Deloitte.

2014 Year-end audit communication

Calgary Parking Authority

For the year ended December 31, 2014
Presented to the Audit Committee
March 10, 2015

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March 3, 2015

To the Chairman and members of the Audit Committee of Calgary Parking Authority

Dear Audit Committee Members:

Report on audited financial statements

As agreed in our engagement letter dated November 6, 2014, we have performed an audit of the financial statements of Calgary Parking Authority (the "Authority") as at and for the year ended December 31, 2014, in accordance with Canadian generally accepted auditing standards ("GAAS") and expect to issue our audit report thereon dated March 26, 2015.

This report summarizes our findings during the audit to date. Our audit has been conducted in accordance with the Audit Plan that was presented to the Audit Committee members at the meeting held on November 6, 2014.

Use of our report

This report is intended solely for the information and use of the Audit Committee, management and others within the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from the officers and employees of the Authority with whom we worked to discharge our responsibilities.

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

Yours truly,

Deloitte LLP

Chartered Accountants

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Audit scope matters

Canadian GAAS require that we communicate to the Audit Committee on the following matters:

Audit strategy and scope	The audit planning and the preliminary risk assessment activities we conducted enabled us to set the scope of our audit and to design procedures tailored to that scope. The December 31, 2014 audit was conducted in accordance with our audit plan presented on November 6, 2014.
Materiality	Materiality is the magnitude of misstatements, including omissions, in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the financial statement users. Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the information needs of the financial statement users, and by the size or nature of a misstatement, or a combination of both. We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement. Canadian GAAS require that we determine performance materiality for the purpose of assessing the risks of material misstatement of the financial statements and determining the nature, timing and extent of our audit procedures. Planning the audit solely to detect individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the financial statements to be materially misstated, and leaves no margin for possible undetected misstatements. Performance materiality is set at a lower level than materiality, so that if misstatements are detected, we may nevertheless be able to conclude with reasonable assurance that the uncorrected misstatements both individually and in the aggregate do not exceed materiality. Materiality levels were determined on the basis of total revenue and we used a materiality level of $2,300,000 for the year ended December 31, 2014 (2013, $2,100,000).
Use of the work of experts	As planned, Deloitte experts assisted in the audit to the extent we considered necessary: **IT specialists** — Tested the ParkPlus System™, specifically related to the appropriate recording and reconciliation of transactions between the ParkPlus System™, Beanstream (third party credit card processing company) and Peoplesoft.
Significant difficulties encountered in performing the audit	We did not encounter any significant difficulties while performing the audit. There were no significant delays in receiving information from management required for the audit nor was there an unnecessarily brief timetable in which to complete the audit.

Related party transactions	Related party transactions are disclosed in Note 19 to the financial statements. We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments made by management concerning measurement or disclosure.
Management judgment and accounting estimates	Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards. During the year ended December 31, 2014, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies. Our views on the significant quantitative and qualitative aspects of the judgments and estimates made by the Authority's management are presented on page 8 of this report.
Disagreements with management	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
Consultation with other accountants	Management has informed us that the Authority has not consulted with other accountants about auditing or accounting matters.
Legal and regulatory compliance	Management is responsible for ensuring that the Authority's operations are conducted in accordance with the laws and regulations applicable to the Authority in the jurisdiction in which it operates. The responsibility for preventing and detecting non-compliance rests with management. The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations. Our comments on legal and regulatory non-compliance matters are restricted to those that came to our attention during the course of our substantive procedures and should not be considered to be exhaustive. Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Authority, subject to the receipt of legal letters.
Post-statement of financial position	Management is responsible for assessing subsequent events up to the date of the release of the financial statements. At the date of finalizing this report, we are not aware of any significant post-statement of financial position events, except as disclosed in Note 26 of the financial statements.
Management representation letter	A draft version of the management representation letter to be signed by management is included in Appendix 3.
Independence	We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level. As required under Canadian GAAS, we have reported all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence and confirmed our independence to the Audit Committee for the year ended December 31, 2014. A draft version of the independence letter is included in Appendix 2.

Quality control	Our Firm's quality control process embraces each of the elements identified in the Chartered Professional Accountants of Canada ("CPA Canada") Handbook sections covering Canadian standards of quality control for firms that perform audits and reviews of financial statements and other assurance engagements.
Fees	In our audit plan, we communicated proposed fees of $81,000 for the audit and $5,000 to audit the adjustments from International Financial Reporting Standards ("IFRS") to Public Sector Accounting Standards for purposes of consolidation with The City of Calgary. These proposed fees exclude the administration charge, expenses and applicable taxes. We incurred additional time to complete procedures relating to the classification of investment properties which was not contemplated in our original fee estimate. As such the additional time incurred to complete our procedures on the investment properties will result in additional fees of $3,500 (excluding the administration charge and applicable taxes).
Communications	As a part of our audit plan, we committed to communicate certain matters to the Audit Committee on a regular basis or as specified events occur. These communications are included in Appendix 5 of this report.

