¹⁾	\$ 26,809	\$ 20,081
Current period benefit cost	\$ 1,149	\$ 973
Amortization of actuarial losses	5,354	2,285
Past Service Cost	–	(4)
Interest on accrued benefit obligation	1,176	1,115
Total expense	\$ 7,679	\$ 4,369

	2013	2012
Rate of compensation increase % (excluding merit & promotion)		
• All OCPP & EPP	3.0	3.0
• EOSP	3.5	3.5

- 1) To satisfy the obligations under these plans, assets in the amount of \$26,809 (2012 – \$20,081) are held within The City's investments.

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

	2013	2012
OCPP for management employees	8.8	8.8
OCPP Police Chief & Deputies	5.9	6.5
OCPP Fire Chief & Deputies	3.6	4.1
EOSP	20.8	21.8
EPP	nil	3.7
Contractual Obligations	nil	11.2

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.

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)).

Since the EOSP was designed to provide benefits on the non-taxable portion of Council salaries, the elimination of the non-taxable portion of Council salaries in July 2006 will result in a gradual decrease in the benefit obligations under the EOSP. This decrease will occur with a corresponding increase in benefits under the EOPP due to the increase in taxable earnings. In addition, the EOSP will continue to provide benefits to existing retirees and eligible Council members in excess of the maximum pension benefits provided 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 and to grandfathered members.

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 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, 2013	December 31, 2014
Retiring Allowance	December 31, 2013	December 31, 2014
Supplementary Compensation	December 31, 2013	December 31, 2014

The results of, and significant assumptions utilized, in the December 31, 2013 actuarial accounting valuations for other retirement benefits include:

	2013	2012
Accrued benefit obligation – beginning of year	\$ 158,633	\$ 155,544
Current period benefit cost	9,159	9,315
Interest on accrued benefit obligation	5,335	5,648
Less benefits paid	(7,299)	(6,964)
Actuarial gain	(17,000)	(4,910)
Accrued benefit obligation – end of year	\$ 148,828	\$ 158,633
Funded status – plan deficit	\$ 148,828	\$ 158,633
Plan assets ⁽¹⁾	(1,169)	(786)
Unamortized net actuarial loss/(gain)	2,282	(20,333)
Accrued benefit liability ⁽²⁾	\$ 149,941	\$ 137,514
Current period benefit cost	\$ 9,159	\$ 9,315
Amortization of actuarial loss	5,281	3,699
Interest on accrued benefit obligation	5,286	5,648
Total expense	\$ 19,726	\$ 18,662
Rate of compensation average increase, excluding merit and promotion ⁽³⁾	3.50%	3.50%
Annual Increase in extended health costs	8.50%	6.25%
Annual Increase in dental costs	4.00%	4.00%
EARSL ⁽⁴⁾	11.2 yr	11.2 yr

- (1) Plan Assets in the amount of \$1,169 (2012 – \$786) to satisfy future life claims are equal to fair market value.
- (2) Assets in the amount of \$149,941 (2012 – \$137,514) to satisfy the obligations under these plans are held within The City’s investments.
- (3) Annual increases for general employees are: 2014: 2.2%; 2015: 3.0%; thereafter 3.5% per annum. Annual increases for police and firefighters are: 2014 and 2015: 3.0%; thereafter 3.5% per annum
- (4) 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 \$189,013 (2012 – \$180,606) 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 and are 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 addition, the Government of Alberta announced intended plan benefit changes to the LAPP. The changes, if legislated, will affect benefits earned from January 1, 2016 onwards. The intent of the changes is to ensure the sustainability of the LAPP. There are no changes proposed to the SFPP at this time.

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:

	2013 Employer	2013 Members	2012 Employer	2012 Members
Current service contributions	\$117,650	\$106,214	\$106,218	\$96,622
Contribution rates (% of pensionable salaries)	10.43% of YMPE and 14.47% over YMPE	9.43% of YMPE and 13.47% over YMPE	9.91% of and YMPE 13.74% over YMPE	8.91% of and YMPE 12.74% over YMPE

The LAPP reported a deficiency (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2012 of \$4.977 billion (2011 – \$4.639 billion). More recent information was not available at the time of preparing these financial statements. LAPP consists of over 146,500 active members. The City plan membership is approximately 8.4%. The City's 2013 contribution rates increased 5.2% (2012 – 4.4%) 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 0.6% 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:

	2013 Employer	2013 Members	2012 Employer	2012 Members
Current service contributions	\$28,733	\$26,386	\$27,662	\$25,516
Contributions 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, 2012 of \$499 million (2011 – \$574 million restated) comprised of \$269 million for pre-1992 and \$230 million relating to post-1991. More recent information was not available at the time of preparing these financial statements. SFPP consists of 4,100 active members. The City plan membership is approximately 50%. The City's 2013 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:

	2013 Tax Supported	2013 Self Sufficient Tax Supported	2013 Self Supported	2013 Total	2012 Tax Supported	2012 Self Sufficient Tax Supported	2012 Self Supported	2012 Total
i) Debentures	\$ 570,789	\$ 1,174,535	\$ 2,785,545	\$ 4,530,869	\$ 361,460	\$ 1,100,157	\$ 2,733,504	\$ 4,195,121
ii) Mortgages and other debt	–	–	42,707	42,707	–	–	48,999	48,999
iii) Capital leases	–	–	3,316	3,316	–	–	4,248	4,248
	570,789	1,174,535	2,831,568	4,576,892	361,460	1,100,157	2,786,751	4,248,368
Less								
iv) Debt attributable to ENMAX	–	–	915,510	915,510	–	–	827,828	827,828
	\$ 570,789	\$ 1,174,535	\$ 1,916,058	\$ 3,661,382	\$ 361,460	\$ 1,100,157	\$ 1,958,923	\$ 3,420,540

- 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 \$72,774 (2012 – \$75,779) 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 \$2,067 (2012 – \$2,345). In accordance with a Credit Agreement between LPSS 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 is required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2013 LPSS is 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 \$107,640 (2012 – \$109,132) 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% (2012 – 1.52%). The 2013 principal payments totalled \$932 (2012 – \$1,061) with interest of \$58 (2012 – \$64).

- 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 \$140,560 in 2013 (2012 – \$143,400), 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
2014	\$ 46,484	\$ 243,018	\$ 206,835	\$ 53,843	\$ 442,494
2015	\$ 45,297	\$ 278,106	\$ 198,613	\$ 52,170	\$ 469,846
2016	\$ 43,917	\$ 227,196	\$ 172,114	\$ 46,107	\$ 397,120
2017	\$ 43,400	\$ 225,288	\$ 164,877	\$ 46,408	\$ 387,157
2018	\$ 40,022	\$ 75,772	\$ 156,769	\$ 46,260	\$ 226,303
Thereafter	\$ 351,669	\$ 125,155	\$ 1,932,360	\$ 670,722	\$ 1,738,462
	\$ 570,789	\$ 1,174,535	\$ 2,831,568	\$ 915,510	\$ 3,661,382

- c) Debenture interest is payable, before provincial subsidy, at rates ranging from 1.46% to 10.25% (2012 – 1.52% 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 3.90% (2012 – 4.09%) before provincial subsidy and 3.89% (2012 – 4.08%) after provincial subsidy.

The mortgages of Calgary Housing Company in the amount of \$26,027 (2012 – \$31,262) are payable with interest ranging from 1.46% to 6.45% (2012 – 1.46% to 6.45%) before interest rate subsidy. The effective interest rates after the subsidy for the fixed-subsidy projects is 2% (2012 – 2%).

- d) Interest charges are as follows:

	2013 2013 Tax Supported	2013 Self Sufficient Tax Supported	2013 Self Supported	2013 Total	2012 2012 Tax Supported	2012 Self Sufficient Tax Supported	2012 Self Supported	2012 Total
Debenture interest	\$ 18,694	\$ 33,232	\$ 83,349	\$ 135,275	\$ 18,654	\$ 29,974	\$ 84,409	\$ 133,037
Other interest and charges	1,005	–	1,880	2,885	483	–	2,209	2,692
	\$ 19,699	\$ 33,232	\$ 85,229	\$ 138,160	\$ 19,137	\$ 29,974	\$ 86,618	\$ 135,729

- e) The estimated fair value of The City's long-term debt is \$3,694,313 (2012 – \$3,699,925). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2013 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, 2013, debt principal of \$290,000 (2012 – \$220,000) and debt interest of \$21,121 (2012 – \$19,192) was excluded from the pro-rata calculation of the debt service limit.

