



Financial Statements

Calgary Parking Authority
December 31, 2016



Calgary Parking Authority

Statement of Financial Position

(In Canadian dollars)	As at December 31, 2016 \$	As at December 31, 2015 \$
ASSETS		
CURRENT		
Cash	253,648	262,683
Cash held with The City of Calgary [Note 8]	49,649,803	43,782,712
Accounts receivable [Note 18d]	5,154,586	4,829,274
Prepaid expenses	170,756	143,941
Prepaid lease [Note 9]	17,778	17,778
	<u>55,246,571</u>	<u>49,036,388</u>
LONG-TERM		
Long-term receivable [Note 18d]	-	1,175,818
Property and equipment [Note 10]	423,891,160	430,231,855
Intangible assets [Note 11]	2,672,773	2,949,726
Investment properties [Note 12]	4,961,568	5,026,281
Long-term investments [Note 13]	108,577,092	102,479,094
Prepaid lease [Note 9]	1,039,992	1,057,770
	<u>541,142,585</u>	<u>542,920,544</u>
	<u>596,389,156</u>	<u>591,956,932</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities [Note 7]	5,338,898	3,777,476
Accrued interest payable	4,874	6,675
Current portion of long-term debt [Note 14]	463,387	850,351
Customer deposits [Note 20]	3,209,579	2,823,998
Employee benefits payable [Note 15]	886,763	681,818
	<u>9,903,501</u>	<u>8,140,318</u>
LONG-TERM		
Long-term debt [Note 14]	1,809,580	2,272,967
Cash-in-lieu deposits [Note 16]	15,097,963	14,696,593
	<u>16,907,543</u>	<u>16,969,560</u>
	<u>26,811,044</u>	<u>25,109,878</u>
EQUITY		
Retained earnings	564,116,152	562,722,723
Investment revaluation reserve [Note 13]	5,461,960	4,124,331
	<u>569,578,112</u>	<u>566,847,054</u>
	<u>596,389,156</u>	<u>591,956,932</u>

Commitments [Note 25]

The financial statements were approved by the Board on March 30, 2017 and were signed on its behalf.

Director _____

Director _____

The accompanying notes are an integral part of these financial statements

Calgary Parking Authority

Statement of Comprehensive Income

(In Canadian dollars)	For the year ended December 31, 2016 \$	For the year ended December 31, 2015 \$
REVENUE		
Parking control [Note 18b]	16,189,033	14,159,060
Municipal vehicle impound lot	11,135,734	10,520,133
On-street parking [Note 23]	18,828,697	16,248,456
Parkades	29,687,059	33,349,850
Surface lots	6,997,134	7,556,945
Residential permits	51,843	56,771
Insurance proceeds [Note 21]	-	977,847
Other ParkPlus revenues [Note 22]	656,946	390,825
Administrative and general	10,412	30,835
	83,556,858	83,290,722
EXPENSES		
Parking control [Note 18b]	12,645,503	11,120,478
Municipal vehicle impound lot	9,612,427	8,613,606
On-street parking	1,447,734	1,866,255
Parkades	11,491,390	12,297,259
Surface lots	3,846,734	3,932,684
Residential permits	203,348	270,034
Other ParkPlus expenses [Note 22]	1,115,801	804,451
Administrative and general [Note 24]	8,435,316	5,051,246
Amortization of prepaid lease	17,778	17,778
Depreciation and amortization [Note 10, Note 11, Note 12]	14,150,256	15,368,715
	62,966,287	59,342,506
INCOME BEFORE THE FOLLOWING	20,590,571	23,948,216
Investment income	3,057,035	2,864,929
Debenture interest [Note 14]	(135,013)	(193,015)
Other interest income	152,942	35,426
(Loss) gain on sale of property and equipment and investment property [Note 10, Note 12]	(2,369,414)	835,891
NET INCOME	21,296,121	27,491,447
OTHER COMPREHENSIVE INCOME		
Unrealized gain on investments [Note 13]	1,337,628	918,359
TOTAL COMPREHENSIVE INCOME	22,633,749	28,409,806