Audit findings

This report summarizes the main findings arising from our audit to date.

Status of our audit	We expect to be in a position to render our audit opinion dated March 26, 2015 on the financial statements of the Authority as at and for the year ended December 31, 2014 (the "financial statements") following approval of the financial statements by the Board of Directors and the completion of the following outstanding procedures: • Receipt of signed management representation letter; • Receipt of legal letters; • Review of final financial statements, following approval by the Board of Directors; • Minor documentation matters; and • Finalization of the Engagement Quality Control review.
Internal control	We did not identify any deficiencies in internal controls that existed as at December 31, 2014 that we concluded to be significant.
Uncorrected misstatements	In accordance with Canadian GAAS, we request that all misstatements be corrected. We are required to accumulate all uncorrected misstatements greater than $115,000 (2013, $105,000), and those that are quantitatively insignificant but qualitatively significant. At this time, there are no uncorrected misstatements to report.
Unadjusted disclosure deficiencies	In accordance with Canadian GAAS, we request that all disclosure deficiencies be corrected. A summary of unadjusted disclosure deficiencies is included in Appendix B attached to the management representation letter. All proposed unadjusted disclosure deficiencies were reviewed with management and were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
Conclusion	In accordance with Canadian GAAS, our audit is designed to enable us to express an opinion on the fairness of the presentation of the Authority's financial statements prepared in accordance with IFRS. No restrictions have been placed on the scope of our audit. In performing the audit, we were given full and complete access to the accounting records, supporting documentation and other information requested. We intend to issue an unmodified audit report on the financial statements of the Authority for the year ended December 31, 2014 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Board of Directors. A draft version of our Auditor's report is included in Appendix 1.

Audit risks

Our audit plan identified certain areas that we refer to as significant risks. There have been no changes to these risks nor have any additional risks been identified since our previous communication. The results of our audit work on these risks are set out below:

Significant risks

Areas of risk	Our audit response	Our conclusion
Revenue recognition (ParkPlus, Parking Control and Cellphone revenue)	We made enquiries of management regarding relevant internal controls to assist them in ensuring the accuracy and completeness of these revenue streams and the classification of Parking control revenue. We evaluated the design and implementation of those internal controls, including testing of the reconciliations between the ParkPlus System™, Beanstream and Peoplesoft. We performed substantive audit procedures on these revenue streams.	Based on the procedures performed, we conclude that the ParkPlus System™, Parking Control and Cellphone revenues are not materially misstated in the context of the financial statements taken as a whole.
2013 Flood - Recognition of revenue relating to insurance proceeds and valuation of property and equipment, recognition of revenue relating to insurance proceeds and provincial funding and valuation of property and equipment	We reviewed the recognition of insurance proceeds revenue based on the terms of the insurance policy stipulations and traced the proceeds to cash receipts to ensure the amounts were recorded properly and in the appropriate period. We reviewed a sample of expenditures relating to the repair or maintenance of flood damaged assets to ensure that these costs were appropriately treated as an expense or capital item.	Based on the procedures performed, we conclude that property, plant and equipment and insurance proceeds revenue are not materially misstated in the context of the financial statements taken as a whole.
Valuation of long-term investments (relating to the Parking Structure Replacement Reserve and Cash-in-Lieu Deposits)	As these investments are held through the City of Calgary (the “City”) Treasury department, we held discussions with City personnel and performed procedures to assess the reasonableness and appropriateness of the fair value of long-term investments, including a review of the valuation techniques and inputs used.	Based on the procedures performed, we concur with management’s assertion that long-term investments are not materially misstated in the context of the financial statements taken as a whole.

Areas of risk	Our audit response	Our conclusion
Management override of controls	We made enquiries of management and those involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We tested a selection of journal entries and other adjustments at the end of and for the year ended December 31, 2014. We reviewed accounting estimates for bias and evaluated whether any bias represents a risk of material misstatement due to fraud. We performed retrospective reviews of management's judgments and estimates relating to significant accounting estimates reflected in the financial statements of the prior year. We also evaluated any significant transactions outside the normal course of business for the Authority. No such transactions were noted during the year. We incorporated an element of unpredictability in the selection and timing of our audit procedures. In addition, we assessed the design and implementation of entity level controls. We also exercised increased scrutiny over the financial statements and related disclosures.	Based on the performance of our audit procedures, we have not identified any instances of management override of controls.