	2013	2012 (Restated Note 29)
Total debt limit (2 times revenue)	\$ 6,871,868	\$ 6,189,960
Total debt (short- and long-term)	3,749,083	3,538,824
Percentage of debt to debt limit	54.56%	57.17%
Total debt service limit (35% of revenue)	\$ 1,202,577	\$ 1,083,243
Total debt service	872,950	663,241
Percentage of debt service to service limit	72.59%	61.23%

15. TANGIBLE CAPITAL ASSETS

Cost	January 1, 2013 Opening Balance	Additions	Disposals	December 31, 2013 Closing Balance
	(Restated Note 29)			
Land	\$ 1,924,633	\$ 56,783	\$ (6,184)	\$ 1,975,232
Land Improvements	1,120,418	69,806	(103,486)	1,086,738
Engineered Structures	11,099,846	585,789	(18,700)	11,666,935
Buildings	1,687,158	169,649	(4,990)	1,851,817
Machinery and Equipment	801,932	65,035	(37,503)	829,464
Vehicles	1,142,262	48,331	(15,410)	1,175,183
	17,776,249	995,393	(186,273)	18,585,369
Work in Progress				
Land	28,221	(1,040)	–	27,181
Construction	776,944	221,282	(3,301)	994,925
	\$ 18,581,414	\$ 1,215,635	\$ (189,574)	\$ 19,607,475
Accumulated Amortization	January 1, 2013 Opening Balance	Additions	Disposals	December 31, 2013 Closing Balance
	(Restated Note 29)			
Land Improvements	\$ 590,124	\$ 40,141	\$ (85,580)	\$ 544,685
Engineered Structures	3,518,252	275,537	(8,294)	3,785,495
Buildings	581,707	62,945	(3,201)	641,451
Machinery and Equipment	455,386	80,292	(34,698)	500,980
Vehicles	468,734	61,140	(11,796)	518,078
	\$ 5,614,203	\$ 520,055	\$ (143,569)	\$ 5,990,689
Net Book Value	\$ 12,967,211	\$ 695,580	\$ (46,005)	\$ 13,616,786

In 2013, there was a permanent writedown of \$nil (2012 – \$nil) and \$249,978 (2012 – \$257,122) in land, land improvements, buildings and engineered structures 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 2013 and 2012 consist of certain buildings, land and land improvements.

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 2013 (2012 – \$nil).

16. 2013 BUDGET – UNAUDITED

The budget amounts presented throughout these consolidated financial statements are based upon the Operating and Capital Budgets approved by Council, except in regard to certain budget amounts for capital revenue sources and capitalization of Tangible Capital Assets (collectively referred to as the “tangible capital asset related adjustments”).

The City adopted the PSAS Tangible Capital Assets beginning January 1, 2009. These standards have not been adopted for budget preparation and presentation purposes. The 2013 Council approved budget has been modified for the amount of capital budget revenues based on the percentage of completion of the various capital projects and the capitalization of tangible capital assets.

The table below shows the adjustments to the 2013 budget approved by Council after adjusting the budget values by the tangible capital asset related items that were not included in the approved 2013 budget.

16. 2013 BUDGET – UNAUDITED (continued)

	2013 Operating Budget Council Approved	2013 Capital Budget Council Approved	2013 Reserves	Tangible Capital Asset Related Adjustments	2013 Budget Financial Statements
Statement of Operations:					
REVENUES					
Net taxes available for municipal purposes	1,672,400	–	–	–	1,672,400
Sales of goods and services	1,062,786	–	–	–	1,062,786
Government transfers and revenue sharing agreements					
Federal	5,528	–	–	–	5,528
Provincial	110,013	–	–	–	110,013
Investment income	46,910	–	–	–	46,910
Fines and penalties	69,420	–	–	–	69,420
Licences, permits and fees	85,528	–	–	–	85,528
Miscellaneous revenue	15,272	–	–	–	15,272
Proceeds on sale of TCA	350	–	–	–	350
Loss on sale of TCA	(5)	–	–	–	(5)
Equity in earnings of government business enterprise	287,000	–	–	–	287,000
	3,355,202	–	–	–	3,355,202
EXPENSES					
Police	421,490	79,481	–	(79,964)	421,007
Fire	235,897	75,253	–	(72,245)	238,905
Public transit	370,556	257,283	–	(251,628)	376,211
Roads, traffic and parking	194,135	583,637	–	(557,290)	220,482
Water services & resources	268,397	338,559	–	(247,049)	359,907
Waste and recycling services	90,642	79,057	–	(65,071)	104,628
Community and social development	59,465	–	–	2,919	62,384
Social housing	128,352	134,333	–	(130,078)	132,607
Parks and recreation facilities	163,863	151,444	–	(129,432)	185,875
Societies and related authorities	50,786	165,744	–	(165,219)	51,311
Calgary Public Library Board	49,163	10,737	–	(10,737)	49,163
General government	339,843	71,037	–	(99,072)	311,808
Public works	164,010	114,783	–	(96,877)	181,916
Fleet services	4,970	109,069	–	(79,885)	34,154
Real estate services	60,245	108,576	–	(73,859)	94,962
	2,601,814	2,278,993	–	(2,055,487)	2,825,320
NET EXPENSES BEFORE OTHER	753,388	(2,278,993)	–	2,055,487	529,882

	2013 Operating Budget Council Approved	2013 Capital Budget Council Approved	2013 Reserves	Tangible Capital Asset Related Adjustments	2013 Budget Financial Statements
OTHER					
Developer contributions	23,462	235,871	–	–	259,333
Government transfers related to capital	–	965,470	–	–	965,470
Developer contributions-in-kind related to capital	–	–	–	–	–
NET EXPENSES	776,850	(1,077,652)	–	2,055,487	1,754,685
FINANCING AND TRANSFERS					
Debt principal repayment	74,483	–	–	–	74,483
Debt issued	–	184,189	–	(629,454)	(445,265)
Net interfund transfers					
From (to) reserves fund	(677,408)	719,538	(42,130)	313,847	313,847
Between capital and operating fund	(173,925)	173,925	–	–	–
Capital fund expenses	–	–	–	(1,739,880)	(1,739,880)
	(776,850)	1,077,652	(42,130)	(2,055,487)	(1,796,815)
NET INCREASE IN FUND BALANCE	–	–	(42,130)	–	(42,130)
FUND BALANCE, BEGINNING OF YEAR	31,258	49,866	1,297,791	–	1,378,915
Transfer of prior year's surplus to reserve fund	(31,258)	–	31,258	–	–
FUND BALANCE, END OF YEAR	–	49,866	1,286,619	–	1,336,785

17. ACCUMULATED SURPLUS

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

	2013	2012
		(Restated Note 29)
Operating fund	\$ 8,159	\$ 31,258
Capital fund	262,412	49,866
Local Improvements to be Funded in Future Years	63,350	–
Reserves (Note 18)	1,434,171	1,297,791
Equity in ENMAX (Note 7)	2,460,204	2,161,986
Equity in non-financial assets	10,047,315	9,637,098
	\$14,275,611	\$ 13,177,999

18. 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:

	2013	2012
Fiscal stability	\$ 357,301	\$ 294,985
Reserve for future capital	269,629	271,888
Debt servicing	52,570	67,769
Legacy parks	19,738	13,332
Corporate housing reserve	31,903	44,547
Real Estate Services	73,799	68,239
Community investment	151,077	112,223
Development and building approvals sustainment	48,701	30,794
Reserve for tax loss provision	39,823	39,823
Lifecycle maintenance and upgrade	125,729	102,075
Calgary Housing Company	17,010	13,737
Subtotal	\$ 1,187,280	\$ 1,059,412

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

	2013	2012
Utilities sustainment	\$ 44,076	\$ 52,226
Social programs	8,283	7,916
Police services (capital)	28,362	25,923
Police services (operating)	4,000	4,000
Waste and recycling sustainment	33,808	41,910
ENMAX Dividend Stabilization	10,100	–
Other operating	49,311	45,885
Other capital expenses	68,951	60,519
Subtotal	\$ 246,891	\$ 238,379
Total	\$ 1,434,171	\$ 1,297,791

19. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2013	2012
Property taxes	\$ 1,906,540	\$ 1,775,276
Community Revitalization Levy	27,336	22,396
Business taxes	225,390	214,174
Revenue in lieu of taxes	202,517	209,778
Local improvement levies and special taxes	69,758	13,308
	\$ 2,431,541	\$ 2,234,932
Less: Provincial property taxes (see below)		
Current year levy	(632,055)	(636,534)
Prior year levy	(4,083)	(4,951)
Net taxes available for municipal use	\$ 1,795,403	\$ 1,593,447

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 \$3,497 (2012 – \$4,083) has been recorded at December 31, 2013 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

20. 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.