The accompanying notes are an integral part of these financial statements

Calgary Parking Authority

Statement of Cash Flows

(In Canadian dollars)	For the year Ended December 31, 2016 \$	For the year Ended December 31, 2015 \$
OPERATING ACTIVITIES		
Net income	21,296,121	27,491,447
Non-cash items:		
Depreciation – Property and equipment [Note 10]	14,464,422	15,131,373
Depreciation – Intangible assets [Note 11]	664,021	598,713
Depreciation – Investment properties [Note 12]	64,713	83,238
Non-cash interest income	(152,942)	(35,426)
Amortization of prepaid lease	17,778	17,778
Loss (Gain) on sale of property and equipment and investment property [Note 10, Note 12]	2,369,414	(835,891)
Changes in non-cash working capital [Note 17]	(76,208)	540,541
	<u>38,647,319</u>	<u>42,991,773</u>
INVESTING ACTIVITIES		
Purchase of property and equipment [Note 10]	(10,605,194)	(6,806,727)
Purchase of intangible assets [Note 11]	(387,068)	(860,417)
Proceeds from disposal of property and investment property	2,212,051	1,886,849
Changes in non-cash working capital [Note 17]	1,102,988	283,774
	<u>(7,677,223)</u>	<u>(5,496,521)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	(850,350)	(1,210,083)
Contributions and cash-in-lieu deposits	-	5,501,216
Interest earned on cash-in-lieu deposits	401,370	313,519
Purchase of investments	(4,760,370)	(39,899,733)
Distributions to The City of Calgary [Note 18]	(19,902,690)	(21,362,760)
	<u>(25,112,040)</u>	<u>(56,657,841)</u>
Net increase in cash	5,858,056	(19,162,589)
Cash, beginning of year	44,045,395	63,207,984
Cash, end of year	49,903,451	44,045,395
Represented by:		
Cash	253,648	262,683
Cash held with The City of Calgary [Note 8]	49,649,803	43,782,712
	<u>49,903,451</u>	<u>44,045,395</u>
Supplementary information:		
Cash interest paid	136,814	195,567

The accompanying notes are an integral part of these financial statements

Calgary Parking Authority

Statement of Changes in Equity

For the year ended December 31, 2016

	Retained Earnings \$	Investment Revaluation Reserve \$	Total Equity \$
BALANCE			
Beginning of year	562,722,721	4,124,332	566,847,053
Net income	21,296,121	-	21,296,121
Distributions to The City of Calgary [Note 18]	(19,902,690)	-	(19,902,690)
Other comprehensive income [Note 13]	-	1,337,628	1,337,628
BALANCE, End of year	564,116,152	5,461,960	569,578,112

For the year ended December 31, 2015

	Retained Earnings \$	Investment Revaluation Reserve \$	Total Equity \$
BALANCE			
Beginning of year	556,594,034	3,205,973	559,800,007
Net income	27,491,447	-	27,491,447
Distributions to The City of Calgary [Note 18]	(21,362,760)	-	(21,362,760)
Other comprehensive income [Note 13]	-	918,359	918,359
BALANCE, End of year	562,722,721	4,124,332	566,847,053

The accompanying notes are an integral part of these financial statements

1. DESCRIPTION OF BUSINESS

Calgary Parking Authority (the "Authority") was established under By-Law No. 7343 of The City of Calgary to investigate requirements for the parking of motor vehicles within Calgary, to arrange for provision of publicly owned parking facilities, to encourage construction of privately owned parking facilities, to operate and manage the parking facilities owned by The City of Calgary and to report to and advise City Council on all matters related to or concerned with parking of motor vehicles in Calgary. The Authority is responsible for parking enforcement. Any net income is transferred to The City of Calgary on a periodic basis (Note 18).

The Authority is also responsible for the management of the Municipal Vehicle Impound Lot; revenue and expenditures of this operation are included in the Authority's financial statements.

The Authority also markets the ParkPlus System to other organizations and municipalities.

The Authority is a municipal authority and as such is not subject to income tax. The Authority's head office is located at 620-9th Avenue S.W., Calgary, Alberta, T2P 1L5.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements for the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Basis of measurement

These financial statements were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Authority's functional currency.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenues consist of the parking revenues from owned and managed locations, parking tags and impound lots. Revenues from parking revenues are recognized as revenue when parking transactions relating to the revenue occur and the funds have been received or are receivable and collection is reasonably assured. Revenue from parking tags and impound lots is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Administration and general revenue consists of rental revenue and is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other comprehensive income

Unrealized gain (loss) resulting from changes in long-term investment fair value is shown in other comprehensive income. Other comprehensive income items are shown separately on the statement of comprehensive income, are not closed to retained earnings while unrealized and are shown under investment revaluation reserve in the statement of changes in equity. When the unrealized gain (loss) becomes realized, then the amounts will be closed to retained earnings.