Internal control matters

As part of our financial statement audit, we are required to consider many components of internal controls, which assist us in determining the risks of material misstatement and the identification of internal controls that will be relevant for our audit. Not all controls are relevant to every audit. For example, some internal controls may exist to address operational risks. For those controls deemed relevant to our audit, we evaluated the design of these controls and determined whether they were implemented. The procedures undertaken during this process allow us to consider whether or not our audit strategy will further rely on the operating effectiveness of those identified internal controls. In such cases, we would go beyond evaluating the design of relevant controls and determining whether they have been implemented to also test whether the controls on which we intend to rely are operating effectively throughout the period of reliance. The determination of whether or not we will test the operating effectiveness of controls is determined on an engagement by engagement basis.

In our audit of the Authority’s financial statements, we applied a substantive audit approach to testing of account balances and as such we did not rely on internal controls, but tested the design and implementation of certain internal controls relevant to financial reporting.

Canadian GAAS require us to report to the Audit Committee any significant deficiencies or material weaknesses. We did not identify any significant deficiencies or material weaknesses in internal controls during the course of our audit.

Accounting practices, judgments and estimates

The accounting policies described in Note 2 and 3 of the financial statements are those that are most important to the portrayal of the Authority's financial condition and financial performance.

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

Significant accounting policies

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

Significant accounting estimates and judgments

In our judgment, the significant accounting estimates made by management are, in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements around estimation uncertainty is in accordance with IFRS and is appropriate to the particular circumstances of the Authority.

Appendix 1 – Draft version of our Auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Directors of Calgary Parking Authority

We have audited the accompanying financial statements of Calgary Parking Authority, which comprise the statement of financial position as at December 31, 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of Calgary Parking Authority as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
March 26, 2015

Appendix 2 – Independence

March 26, 2015

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

Dear Members:

We have been engaged to audit the financial statements of Calgary Parking Authority (the "Authority") as at and for the year ended December 31, 2014.

Canadian generally accepted auditing standards ("GAAS") require that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Authority, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. We are also required to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre and applicable legislation, covering such matters as:

(a) holding a financial interest, either directly or indirectly, in a client;
(b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
(c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
(d) economic dependence on a client; and
(e) provision of services in addition to the audit engagement.

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

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 27, 2014, the date of our last letter.

We are not aware of any relationships between the Authority and our Firm, including any network firms that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 27, 2014 to March 26, 2015.

The total fees charged to the Authority for audit services were $92,020 plus an additional $3,745 for procedures relating to the classification of investment properties (2013, $91,350) and non-audit services were $Nil (2013, $Nil) during the period covered by the financial statements.

Canadian GAAS require that we confirm our independence to those charged with governance in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. We hereby confirm that we are independent with respect to the Authority within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of March 26, 2015.

This report is intended solely for the use of the Audit Committee, the Board of Directors, management and others within the Authority and should not be used for any other purpose.

Yours truly,

Chartered Accountants

Appendix 3 – Draft management representation letter

[Client Letterhead]

March 26, 2015

Deloitte LLP
700, 850 – 2 Street SW
Calgary, AB T2P0R8

Dear Sirs:

Subject: Financial statements of Calgary Parking Authority as at and for the year ended December 31, 2014

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of Calgary Parking Authority (the "Authority" or "we" or "us") as at and for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Authority in accordance with International Financial Reporting Standards ("IFRS").

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

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Authority and Deloitte dated November 6, 2014 for the preparation of the Financial Statements in accordance with IFRS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Authority as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with IFRS.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

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

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with IFRS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2014 that require adjustment to the estimates and disclosures included in the Financial Statements.

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

3. All related party relationships and transactions, including associated amounts receivable and payable, have been appropriately accounted for and disclosed in the Financial Statements in accordance with the requirements of IFRS.

4. We have determined that the Financial Statements are complete as of March 26, 2015 as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. All final adjusting journal entries have been reflected in the Financial Statements and the Financial Statements have been approved in accordance with our process to finalize financial statements.

5. We have completed our review of events after December 31, 2014 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which IFRS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.

6. The Financial Statements are free of material errors and omissions.

   As a result of our evaluation process, we identified certain disclosures that, although required by IFRS, have been omitted from our Financial Statements. Those omitted disclosures that are more than inconsequential are attached as Appendix B. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the Financial Statements as a whole.