	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	Total
Financial Position							
Physical assets	\$ 1,373	\$ 51	\$ 121,839	\$ 49,688	\$ 93,298	\$ 158,436	\$ 424,685
Financial assets	12,536	17,095	5,277	13,392	30,056	81,067	159,423
	13,909	17,146	127,116	63,080	123,354	239,503	584,108
Long-term debt	–	2,450	5,487	–	26,027	154,535	188,499
Financial liabilities	3,763	6,985	15,840	5,989	34,024	44,003	110,604
	3,763	9,435	21,327	5,989	60,051	198,538	299,103
Net Assets	\$ 10,146	\$ 7,711	\$ 105,789	\$ 57,091	\$ 63,303	\$ 40,965	\$ 285,005
Results of Operations							
Revenue							
Property Tax	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 27,337	\$ 27,337
Sales of goods & services	24,294	43,498	62,351	–	47,462	4,665	182,270
Government transfers, agreements b & subsidies	–	–	–	6,044	36,196	–	42,240
Developer contributions	–	4	–	–	–	4,306	4,310
Donated assets	–	–	–	–	–	–	–
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
Expenses							
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 principle 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 ⁽¹⁾	–	–	(20,104)	–	–	–	(20,104)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

	2012 Calgary TELUS Convention Centre	2012 Attainable Homes Calgary Corporation	2012 Calgary Parking Authority	2012 Calgary Public Library Board	2012 Calgary Housing Company	2012 Calgary Municipal Land Corporation	Total
Financial Position							
Physical assets	\$ 1,138	\$ 55	\$ 119,426	\$ 45,739	\$ 94,891	\$ 138,616	\$ 399,865
Financial assets	10,233	10,210	5,155	10,881	27,601	72,258	136,338
	11,371	10,265	124,581	56,620	122,492	210,874	536,203
Long-term debt	–	1,200	6,588	1,224	31,262	150,157	190,431
Financial liabilities	8,014	6,514	11,683	3,591	32,405	36,937	99,144
	8,014	7,714	18,271	4,815	63,667	187,094	289,575
Net Assets	\$ 3,357	\$ 2,551	\$ 106,310	\$ 51,805	\$ 58,825	\$ 23,780	\$ 246,628
Results of Operations							
Revenue							
Property Tax	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 22,396	\$ 22,396
Sales of goods & services	23,535	22,469	61,060	–	45,586	16,956	169,606
Government transfers, agreements & subsidies	–	–	–	6,120	41,252	–	47,372
Developer contributions	–	23	–	–	–	–	23
Donated assets	–	–	–	6,055	–	–	6,055
Investment income	–	5	2,558	249	307	102	3,221
Fines & penalties	–	–	15,188	1,768	–	–	16,956
Licenses, permits and fees	–	–	776	1,446	–	–	2,222
Miscellaneous revenue	–	26	–	2,143	1,538	91	3,798
Gain (Loss) on sale of TCA	(16)	–	(4)	8	–	70	58
Internal transfers & contributions	1,686	–	–	40,441	(1,596)	640	41,171
Total revenue	25,205	22,523	79,578	58,230	87,087	40,255	312,878
Expenses							
Salaries, wages, and benefits	\$ 6,347	\$ 762	\$ 6,822	\$ 33,018	\$ 12,730	\$ 1,764	\$ 61,443
Contracted and general services	3,067	611	22,985	7,771	31,900	10,957	77,291
Materials, equipment and supplies	14,310	19,634	3,677	4,737	3,957	1,523	47,838
Interest charges	–	38	1,279	76	1,221	6,182	8,796
Transfers	–	–	–	–	20,995	–	20,995
Utilities	1,193	22	1,467	892	8,767	19	12,360
Amortization	458	29	8,090	6,597	2,769	3,045	20,988
Internal recoveries	–	–	(262)	–	–	–	(262)
Debt principle repayments	–	–	1,050	–	5,010	–	6,060
Total expenses	25,375	21,096	45,108	53,091	87,349	23,490	255,509
Income (loss) before appropriations	(170)	1,427	34,470	5,139	(262)	16,765	57,369
Internal transfers	170	(1,427)	(11,860)	(5,139)	262	(16,765)	(34,759)
To City operating fund ⁽¹⁾	–	–	(22,610)	–	–	–	(22,610)
Change in fund balance	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –

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

21. EXPENSES BY OBJECT

	2013	2012
		(Restated Note 29)
Salaries, wages and benefits	\$ 1,692,923	\$ 1,570,469
Contracted and general services	489,444	321,683
Materials, equipment and supplies	327,666	237,771
Interest charges	138,160	135,729
Transfer payments	162,546	129,818
Utilities	75,000	70,455
Amortization	436,155	525,054
Loss on disposal of tangible capital assets	15,102	18,294
	\$ 3,336,996	\$ 3,009,273

22. GOVERNMENT TRANSFERS

	2013	2012
Operating		
Province of Alberta	\$ 108,906	\$ 117,974
Government of Canada	4,462	6,117
	113,368	124,091
Capital		
Province of Alberta	294,007	378,608
Government of Canada	88,971	112,135
	382,978	490,743
	\$ 496,346	\$ 614,834

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.

23. 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 20.
- 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, 2013 (in thousands of dollars)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
REVENUES					
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	63,833	4,124	293,776	–	361,733
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 GBEs	–	–	–	–	–
Debt	–	–	361,331	68,480	429,811
Contribution from reserves	135,366	16,556	299,584	79,710	531,216
Internal transfers & contribution	20,437	–	–	–	20,437
Total Revenues	2,874,004	538,575	1,136,405	152,658	4,701,642
EXPENSES					
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	58,940	21,120	942	158	81,160
Transfers	158,528	45,207	60,223	–	263,958
Internal recoveries	(450,111)	(31,668)	(54,767)	53	(536,493)
Interest charges	37,662	72,805	27,083	1,011	138,561
Amortization	29,422	64,451	–	–	93,873
Loss on Sale	–	–	–	–	–
Debt principle 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	–	–	–
Total Expenses	2,865,845	538,575	890,331	227,586	4,522,337
Annual Surplus (Deficit)	\$ 8,159	\$ –	\$ 246,074	\$ (74,928)	\$ 179,305

	Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2013
\$	27,337	\$ -	\$ (79,864)	\$ 1,570,013
	-	-	-	225,390
	182,270	-	(34,961)	1,115,418
	1,059	-	(69)	93,432
	41,181	-	-	402,914
	4,310	-	-	95,783
	-	-	249,978	249,978
	2,767	-	(6,276)	47,357
	16,546	-	-	69,503
	2,198	-	-	103,645
	8,368	-	(22,454)	68,578
	(48)	-	15,664	16,197
	(580)	-	8,786	10,682
	-	-	-	67,500
	-	298,218	-	298,218
	-	-	(429,811)	-
	-	-	(531,216)	-
	42,412	-	(62,849)	-
	327,820	298,218	(893,072)	4,434,608
	64,680	-	(75,282)	1,692,923
	80,862	-	(957,083)	489,444
	62,879	-	(374,720)	327,666
	13,546	-	(19,706)	75,000
	19,672	-	(121,084)	162,546
	(402)	-	536,895	-
	8,497	-	(8,898)	138,160
	20,508	-	321,774	436,155
	-	-	15,102	15,102
	6,336	-	(85,654)	-
	-	-	(675,450)	-
	-	-	(17,813)	-
	-	-	-	-
	276,578	-	(1,461,919)	3,336,996
\$	51,242	\$ 298,218	\$ 568,847	\$ 1,097,612