Long-term investments

The Authority has two long-term investments, representing the funds from the Cash-in-Lieu Deposits (Notes 13 and 16) and the Parking Structure Replacement (Notes 13 and 19). Both the Cash-in-Lieu Deposits and the Parking Structure Replacement are invested by The City of Calgary in a long-term bond portfolio, called the Universe Portfolio.

Financial instruments

The Authority's financial instruments include cash, cash held with The City of Calgary, accounts receivable, long-term investments, accounts payable, accrued liabilities, accrued interest payable, long-term debt and employee benefits payable.

Financial instruments are recognized when the Authority becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

At initial recognition, financial instruments are classified into one of the following categories depending on the purpose for which the instrument was acquired: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities. All financial instruments are recognized initially at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized as expenses as incurred.

The Authority has classified the financial assets and liabilities as follows:

i. Fair value through profit or loss ("FVTPL")

FVTPL financial assets are financial assets typically acquired for resale prior to maturity, or that are designated as held-for-trading. They are measured at fair value at the statement of financial position date. Fair value fluctuations including interest earned, interest accrued, and gains and losses realized on disposal are included in the statement of comprehensive income in the period in which the changes arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

ii. Available-for-sale

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and presented within equity in the investment revaluation reserve. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

iii. Loans and receivables

Loans and receivables are subsequently measured at amortized cost using the effective interest method. The fair value of trade receivables approximates their carrying values due to their short-term maturity.

iv. Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The fair value of accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity. The long-term debt and associated interest payable are accounted for at amortized cost.

Classification

Cash	Held for trading (FVTPL)
Cash held with The City of Calgary	Held for trading (FVTPL)
Accounts receivable	Loans and receivables
Investments held for designated purposes	
Cash-in-Lieu deposits	Available-for-sale
Parking Structure Replacement	Available-for-sale
Accounts payable, accrued liabilities	Other financial liabilities
Accrued interest payable	Other financial liabilities
Long-term debt	Other financial liabilities
Employee benefits payable	Other financial liabilities

Fair value

Fair value represents 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 classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and Cash held with The City of Calgary is classified as Level 1 as the carrying value equals the fair value. The Authority does not have any hedges or derivative instruments. Classification of the Authority's other financial instruments and fair value measurements within the fair value hierarchy are disclosed in Notes 13 and 14. There have been no changes in valuation techniques for any of the Authority's fair value measurements during the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment include owner-occupied land and buildings, lot improvements, vehicles, furnishings, equipment and other equipment used for the principal purpose of the Authority's operating activities, i.e. delivery of parking services.

Property and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciation. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred. Land is not depreciated.

Capital projects-in-progress are temporary capitalization of costs until the constructed asset is substantially complete at which point costs in the capital projects-in-progress account are classified to one or more of the asset categories. An asset is substantially complete when the structure or project is ready to commence activities for the purpose for which it was constructed.

Depreciation is calculated on a straight-line basis to recognize the cost less estimated residual value over the estimated useful life of the assets significant components as follows:

Parking structures	3 – 50 years
Lot improvements	5 – 25 years
System and equipment	3 – 10 years
Machinery	5 – 10 years
Furniture and fixtures	5 – 10 years
Vehicles	3 – 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, rather than for the principal purpose of the Authority's operating activities. Investment properties are accounted for using the cost method. The depreciation policies for investment properties are consistent with those described for property and equipment. The estimated useful lives of the significant components of investment properties are 25 to 50 years.

Any gain or loss arising from the sale of an investment property is immediately recognized in profit or loss. Rental income and operating expenses from investment properties are reported within Surface lots revenue and expenses, respectively, in the statement of comprehensive income.

Componentization

Componentization has a significant impact on recognition and de-recognition of assets as well as depreciation rates and impairment testing. Property and equipment and investment properties components are assessed on an individual basis for significant components.

Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority's intangible assets consist of computer software with finite useful lives. The estimated useful life of computer software is 3 to 10 years.

Impairment of tangible and intangibles

The purpose of the impairment review is to ensure that tangible and intangible assets are not carried at an amount greater than their recoverable amount. This recoverable amount is compared with the carrying value of the asset to determine if the asset is impaired. If the carrying value is higher, the difference is written off as an impairment adjustment in the statement of comprehensive income.