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

Information provided

8. We have provided you with:
   a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters. All financial statements and other financial information provided to you accurately reflects the activities and expenses of the Authority and do not reflect any activities or expenses of any other person or entity;
   b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
   c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

9. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.

10. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the Financial Statements.

    We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Financial Statements and all knowledge of concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the Authority that have been communicated by employees, former employees, analysts, regulators or others, whether written or oral.

12. We have disclosed to you all communications from regulatory agencies and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.

13. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.

14. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with IFRS.

16. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.

17. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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

18. The Authority has not caused Deloitte's independence to be impaired by hiring or promoting a former or current Deloitte partner or professional employee in an accounting role or financial reporting oversight role that would cause a violation of the Canadian independence rules or other applicable independence rules. Prior to the Authority having any substantive employment conversations with a former or current Deloitte engagement team member, the Authority has held discussions with Deloitte and obtained approval from the Audit Committee.

19. We have ensured that all non-audit services provided to the Authority have been approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the Authority in accordance with applicable laws, regulations and rules that apply to the Authority, including the Audit Committee approval requirements.

20. We have disclosed to you all communications, if applicable, from regulatory agencies concerning non-compliance with or potential deficiencies in, financial reporting requirements.

Fair value of investment properties

21. In determining the fair value of investment properties, management has used a reasonable valuation methodology including the inputs and assumptions used in determining the fair value of investment properties. We have disclosed to you all relevant information which would have an impact on the fair value of investment properties.

Plans or intentions affecting carrying value/classification of assets and liabilities

22. We have disclosed to you all plans, intentions or other conditions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

23. We have assessed the Criterion and Veritas investment properties against the criteria in IFRS 5, *Assets Held for Sale*, and the properties do not meet the criteria to be separately disclosed in the Financial Statements.

Related parties

24. Key management personnel have been appropriately identified as those persons having authority and responsibility for planning, directing and controlling the activities of the Authority and include all Board of Directors of the Authority. We have disclosed key management personnel compensation in total and for each of the following categories in accordance with International Accounting Standards (“IAS”) 24, *Related Party Disclosures*:
    a. Short-term employee benefits;
    b. Post-employment benefits;
    c. Other long-term benefits; and
    d. Termination benefits.

Financial instruments – general including derivatives

29. The Authority has properly identified all derivative financial instruments and hedging relationships, if any. The Authority’s hedging activities are in accordance with its documented and approved hedging and risk management policies and appropriate effectiveness assessments have been completed for all hedging relationships on a frequency and basis consistent with those policies and in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

30. For all financial instruments measured at fair value at December 31, 2014, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in IFRS 13, *Fair Value Measurement* (“IFRS 13”). Where the instrument is not traded in an active market, the Authority has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of inputs observed from markets. We have identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value.

31. The Authority has properly identified all derivative financial instruments and hedging relationships, if any.

IFRS 13, Fair Value Measurement

32. The Authority has appropriately applied the framework for measuring and disclosing fair value, set forth in IFRS 13, to all fair value measurements and disclosures within the scope of IFRS 13.

33. In applying the definition of fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”, the Authority considered the following items:
    a. Unit of account;
    b. Principal market and where the principal market does not exist, the Authority;
    c. The most advantageous market;
    d. Pricing assumptions and considerations market participants would take into account; and
    e. Inputs that are available and the appropriate valuation technique(s).

34. In determining the fair value of the Authority’s non-financial assets, we have taken into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

35. We have appropriately disclosed fair value information to assess the following:
    a. For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements;
    b. For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period; and
    c. For recurring and non-recurring fair value measurements, the levels of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

36. In applying the fair value hierarchy, the Authority has applied consistent judgment in determining and prioritizing the appropriate level of inputs to the valuation techniques.

Operating segments

37. We have determined that the Authority does not have operating segments which require disclosure in accordance with IFRS.

IFRIC 21, Levies

38. A levy is defined under IFRIC 21 as “an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations)”. The Authority has identified the following payments as levies under IFRIC 21, *property taxes and business taxes*.

39. The Authority has appropriately identified the obligating event that gave rise to a liability to pay a levy based on its review of the legislation that dictates the payment and accordingly, has recognized and recorded a liability related to the levy in accordance with IFRIC 21, *Levies*.

40. We have appropriately disclosed the impact of adopting IFRIC 21, *Levies*, in the Financial Statements, considering the requirements in IAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*.