Schedule of Financial Activities by Segment

For the Year Ended December 31, 2012 (in thousands of dollars) (Restated Note 29)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
REVENUES					
Property tax	\$ 1,426,622	\$ –	\$ –	\$ –	\$ 1,426,622
Business tax	214,174	–	–	–	214,174
Sales of goods & services	454,248	447,779	–	–	902,027
Government transfers, grants & subsidies	–	–	–	–	–
Federal	4,808	–	112,133	–	116,941
Provincial	71,928	334	378,321	–	450,583
Developer contributions	–	16,260	71,189	8,924	96,373
Donated assets	–	–	–	–	–
Investment income	44,518	197	–	–	44,715
Fines & penalties	56,782	1,739	–	–	58,521
Licences, permits and fees	87,266	1,450	–	–	88,716
Miscellaneous revenue	34,152	2,470	41	–	36,663
Proceeds on sale of TCA (Misc revenue)	986	–	–	–	986
Gain/(Loss) on sale of TCA	3,414	35	–	–	3,449
Dividends from ENMAX Corporation	56,000	–	–	–	56,000
Equity in earnings from GBEs	–	–	–	–	–
Debt	–	–	229,628	202,690	432,318
Contribution from reserves	127,225	8,018	224,151	5,095	364,489
Internal transfers & contribution	22,935	–	–	–	22,935
Total Revenues	2,605,058	478,282	1,015,463	216,709	4,315,512
EXPENSES					
Salaries, wages and benefits	1,443,043	113,021	18,519	9,927	1,584,510
Contracted and general services	470,732	55,153	733,689	168,301	1,427,875
Materials, equipment and supplies	294,824	38,290	211,231	24,533	568,878
Utilities	54,694	20,794	1,643	25	77,156
Transfers	157,330	41,163	21,594	65	220,152
Internal recoveries	(428,345)	(25,177)	(75,477)	14	(528,985)
Interest charges	38,140	72,466	24,148	–	134,754
Amortization	26,585	63,868	–	–	90,453
Loss on sale	–	–	–	–	–
Debt principle repayments	74,748	5,306	–	–	80,054
Contribution from operations to reserves	481,028	48,626	–	–	529,654
Contribution from operations to capital	3,521	2,272	47,535	19,879	73,207
Internal transfers & contribution	(42,500)	42,500	–	–	–
Total Expenses	2,573,800	478,282	982,882	222,744	4,257,708
Annual Surplus (Deficit)	\$ 31,258	\$ –	\$ 32,581	\$ (6,035)	\$ 57,804

	Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2012
\$	22,396	\$ -	\$ (69,745)	\$ 1,379,273
	-	-	-	214,174
	169,606	-	(43,094)	1,028,539
	1,373	-	(62)	118,252
	45,999	-	-	496,582
	23	-	-	96,396
	6,055	-	251,067	257,122
	3,221	-	(6,183)	41,753
	16,956	-	-	75,477
	2,222	-	-	90,938
	3,798	-	(14,975)	25,486
	3,359	-	14,508	18,853
	(3,301)	-	(148)	-
	-	-	-	56,000
	-	218,255	-	218,255
	-	-	(432,318)	-
	-	-	(364,489)	-
	41,171	-	(64,106)	-
	312,878	218,255	(729,545)	4,117,100
	61,443	-	(75,484)	1,570,469
	77,291	-	(1,183,483)	321,683
	47,838	-	(378,945)	237,771
	12,360	-	(19,061)	70,455
	20,995	-	(111,329)	129,818
	(262)	-	529,247	-
	8,796	-	(7,821)	135,729
	20,988	-	413,613	525,054
	-	-	18,294	18,294
	6,060	-	(86,114)	-
	-	-	(529,654)	-
	-	-	(73,207)	-
	-	-	-	-
	255,509	-	(1,503,944)	3,009,273
\$	57,369	\$ 218,255	\$ 774,399	\$ 1,107,827

24. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$705,528 (2012 – \$589,305) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2013, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year’s capital budget of \$2,278,993 (2012 – \$1,985,149) and will be funded from reserves and debt in future years.
- b) Commitments related to operating leases of \$21,826 (2012 – \$22,796) 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:

2014	4,911
2015	3,056
2016	2,275
2017	1,345
2018	884
Thereafter	9,355
	<u>\$ 21,826</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 \$4,619 (2012 – \$4,081) 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 become available.
- e) As at December 31, 2013, 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 review 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.

25. 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 2034. The interest rates on the credit facilities held by CES range from 2.06% to 6.23% (2012 – 1.92% to 6.23%). As at December 31, 2013, CES has drawn a total of \$64,403 (2012 – \$67,406) on the total maximum available facility of \$123,806 (2012 – \$123,806). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$135,500 (2012 – \$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 this guarantee is equal to the amortization period of the related debt, which matures in 2019. The interest rate on the credit facility is 4.94% (2012 – 4.94%). As at December 31, 2013, the outstanding balance of the facility was \$4,048 (2012 – \$4,318) on the total maximum available facility of \$4,048 (2012 – \$4,318). 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% (2012 – prime plus 0.00% or bankers acceptances plus 1.00%). As at December 31, 2013, the outstanding balance of the facility was \$19,250 (2012 – \$39,250) on the total maximum available facility of \$19,250 (2012 – \$39,250). 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.

- iv) The City has guaranteed certain indebtedness of the Calgary Science Centre and Creative Kids Museum Society (“TELUS Spark”). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of TELUS Spark in the event TELUS Spark cannot fulfill its obligations to a Canadian chartered bank. This credit facility was repaid in 2013 and The City was released and discharged from all liability in connection with the guarantee. As at December 31, 2013, the outstanding balance of the facility was \$nil (2012 – \$7,310) on the total maximum available facility of \$nil (2012 – \$7,310).

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 covered by the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

26. EXECUTIVE SALARIES AND BENEFITS

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

	2013 Salaries	2013 Benefits	2013 Total	2012 Salaries	2012 Benefits	2012 Total
Mayor	\$ 208	\$ 32	\$ 240	\$ 201	\$ 31	\$ 232
Councillors ⁽¹⁾⁽²⁾	1,580	455	2,035	1,500	440	1,940
City Manager	346	46	392	345	45	390
Designated Officers ⁽³⁾	1,226	217	1,443	1,048	195	1,243

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

Notes:

- The Councillors who served throughout 2013 in Wards 3, 5, 6, 7, 9, 10, 11, 12, 13, and 14 each received a salary of \$111 (2012 – \$107) and benefits ranging between \$33 and \$34 (2012 – \$33). In the Wards in which Councillors left office Wards 1, 2, 4, and 8, received a salary ranging between \$92 and \$105 (2012 – \$107) and benefits ranging between \$14 and \$28 (2012 – \$16–\$33). The new Councillors in Wards 1, 2, 4, and 8 received a salary ranging between \$20 and \$21 (2012 – \$107) and benefits ranging between \$7 and \$8 (2012 – \$16 and \$33). Transitional allowances in 2013 were paid to Councillors who left office after the 2013 election as disclosed in Note 26 (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 – \$11 and Ward 4 – \$13 (Paid in 2012 – \$0). Transitional allowances to be paid in 2014 and beyond are: Ward 1 \$100, Ward 2 \$51, and Ward 8 \$26.
- The City's five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2013, there was \$nil (2012 – \$nil) holiday, vacation pay out of the ordinary course of business and severance payouts for these five designated officers.

27. FINANCIAL INSTRUMENTS

At December 31, 2013, The City had 24 (2012 – 7) U.S. foreign exchange fixed contracts in place. Dates for exercising these contracts range from January 2014 to January 2016. Total committed future foreign merchandise purchases are \$102,672 USD (2012 – \$5,837).

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 1.00 to 1.07 Canadian dollars. The Canadian dollar equivalent of these contracts at December 31, 2013

is 107,623 (2012 – 5,828) Canadian dollars. During the fiscal year ended December 31, 2013, the various arrangements for foreign merchandise cost The City \$173 (2012 – \$891) more than if the arrangements had not been entered into.

At December 31, 2013, The City held 6 (2012 – nil) 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 23,750 (2012 – nil) Canadian dollars. These contracts settle on January 15, 2014 and as at December 31, 2013 had a market value of 24,183 (2012 – nil) Canadian dollars and an unrealized loss of \$434 (2012 – \$nil).