Tangible and intangible assets were assessed for impairment through internal management review. Based on the following assessments for 2016, there were no indicators of impairment;

- The market value of these assets has not declined significantly more than would be expected as a result of the passage of time or normal use;
- There was no increase in market rates that would materially affect the discount rate used in calculating the recoverable amount of these assets;
- There were no significant changes in the use or expected use of these assets that had or is expected to have an adverse effect on the Authority;
- There is no evidence that these assets are obsolete or physically damaged; and
- There is no indicator that the economic performance of these assets is or will be worse than expected.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income. When an account receivable is uncollectible, it is written off.

Non-financial assets

At the end of each reporting period, the Authority reviews the carrying amounts of its long lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Post-retirement benefits payable

The Authority participates in a multi-employer plan classified as a defined benefit plan. However, based on the evaluation of the available information, the Authority is not required to account for the plan in accordance with the defined benefit accounting principles.

When sufficient information is not available to use defined benefit accounting for a multi-employer benefit plan, the plan is accounted for as if it were a defined contribution plan. Accordingly, the contributions payable during the period are recognized as an expense in the statement of comprehensive income. Any accrued contributions payable are recorded as a liability while prepaid contributions are recorded as a prepaid expense.

Cash-in-lieu deposits

Cash-in-lieu deposits are the payments that developers make in place of providing a required parking stall within an office/commercial development in Downtown Calgary. Cash-in-lieu deposits are received by The City of Calgary upon release of the Development Permit which is required to commence construction. Cash-in-lieu deposits are recorded by the Authority and are non-refundable once the development completion permit (when all requirements of occupancy are met) is issued.

Cash-in-lieu deposits, including accumulated interest, may be used for the financing of additional parking facilities (including purchase of land) or enhancement of parking initiatives. Interest earned attributed to non-refundable deposits is recorded as an increase in non-refundable deposits held.

Customer Deposits

Customer deposits include those payments prepaid by cellular phone account holders and prepaid monthly parking contract customers. Cellular phone account funds are received as deposits for future use in parking. The usage is recorded as revenue and any remaining balances are refundable to the customers if they choose to close their accounts.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Useful lives of property and equipment and investment properties

The Authority estimates the useful lives of property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (Continued)

Impairment of non-financial assets and financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Authority is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Fair value of financial instruments

The estimated fair values of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

5. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised International Financial Reporting Standards

The Authority has reviewed the impact of the new and revised accounting pronouncements and has determined these standards did not have a material impact upon adoption on January 1, 2016. The standards that are applicable to the Authority are as follows:

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2016 and later. The standards impacted that are applicable to the Authority are as follows:

IFRS 9 Financial Instruments On July 24, 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9"), which replaces IAS 39 Financial Instruments: Recognition and Measurement. This final version of IFRS 9 represents the completion of this project and it includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging as these items are part of a separate IASB project that is currently ongoing. This final Standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This Standard introduces an amended hedging model which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which has an expanded scope, is based on expected credit losses rather than incurred credit losses and generally will result in earlier recognition of losses. This new Standard supersedes all prior versions of IFRS 9. The Authority is currently assessing the impact of this new standard.

IFRS 15 Revenue from Contracts with Customers On May 28, 2014, the IASB and the FASB jointly issued a converged Standard on the recognition of revenue from contracts with customers, which will replace all existing revenue standards and interpretations, once mandatorily effective.

5. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard provides comprehensive guidance for transactions that were not previously addressed and will also result in enhanced disclosures about revenue. IFRS 15 applies to nearly all contracts with customers; the main exceptions are leases, financial instruments, insurance contracts and certain non-monetary exchange transactions. IFRS 15 is available for early application with mandatory adoption required for fiscal years commencing on or after January 1, 2018 and is to be applied using either the full retrospective approach (with a number of practical expedients) or the modified retrospective approach. The January 1, 2018 effective date is the result of a one-year deferral approved by the IASB in July 2015. In January 2016, the IASB completed its decision-making process related to a number of clarifications to the new Standard (arising from implementation issues raised by stakeholders). These clarifications are the result of proposed targeted amendments which were published for public comment in July 2015. The final amendments are being drafted and the clarifications are expected to be published in April 2016. The effective date of the amendments will be January 1, 2018, the same date as the Revenue Standard becomes effective. The Authority is currently assessing the impact of this new standard.