Yours truly,
Calgary Parking Authority

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Mr. Wes Hogman
Interim General Manager

____
Ms. Wendy Haidey
Controller

Appendix A
Calgary Parking Authority
Summary of uncorrected and corrected financial statement misstatements
Year ended December 31, 2014

Uncorrected misstatements

None identified

Corrected misstatements

	Asset Dr (Cr)	Liability Dr (Cr)	Retained Earnings Beg of Year Dr (Cr)	Income Statement Dr (Cr)
Discount on CMLC Long Term Receivable incorrectly grouped in Short Term Receivables	188,368 (188,368)	-	-	-

Appendix B
Calgary Parking Authority
Summary of disclosure items passed
Year ended December 31, 2014

Disclosure title	Reference	Description
Disclosure of parking restriction benefit	IAS 16.79(d)	Through the fair valuation of the parkades, upon transition to IFRS, it was determined that the fair value assigned on transition includes a parking restriction benefit to the Authority. This parking restriction benefit has not been disclosed as a separate component of property, plant and equipment in the notes to the financial statements.
Statement of comprehensive income – nature versus function	IAS 1.29	The Authority has not presented their analysis of expenses recognized in the statement of comprehensive income classified between either nature or function; a combined disclosure approach has been adopted.

Appendix 4 – Letter of recommendations

The following management letter point was issued following the December 31, 2013 audit. We have provided an update on how this matter was addressed by management.

UPDATE - DECEMBER 31, 2013 MANAGEMENT LETTER POINT

Password length of Cale Web Office ("Cale")

Observation:
During our testing of general information technology controls, we noted that Cale only requires a 4 character password at the application level, which is not a sufficient length and complexity to ensure appropriate password security.

Implication:
Lack of strong password configuration, as per best industry practices, increases the risk that unauthorized users gain access to the system.

Recommendation:
We recommend that management consider configuring password settings which support strong passwords and which cannot be easily compromised. The modification of the system settings should consider the following best practice parameters:

- Maximum password age (Expiration at 90 days);
- Enforce password history (8-10 passwords); and
- Password minimum length (8 characters and use of special characters, numbers, etc.).

Management's Response:
As Cale Web Office (CWO) is a third party managed service, we (CPA) have no direct access/control of these settings. However, this issue was raised with the vendor, Cale, and they have resolved this issue. It should be noted that during previous Payment Card Industry (PCI) Audits, the password length and complexity settings were confirmed to be set properly. It has been in the past year that the setting had been changed by the vendor, Cale, incorrectly.

Auditor's Update (based on December 31, 2014 audit procedures)
Based on our audit procedures, we note that this matter has been resolved. Recommendation is satisfactorily addressed.

Appendix 5 – Communication requirements

In our audit plan, we committed to communicate certain items to the Audit Committee on a regular basis or as specified events occur. These items are summarized below.

Required communication	Refer to this report or document described below
1. Our responsibilities under Canadian GAAS	Audit plan communicated on November 6, 2014
2. Our audit strategy and scope, including our approach to auditing financial information of components of the group audit and our planned involvement in work performed by component auditors	Audit plan communicated on November 6, 2014
3. Management judgment and accounting estimates	Management judgment and accounting estimates
4. Audit adjustments	Uncorrected misstatements
5. Uncorrected and corrected misstatements and disclosure deficiencies	Uncorrected misstatements and Unadjusted disclosure deficiencies
6. Our views about significant qualitative aspects of the Authority's accounting practices, including accounting estimates	Management judgment and accounting estimates
7. Disagreements with management	There were no disagreements with management during the audit of the 2014 financial statements
8. Our views about significant matters that were the subject of consultation with other accountants	Consultation with other accountants
9. Significant difficulties, if any, encountered during the audit	No significant difficulties encountered in performing the audit
10. All deficiencies in internal control that existed as of the date of management's assessment that were concluded to be material weaknesses in internal control	No significant deficiencies in internal control were identified
11. Material written communications between management and us	Engagement letter dated November 6, 2014 and this year-end report
12. All relationships between the Authority and us that, in our professional judgment, may reasonably be thought to bear on independence	Independence - Appendix 2
13. A statement that, in our judgment, our engagement team and others in our firm as appropriate, our firm itself and, when applicable, network firms have complied with relevant ethical requirements regarding independence	Independence – Appendix 2

14. Illegal or possibly illegal acts	None identified based on audit procedures performed for the year ended December 31, 2014
15. Fraud or possible fraud identified through the audit process	None identified based on audit procedures performed for the year ended December 31, 2014
16. Non-compliance with laws and regulations that come to the auditor's attention	Legal and regulatory compliance
17. Matters that are significant to the oversight of the financial reporting process	All matters are documented within this year end communication document
18. Limitations placed on our scope	No limitations were placed our audit scope
19. Written management representations the auditor is requesting	Draft management representation letter – Appendix 3