28. 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, 2012	Receipts	Investment Income	Disbursements	December 31, 2013
Joint Use Reserve Fund	\$ 64,609	\$ 4,167	\$ 1,122	\$ (2,172)	\$ 67,726
Oversize roads	28,837	4,467	295	(8,680)	24,919
Oversize parks	18,318	2,082	202	(808)	19,794
Oversize utilities	9,705	2,164	98	(2,391)	9,576
Developers' cash bonds	6,119	–	62	(644)	5,537
Calgary Regional Partnership	1,851	604	23	–	2,478
Calgary Technologies Inc.	455	–	5	(10)	450
Acreage assessments	1,814	–	19	–	1,833
Other miscellaneous trusts	569	89	6	(159)	505
	\$ 132,277	\$ 13,573	1,832	(14,864)	132,818

29. PRIOR PERIOD ADJUSTMENTS

In 2013, 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 and engineered structures, Parks land improvements, and Corporate Services machinery and equipment. The effect of correcting these misstatements was to reduce the net book value of Tangible Capital Assets ("TCA") at December 31, 2012 by \$14,942, from \$12,982,153 to \$12,967,211. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2012 reduced by \$14,942, from \$9,652,040 to \$9,637,098. In addition, revenues from Developer contributions-in-kind related to capital previously reported as \$236,179 have been restated to \$257,122 and expenditures have been increased by \$50,527 representing an increase in 2012 depreciation

expense for restated assets of \$3,270, \$43,968 in expenditures previously capitalized and \$3,339 in losses on disposal. \$50 in losses on disposal of TCA has been reclassified from miscellaneous revenue to expenditures.

These restated amounts relate solely to the accounting TCA and had no effect on The City's cash balances, net financial asset position, 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.

30. CHANGE IN ACCOUNTING ESTIMATE

Upon adoption of PS3150 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 2013, 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 and land improvements and buildings. The effect of adjusting these estimates was to decrease the net book value of TCA at December 31, 2013 by \$24,172. Similarly, equity in non-financial assets, a category within accumulated surplus at December 31, 2013 decreased by \$24,172.

31. 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 2014 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 received cash advances totalling \$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 incurred \$68,926 in insurance related capital expenditures and \$3,670 in operating related expenditures. This was funded by the cash advance received from the insurance providers, with the remainder being funded internally until the insurance claims are processed and finalized.

The City has also applied to the Province of Alberta Disaster Recovery Program ("DRP") to recover eligible capital costs related to the flood event. The City received cash advances of \$63,033 during 2013. The City has incurred \$32,248 in DRP related capital expenditures, the total of which has been funded by the DRP advance.

The City has also received \$12,645 from the Province of Alberta restricted to be used for the Erosion Control Mitigation Program of which \$ nil has been spent at the end of the year.

Impact on 2013 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.

Cash advances from the Province in the amount of \$43,649 which are not spent at the end of the year are recorded as Capital Deposits in accordance with accounting policies in Note 1.

The City incurred \$43,118 of emergency operating and recovery costs which were recognized in the Consolidated Statement of Operations and Accumulated Surplus. These costs are expected to be recovered from the Provincial Disaster Recovery Program.

The City has recognized accounts receivable and revenue of \$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.

The City has recorded a contingency in anticipation of legal claims that may be brought against The City related to the flood. This has been recognized in the Consolidated Statement of Operations and Accumulated Surplus.

The City, through its investment strategy, has earned \$219 from the advances received which will be restricted to use to fund future flood related expenditures and are recognized in Capital Deposits with the cash advances.

TCA that were significantly impacted by the flood include a variety of asset types through a variety of business units. The majority of asset classes were 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 in 2013 with the remainder of these costs to be incurred in 2014 and beyond. An impairment of certain assets cannot be reasonably measured for the year ended December 31, 2013 as The City is still in the process of reviewing assessments of the condition of these assets.

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, which includes repairs, replacements and mitigation strategies, of which \$343,973 will be incurred in 2014 and beyond.

FINANCIAL & STATISTICAL SCHEDULES

REVENUE BY SOURCE UNAUDITED 2009 TO 2013

AS AT DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2013 Operating		2013 Capital	2013 Total	2012 Operating		2012 Capital	2012 Total
						(Restated) ⁽⁴⁾	(Restated) ⁽⁴⁾	(Restated) ⁽⁴⁾
Property taxes	\$	1,906,540	\$	–	\$	1,775,276	\$	1,775,276
Community Revitalization Levy		27,337		–		22,396		22,396
Business taxes		225,390		–		214,174		214,174
Revenue in lieu of taxes		202,516		–		209,778		209,778
Local improvement levies and special taxes		69,758		–		13,308		13,308
		2,431,541		–		2,234,932		2,234,932
Less: Provincial property taxes		(636,138)		–		(641,485)		(641,485)
Net taxes available for municipal purposes		1,795,403		–		1,593,447		1,593,447
Sales of goods and services								
Water and sewer		481,613		–		435,386		435,386
Public transit		186,493		–		169,914		169,914
Real estate		88,417		–		80,994		80,994
Recreation and culture		67,745		–		65,247		65,247
Parking		59,941		–		58,435		58,435
Social housing		47,469		–		45,586		45,586
Protective services		45,790		–		42,529		42,529
Waste disposal		91,525		–		85,019		85,019
Other		46,425		–		45,429		45,429
		1,115,418		–		1,028,539		1,028,539
Government transfers								
Federal								
Debenture interest rebates		151		–		400		400
Revenue and cost sharing agreements and grants		4,311	88,971	93,282		5,717	112,135	117,852
Provincial								
Debenture interest rebates		48		–		135		135
Grants, entitlements, revenue and cost sharing agreements		108,858	294,007	402,865		117,839	378,608	496,447
		113,368	382,978	496,346		124,091	490,743	614,834
Other revenue								
Dividends from ENMAX Corporation		67,500		–		56,000		56,000
Other equity earnings in government business enterprises		284,983		–		169,038		169,038
Developer contributions		–	95,783	95,783		–	96,396	96,396
Donated assets		–	249,978	249,978		–	257,122	257,122
Investment income		47,357		–		41,753		41,753
Fines and penalties		69,503		–		75,477		75,477
Licences, permits and fees		103,645		–		90,938		90,938
Miscellaneous revenue		95,457		–		44,339		44,339
		668,445	345,761	1,014,206		477,545	353,518	831,063
Total revenue	\$	3,692,634	\$	728,739	\$	4,421,373	\$	4,067,883

2011 Operating			2011 Capital			2011 Total			2010 Operating			2010 Capital			2010 Total			2009 Operating			2009 Capital			2009 Total		
									(Restated) ⁽²⁾			(Restated) ⁽²⁾			(Restated) ⁽²⁾			(Restated) ⁽¹⁾			(Restated) ⁽¹⁾			(Restated) ⁽¹⁾		
\$	1,631,781		\$	–		\$	1,631,781		\$	1,554,635		\$	–		\$	1,554,635		\$	1,463,695		\$	–		\$	1,463,695	
	15,110			–			15,110			11,068			–			11,068			7,627			–			7,627	
	212,264			–			212,264			201,681			–			201,681			206,771			–			206,771	
	202,011			–			202,011			176,246			–			176,246			189,573			–			189,573	
	13,366			–			13,366			13,121			–			13,121			10,779			–			10,779	
	2,074,532			–			2,074,532			1,956,751			–			1,956,751			1,878,445			–			1,878,445	
	(607,215)			–			(607,215)			(612,791)			–			(612,791)			(586,037)			–			(586,037)	
	1,467,317			–			1,467,317			1,343,960			–			1,343,960			1,292,408			–			1,292,408	
	394,878			–			394,878			370,698			–			370,698			380,467			–			380,467	
	151,887			–			151,887			150,463			–			150,463			144,129			–			144,129	
	98,496			–			98,496			65,683			–			65,683			42,356			–			42,356	
	55,525			–			55,525			60,011			–			60,011			58,507			–			58,507	
	53,618			–			53,618			52,361			–			52,361			52,911			–			52,911	
	39,410			–			39,410			42,240			–			42,240			42,091			–			42,091	
	42,655			–			42,655			47,866			–			47,866			38,576			–			38,576	
	89,053			–			89,053			84,068			–			84,068			67,361			–			67,361	
	40,891			–			40,891			33,839			–			33,839			34,728			–			34,728	
	966,413			–			966,413			907,229			–			907,229			861,126			–			861,126	
	778			–			778			943			–			943			943			–			943	
	5,640			79,867			85,507			5,998			62,661			68,659			8,563			54,279			62,842	
	135			159			294			153			149			302			359			–			359	
	118,377			452,839			571,216			158,595			415,673			574,268			165,394			322,145			487,539	
	124,930			532,865			657,795			165,689			478,483			644,172			175,259			376,424			551,683	
	55,600			–			55,600			61,800			–			61,800			55,000			–			55,000	
	128,981			–			129,981			116,019			–			116,019			151,034			–			151,034	
	–			55,220			55,220			–			36,031			36,031			–			42,738			42,738	
	–			188,071			188,071			–			199,622			199,622			–			183,540			183,540	
	43,980			–			43,980			40,507			–			40,507			40,486			–			40,486	
	69,680			–			69,680			67,324			–			67,324			60,075			–			60,075	
	74,527			–			74,527			70,739			–			70,739			69,061			–			69,061	
	35,319			–			35,319			35,625			–			35,625			46,343			–			46,343	
	408,087			243,291			651,378			392,014			235,653			627,667			421,999			226,278			648,277	
\$	2,966,747		\$	776,156		\$	3,742,903		\$	2,808,892		\$	714,136		\$	3,523,028		\$	2,750,792		\$	602,702		\$	3,353,494	

EXPENSES BY FUNCTION UNAUDITED (SEE NOTES) 2009 TO 2013

(IN THOUSANDS OF DOLLARS)

	2013	2012 ⁽⁴⁾	2011	2010 ⁽²⁾⁽³⁾	2009 ⁽¹⁾
Protective Services		(Restated)		(Restated)	(Restated)
Police	\$ 438,677	\$ 410,897	\$ 384,396	\$ 368,947	\$ 316,055
Fire	262,450	246,737	233,265	222,279	181,082
Emergency Medical Services	–	–	–	–	15,939
	701,127	657,634	617,661	591,226	513,076
Transportation					
Public transit	492,945	438,856	391,456	367,128	288,707
Roads, traffic and parking	399,747	383,383	362,113	467,576	241,088
	892,692	822,239	753,569	834,704	529,795
Environmental protection					
Water services & resources	403,117	384,764	362,259	329,901	168,827
Waste and recycling	125,230	111,336	94,476	119,980	82,833
	528,347	496,100	456,735	449,881	251,660
Social development					
Community and social development	63,132	55,567	56,736	51,694	49,535
Social housing	129,001	113,430	106,174	123,501	109,421
	192,133	168,997	162,910	175,195	158,956
Recreation and culture					
Parks and recreation facilities	256,607	214,423	263,844	255,456	189,518
Societies and related authorities	108,453	68,593	84,077	96,942	84,690
Calgary Public Library Board	47,011	52,195	51,367	45,481	37,574
	412,071	335,211	399,288	397,879	311,782
Other expenditure					
General government	342,151	276,005	277,138	199,097	190,156
Public works	186,479	177,086	186,081	167,355	117,045
Real estate services	81,996	76,001	57,690	80,820	42,964
	610,626	529,092	520,909	447,272	350,165
Interest and financing fees ⁽³⁾					
Tax supported	–	–	–	–	26,061
Self sufficient tax supported	–	–	–	–	4,414
Self supported	–	–	–	–	78,348
	–	–	–	–	108,823
Amortization ⁽²⁾⁽³⁾	–	–	–	–	354,910
Total expenses	\$ 3,336,996	\$ 3,009,273	\$ 2,911,072	\$ 2,896,157	\$ 2,579,167

Notes:

(1) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.

(2) 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.

(3) 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.

(4) 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.

OTHER FINANCIAL AND STATISTICAL SCHEDULES

FINANCIAL POSITION AND NET REVENUES UNAUDITED

2009 TO 2013 (IN THOUSANDS OF DOLLARS)

	2013	2012 ⁽³⁾	2011	2010 ⁽²⁾	2009 ⁽¹⁾
		(Restated)		(Restated)	(Restated)
Financial assets	\$ 6,489,172	\$ 5,407,521	\$ 4,831,572	\$ 4,766,081	\$ 4,493,369
Liabilities	5,903,191	5,267,439	5,009,322	4,708,417	4,061,969
Net financial assets (debt)	585,981	140,082	(177,750)	57,664	431,400
Non-financial assets	13,689,630	13,037,917	12,233,230	11,193,852	10,182,825
Accumulated surplus	14,275,611	13,177,999	12,055,480	11,251,516	10,614,225
Annual Surplus	\$ 1,097,612	\$ 1,107,827	\$ 801,331	\$ 611,638	\$ 771,329

Notes:

- (1) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.
- (2) 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.
- (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.

CONSOLIDATED ACCUMULATED SURPLUS UNAUDITED

2009 TO 2013 (IN THOUSANDS OF DOLLARS)

	2013	2012 ⁽³⁾	2011	2010 ⁽²⁾	2009 ⁽¹⁾
		(Restated)		(Restated)	(Restated)
Operating fund	\$ 8,159	\$ 31,258	\$ 5,243	\$ 24,992	\$ 2,141
Capital fund	262,412	49,866	(33,649)	84,042	177,242
Reserves	1,434,171	1,297,791	1,131,968	1,017,747	958,433
Unfunded portion of provision for landfill liabilities ⁽²⁾	–	–	(16,500)	(13,500)	–
Equity in government business enterprises	2,460,204	2,161,986	1,943,731	1,845,250	1,744,464
Local Improvements to be Funded in Future Years ⁽⁴⁾	63,350	–	–	–	–
Equity in non-financial assets	10,047,315	9,637,098	9,024,687	8,292,985	7,731,945
	\$ 14,275,611	\$ 13,177,999	\$ 12,055,480	\$ 11,251,516	\$ 10,614,225

Notes:

- (1) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.
- (2) 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.
- (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) In 2013, The City adopted PS3510 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.

OTHER FINANCIAL AND STATISTICAL SCHEDULES

EXPENSES BY OBJECT UNAUDITED

2009 TO 2013 (IN THOUSANDS OF DOLLARS)

	2013	2012 ⁽³⁾	2011	2010 ⁽²⁾	2009 ⁽¹⁾
		(Restated)		(Restated)	(Restated)
Salaries, wages and benefits	\$ 1,692,923	\$ 1,570,469	\$ 1,495,451	\$ 1,421,993	\$ 1,299,722
Contracted and general services	489,444	321,683	366,936	439,334	378,618
Materials, equipment and supplies	327,666	237,771	250,271	216,175	205,682
Interest charges					
Tax supported	52,931	49,111	62,623	54,178	26,061
Self supported	85,229	86,618	70,749	69,860	82,762
Third-party social, cultural and recreation programs	162,546	129,818	167,312	167,699	166,763
Utilities	75,000	70,455	67,406	60,454	64,649
Amortization	436,155	525,054	413,273	398,286	354,910
Loss on disposal of tangible capital assets	15,102	18,294	17,051	68,178	-
Total expenses	\$ 3,336,996	\$ 3,009,273	\$ 2,911,072	\$ 2,896,157	\$ 2,579,167

Notes:

- (1) Figures for 2009 have been restated for the correction of certain tangible capital asset adjustments identified in 2010. Years prior to 2009 have not been restated for this adjustment.
- (2) 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.
- (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.

CONSOLIDATED INVESTMENTS UNAUDITED

2009 TO 2013 (IN THOUSANDS OF DOLLARS)

	2013	2012	2011	2010	2009
Cost:					
Government of Canada	\$ 296,416	\$ 52,593	\$ 148,114	\$ 164,569	\$ 252,619
Other Government	336,992	625,113	323,104	399,370	307,931
Corporate	2,487,030	1,893,506	1,728,753	1,685,924	1,556,269
Equity investments	197,025	138,146	133,032	108,216	102,120
	\$ 3,317,463	\$ 2,709,358	\$ 2,333,003	\$ 2,358,079	\$ 2,218,939
Market Value:					
Government of Canada	\$ 295,882	\$ 53,039	\$ 149,767	\$ 164,614	\$ 252,037
Other Government	333,205	630,196	333,787	403,198	310,190
Corporate	2,486,998	1,900,726	1,734,843	1,690,935	1,568,563
Equity investments	238,039	151,249	134,098	127,430	112,248
	\$ 3,354,124	\$ 2,735,210	\$ 2,352,495	\$ 2,386,177	\$ 2,243,038

OTHER FINANCIAL AND STATISTICAL SCHEDULES

CONSOLIDATED RESERVES UNAUDITED

2009 TO 2013 (IN THOUSANDS OF DOLLARS)

	2013	2012	2011	2010	2009
Significant Reserves					
Fiscal stability	\$ 357,301	\$ 294,985	\$ 240,932	\$ 224,916	\$ 195,738
Reserve for future capital	269,629	271,888	255,492	232,534	251,054
Debt servicing	52,570	67,769	72,996	82,827	87,991
Corporate housing reserve	31,903	44,547	43,274	65,589	42,935
Legacy parks	19,738	13,332	9,695	15,733	31,738
Real estate services (combined operating & capital)	73,799	68,239	69,605	35,851	11,561
Community investment	151,077	112,223	76,959	36,914	40,929
Development and building approvals sustainment	48,701	30,794	27,488	36,071	38,189
Reserve for tax loss provision	39,823	39,823	36,329	33,146	29,630
Landfill revenue ⁽²⁾	–	–	–	10,794	9,829
Lifecycle maintenance and upgrade	125,729	102,075	92,205	75,477	55,404
Calgary Housing Company	17,010	13,737	10,625	6,851	4,255
	\$ 1,187,280	\$ 1,059,412	\$ 935,600	\$ 856,703	\$ 799,253
Other reserve balances will be utilized in future years for the following types of expenses:					
Wastewater treatment and disposal and water supply ⁽¹⁾	\$ –	\$ –	\$ –	\$ 18,624	\$ 17,786
Utilities sustainment ⁽¹⁾	44,076	52,226	18,982	–	–
Social programs	8,283	7,916	7,900	9,336	8,479
Police services (capital)	28,362	25,923	20,151	15,502	10,837
Police services (operating)	4,000	4,000	–	–	–
Waste & recycling sustainment ⁽²⁾	33,808	41,910	58,162	24,059	26,346
ENMAX dividend stabilization	10,100	–	–	–	–
Other operating	49,311	45,885	39,885	35,976	40,511
Other capital expenses	68,951	60,519	51,288	57,547	55,221
	246,891	238,379	196,368	161,044	159,180
	\$ 1,434,171	\$ 1,297,791	\$ 1,131,968	\$ 1,017,747	\$ 958,433

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.

TAXATION AND ASSESSMENTS UNAUDITED 2009 TO 2013

(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2013	2012	2011	2010	2009
TAX RATES					
Residential					
Municipal and Library Mills	3.797	3.457	3.205	3.138	2.640
Provincial property Mills	2.525	2.709	2.464	2.735	2.360
Non-Residential					
Municipal and Library Mills	10.991	12.311	11.510	9.909	8.213
Provincial property Mills	3.305	3.934	4.099	3.885	3.228
ASSESSED VALUES					
Residential	\$ 170,331,240	\$ 162,729,050	\$ 165,284,722	\$ 150,838,293	\$ 170,027,495
Percentage of total (%)	74.9	77.6	78.6	76.2	76.4
Commercial, industrial and farm	\$ 57,042,815	\$ 46,855,572	\$ 44,859,905	\$ 47,067,544	\$ 52,645,433
Percentage of total (%)	25.1	22.4	21.4	23.8	23.6
Total assessment	\$ 227,374,055	\$ 209,584,622	\$ 210,144,627	\$ 197,905,837	\$ 222,672,928
TAX LEVIES					
Municipal property tax					
Residential	\$ 650,287	\$ 563,117	\$ 526,126	\$ 471,447	\$ 443,963
Non-residential	628,404	579,364	507,369	479,406	442,173
Community Revitalization Levy	27,337	22,396	15,110	11,068	7,627
Business tax	225,390	214,174	212,264	201,681	206,771
Revenue in lieu of taxes	194,228	201,088	193,081	167,237	181,095
Local improvements and special levies	69,758	13,308	13,366	13,121	10,779
	\$ 1,795,404	\$ 1,593,447	\$ 1,467,316	\$ 1,343,960	\$ 1,292,408
Provincial property taxes					
Residential	\$ 444,289	\$ 443,274	\$ 406,908	\$ 412,115	\$ 401,527
Non-residential	183,560	189,521	191,378	191,667	176,032
Revenue in lieu of taxes	8,289	8,690	8,930	9,009	8,478
	636,138	641,485	607,216	612,791	586,037
Total taxes levied	\$ 2,431,542	\$ 2,234,932	\$ 2,074,532	\$ 1,956,751	\$ 1,878,445
Percentage of Total Levies					
Property tax					
Residential property	45.02%	45.03%	44.98%	45.15%	45.01%
Non-residential property	36.33%	34.40%	33.69%	34.29%	32.91%
Local improvement levies	2.87%	0.60%	0.63%	0.67%	0.57%
Community Revitalization Levy	1.12%	1.00%	0.73%	0.57%	0.41%
Business tax	9.27%	9.58%	10.23%	10.31%	11.01%
Revenue in lieu of taxes	8.33%	9.39%	9.74%	9.01%	10.09%

TAXATION AND ASSESSMENTS UNAUDITED 2009 TO 2013

(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2013	2012	2011	2010	2009
PROPERTY TAX — Continuity					
Taxes receivable, January 1	\$ 40,643	\$ 40,075	\$ 45,063	\$ 40,630	\$ 36,632
Current levies					
Property taxes	1,959,712	1,821,259	1,687,367	1,576,283	1,489,955
Business taxes	228,455	222,846	215,488	205,391	198,609
Non-tax items for collection	1,154	1,378	1,534	1,415	1,709
Penalties	8,296	9,088	9,037	8,610	7,818
Cancellation of tax arrears	(1,412)	(2,218)	(3,381)	(16,443)	(26,958)
Write-off of taxes	(534)	(559)	(614)	(868)	(903)
Total to be Collected	2,236,314	2,091,869	1,954,494	1,815,018	1,706,862
Collections during the year					
Current levies	(2,164,807)	(2,018,942)	(1,878,537)	(1,748,852)	(1,658,062)
Arrears	(33,845)	(32,284)	(35,882)	(21,103)	(8,170)
Subtotal	37,662	40,643	40,075	45,063	40,630
Allowance for doubtful accounts	(450)	(850)	(500)	(850)	(750)
Taxes receivable, December 31	\$ 37,212	\$ 39,793	\$ 39,575	\$ 44,213	\$ 39,880
Percentage of current taxes collected (%)	96.81%	96.51%	96.11%	97.50%	98.20%
Taxes outstanding as a percentage of the current year levy (%)	1.72%	1.99%	2.10%	2.40%	2.40%
Other Major Tax Levies:					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 129,735	\$ 147,833	\$ 125,536	\$ 97,621	\$ 107,991
Franchise fees	57,354	48,635	63,873	65,327	68,832
Governments					
Provincial	9,403	10,931	10,255	11,094	10,899
Federal	2,011	2,443	2,328	2,204	1,850
	\$ 198,504	\$ 209,842	\$ 201,992	\$ 176,246	\$ 189,572

CONTINUITY OF LONG-TERM DEBT UNAUDITED 2009 TO 2013

(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2013	2012	2011	2010	2009
Opening Balance	\$ 3,420,540	\$ 3,228,887	\$ 2,945,662	\$ 2,476,075	\$ 1,967,939
New issues or additions during the year					
Tax supported					
Debentures	261,308	8,872	24,401	45,166	31,438
Capital leases	–	–	–	–	768
	261,308	8,872	24,401	45,166	32,206
Self supported					
Debentures	91,701	191,500	188,600	228,407	382,015
Local improvement debentures	5,273	4,018	6,864	23,686	12,761
Capital leases	–	84	5,391	–	–
Mortgages and other debt	1,530	(7,844)	10,393	46,251	15,649
	98,504	187,758	211,248	298,344	410,425
Self sufficient tax supported					
Debentures	77,000	240,000	248,000	308,000	266,000
	77,000	240,000	248,000	308,000	266,000
Debt repaid during the year					
Tax supported					
Debentures	(51,979)	(55,728)	(52,127)	(58,564)	(68,888)
Capital leases	–	(135)	(335)	(622)	(660)
	(51,979)	(55,863)	(52,462)	(59,186)	(69,548)
Self supported					
Debentures	(124,337)	(120,648)	(120,103)	(112,621)	(112,929)
Local improvement debentures	(8,278)	(8,826)	(9,524)	(6,321)	(6,135)
Capital leases	(932)	(926)	(301)	–	–
Mortgages and other debt	(7,822)	(57,228)	(17,677)	(3,795)	(11,883)
	(141,369)	(187,628)	(147,605)	(122,737)	(130,947)
Self sufficient tax supported					
Debentures	(2,622)	(1,486)	(357)	–	–
	(2,622)	(1,486)	(357)	–	–
Increase (Decrease)					
Tax supported	209,329	(46,991)	(28,061)	(14,020)	(37,342)
Self supported	(42,865)	130	63,643	175,607	279,478
Self sufficient tax supported	74,378	238,514	247,643	308,000	266,000
Net Increase during the year	240,842	191,653	283,225	469,587	508,136
Closing balance	\$ 3,661,382	\$ 3,420,540	\$ 3,228,887	\$ 2,945,662	\$ 2,476,075
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	2.9	3.1	3.1	3.6	4.3
Percentage of legal debt limit as per <i>Municipal Government Act</i> [see Note 13(f)]	54.6	57.2	58.9	56.9	48.7

CONTINUITY OF LONG-TERM DEBT UNAUDITED 2009 TO 2013

(IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2013	2012	2011	2010	2009
Tax Supported					
Calgary Public Library Board	\$ –	\$ –	\$ –	\$ –	\$ 104
Facility management (CPB)	49,359	51,210	53,828	51,231	42,490
Fire	3,230	3,451	3,768	3,846	4,214
General government	96	283	477	676	869
Parks and recreation	307,850	65,724	72,227	74,737	79,715
Police	334	1,202	2,387	3,741	5,351
Social housing	5,205	5,508	5,796	6,070	6,330
Roads	148,289	166,082	186,438	203,892	202,499
Societies & related authorities	13,610	12,334	14,555	11,018	12,308
Waste & recycling services	4,723	4,987	5,238	5,478	5,706
Transit	38,093	50,679	63,737	75,823	90,946
	570,789	361,460	408,451	436,512	450,532
Tax supported, % of total	15.6	10.6	12.6	14.8	18.2
Per capita, tax supported	\$ 497	\$ 323	\$ 374	\$ 407	\$ 423
Self Supported					
Calgary Parking Authority	\$ 5,487	\$ 6,588	\$ 7,638	\$ 8,860	\$ 10,242
Calhome Properties Ltd.	26,027	31,262	36,272	41,011	45,637
Lindsay Park Sports Society	2,067	2,345	2,614	2,874	–
Water services & resources	1,646,815	1,665,394	1,569,501	1,485,658	1,359,288
Facility management (CPB)	1,000	1,452	2,382	2,812	3,218
Fleet services	91,370	98,426	112,301	113,061	133,080
General government	–	–	–	203	394
Parks and recreation	6,665	8,163	9,772	11,474	12,836
Social housing	12,556	14,929	17,784	19,998	22,125
Real estate services	26,580	26,955	27,312	27,650	10,971
Roads	80,186	82,074	149,675	81,490	64,024
Societies & related authorities	1,474	3,727	4,228	4,700	5,833
Waste & recycling services	15,831	17,608	19,314	20,952	22,525
Transportation infrastructure	–	–	–	74,407	29,370
	1,916,058	1,958,923	1,958,793	1,895,150	1,719,543
Self supported, % of total	52.3	57.3	60.7	64.1	69.4
Per capita, self supported	\$ 1,667	\$ 1,749	\$ 1,796	\$ 1,764	\$ 1,601
Self Sufficient Tax supported					
CMLC	\$ 154,535	\$ 150,157	\$ 131,643	\$ 104,000	\$ 66,000
MSI	1,020,000	950,000	730,000	510,000	240,000
	1,174,535	1,100,157	861,643	614,000	306,000
Self suff tax supp, % of total	32.1	32.2	26.7	20.8	12.4
Per capita, self suff tax supported	\$ 1,022	\$ 982	\$ 790	\$ 573	\$ 287
Total City debt	3,661,382	3,420,540	3,228,887	2,945,662	2,476,075
ENMAX debt	915,510	827,828	732,877	631,494	516,852
Total debt attributable to The City	\$ 4,576,892	\$ 4,248,368	\$ 3,961,764	\$ 3,577,156	\$ 2,992,927

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED 2009 TO 2013

	2013	2012	2011	2010	2009
Population, per April civic census	1,149,552	1,120,225	1,090,936	1,071,515	1,065,455
Change due to natural increase	10,260	9,631	9,858	10,214	9,643
Change due to net migration	19,067	19,658	9,563	(4,154)	12,920
Dwelling Units, per April civic census					
Total number of units	468,358	459,339	450,952	445,455	438,663
Number of vacancies	11,782	12,616	16,180	16,929	13,012
Owner occupancy rate (%)	68.5	69.3	70.1	70.7	71.1
Housing Activity					
Annual applications for residential units					
Total residential	14,838	13,600	10,106	7,249	6,215
Change (%)	9.1	34.6	39.4	16.6	(3.5)
Single family	5,939	4,569	4,865	4,102	4,166
Change (%)	30.0	(6.1)	18.6	(1.5)	29.9
MLS average selling price (\$) ⁽¹⁾	456,695	428,655	414,570	397,442	384,347
New housing price inflation (%) ⁽²⁾	5.1	2.6	2.4	3.4	(6.7)
Building Permits, applied for					
Number of applications	17,921	16,613	15,550	15,277	15,125
Change (%)	7.9	6.8	1.8	1.0	1.4
Value, in thousands of dollars	\$6,027,000	\$4,475,000	\$4,538,000	\$2,916,000	\$3,658,000
Change (%)	34.7	(1.4)	55.6	(20.3)	(11.7)
Inflation, CPI annual increases ⁽²⁾					
Calgary	1.08%	1.00%	2.20%	0.80%	(0.10%)
Alberta	1.02%	1.10%	2.40%	1.00%	(0.10%)
Canada	1.03%	1.50%	2.90%	1.80%	0.30%
Unemployment Rate ⁽²⁾					
Calgary	4.80%	4.90%	6.20%	7.00%	6.30%
Alberta	4.60%	4.90%	5.60%	6.60%	6.30%
Canada	7.10%	7.10%	7.50%	8.10%	8.10%

External Sources

(1) Calgary Real Estate Board

(2) Statistics Canada

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED 2009 TO 2013

	2013	2012	2011	2010	2009
Revenue sources – City general ⁽¹⁾	\$ 2,714,792	\$ 2,455,521	\$ 2,312,699	\$ 2,231,090	\$ 2,165,336
Taxes and revenue in lieu of taxes	66.13%	64.89%	63.45%	62.00%	61.60%
General	26.57%	27.14%	28.26%	27.80%	27.40%
Utilities and related authorities contributions	2.33%	2.56%	2.75%	2.90%	3.00%
Government transfers	2.48%	3.12%	3.15%	4.60%	5.50%
Dividends from ENMAX Corporation	2.49%	2.28%	2.40%	2.80%	2.50%
Interest charges – City general					
As a % of operating expenses					
Before subsidy	4.35%	4.74%	4.91%	5.40%	5.20%
After subsidy	4.35%	4.74%	4.91%	5.00%	5.10%
Interest charges – consolidated					
Before subsidy (000s)	\$ 111,076	\$ 111,605	\$ 113,845	\$ 112,214	\$ 108,823
Share of operating expenses (%)	4.2	4.6	4.8	4.2	5.2
After subsidy (000s)	\$ 110,876	\$ 111,070	\$ 112,932	\$ 112,198	\$ 108,594
Share of operating expenses (%) (net of subsidy)	4.2	4.6	4.8	4.2	5.2
Debt service limit (principal + interest)					
Total debt service limit	\$ 1,202,577	\$ 1,083,243	\$ 993,085	\$ 933,486	\$ 905,624
Total debt service	\$ 872,950	\$ 663,241	\$ 628,462	\$ 500,150	\$ 290,758
Percentage used (%)	72.6	61.2	63.3	53.6	32.1
Debt limit ⁽²⁾					
Total debt limit (000s)	\$ 6,871,867	\$ 6,189,960	\$ 5,674,772	\$ 5,334,208	\$ 5,174,992
Total debt (000s)	\$ 3,749,083	\$ 3,538,824	\$ 3,343,881	\$ 3,024,576	\$ 2,536,991
Percentage used (%)	54.6	57.2	58.9	56.7	49.0
Municipal full-time equivalents – (excluding ENMAX Corporation)					
Total full-time equivalents	15,207	15,352	15,449	15,038	14,848
Full-time equivalents per 1,000 population	13.2	13.7	14.2	14	13.9
Area, square kilometres	848	848	848	848	848
Km of roads (lane km)	19,268	19,088	18,041	17,809	17,441
Km of roads (centreline km)	7,260	7,115	6,732	6,634	6,494
Km of bus routes	4,138	4,138	4,419	4,205	4,518
Transit passenger trips, annual (000s)	107,493	101,972	96,204	94,368	94,151
Km of wastewater mains ⁽³⁾	4,309	4,311	4,311	4,299	4,238
Km of water mains ⁽³⁾	4,934	4,881	4,843	4,777	4,693
Km of storm drainage mains ⁽³⁾	4,100	4,027	3,989	3,914	3,860

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.

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