Amendments to IAS 16, Leases On January 13, 2016, the IASB issued IFRS 16, Leases (IFRS 16) which replaces IAS 17, Leases (IAS 17) and related interpretations. This new Standard provides a comprehensive model for the identification and treatment of lease arrangements in the financial statements of both the lessee and lessor. From a lessee perspective, this new Standard eliminates the classification of leases as operating or finance leases, and instead requires the recognition of all leases on the balance sheet, subject to limited exceptions. From an income statement perspective, depreciation and interest expense will be recorded for leases in a manner similar to that for current finance leases. From a lessor perspective, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for these two types of leases differently. The Authority is currently assessing the impact of these amendments.

6. **MANAGEMENT OF CAPITAL**

The Authority's objectives when managing capital are to:

- i. maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- ii. monitor facilities as part of the Authority's asset management program; and
- iii. review long-term objectives such as land and parking facility development by the sub-committee of the Authority's Board.

In the management of capital, the Authority includes property and equipment, long-term debt, long-term investment properties and long-term investments totalling \$521,815,637 (2015 – \$524,989,349) in the definition of capital.

The Authority monitors capital by: (i) a capital plan and budget that ties to the four-year business plan, approved by the Authority's Board of Directors and ultimately approved by City Council; (ii) cash flow analysis of planned capital expenditures against sources of funding like debt and retained earnings; (iii) leverage debt (Note 14), following the general policy of The City of Calgary not to exceed debt limit of two times revenue and debt servicing limit of 0.35 times revenue. The Authority is in compliance with the aforementioned covenants.

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the year ended December 31, 2016.

7. FINANCIAL INSTRUMENTS AND RELATED RISKS

Risk management

For cash, cash held with The City of Calgary, accounts receivable, accounts payable, accrued liabilities, accrued interest payable and employee benefits payable, the carrying amounts of these financial instruments approximate their fair value due to their short-term maturity.

The Authority is exposed to the following risks as a result of holding financial instruments:

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority.

The Authority, in the normal course of business, is exposed to credit risk from its customers. This risk is insignificant as the majority of the revenue is on a cash basis (parking revenues) and recoveries for the Impound Lot and Parking Tag operations are operated under the jurisdiction of the Province of Alberta, which has legislation and deterrents in place for unpaid fines. The Authority does not require an allowance for doubtful accounts due to the short-term collection period of its trade receivables. The credit risk on Cash held with The City of Calgary is limited because The City of Calgary is a large municipal body with sufficient access to financing and a high credit rating.

The maximum exposure to credit risk as at December 31 was:

	2016	2015
	\$	\$
Cash	253,648	262,683
Cash held with The City of Calgary	49,649,803	43,782,712
Accounts receivable	5,154,586	4,829,274
Long-term receivable [Note 18d]	-	1,175,818
	55,058,037	50,050,487

b) Interest rate risk

The Authority's accounts receivable and accounts payable and accrued liabilities are non-interest bearing. The Authority is subject to interest rate risk with respect to its long-term investments. A one percent increase (decrease) in the interest rate of long-term investments will increase (decrease) net income by \$1,030,530 (2015 – \$977,800). The Authority is not subject to interest rate risk with respect to its long-term debt because the rate is fixed over the terms of its maturity.

7. FINANCIAL INSTRUMENTS AND RELATED RISKS (Continued)

c) *Liquidity and funding risk*

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Authority's objective in managing liquidity risk is to maintain sufficient readily available cash balances in order to meet its liquidity requirements. The contractual obligations as at December 31, 2016 are as follows:

	Less than 3 months \$	3 months to 1 year \$	1-2 years \$	2-5 years \$	5+ years \$	Total \$
Accounts payable and accrued liabilities	5,338,898	-	-	-	-	5,338,898
Accrued interest payable	4,874	-	-	-	-	4,874
Long term debt	-	463,387	486,266	1,323,314	-	2,272,967
Interest on long term debt	-	105,293	82,413	98,380	-	286,086
Employee benefits payable	-	886,763	-	-	-	886,763
Total	5,343,772	1,455,443	568,679	1,421,694	-	8,789,588

Funding risk is the risk that market conditions will impact the Authority's ability to raise capital under acceptable terms and conditions. Under current market conditions and its financial structure and relationship to The City of Calgary, both liquidity and funding risk are assessed as low.

d) *Currency risk*

The Authority's functional currency is the Canadian dollar. There is low foreign exchange risk to the Authority, as an insignificant number and amount of transactions are conducted in foreign currency. The Authority does not engage in any hedging activities.

e) *Concentration of risk*

The location of the Authority's parkades and surface lots are mainly concentrated in downtown Calgary and subject to fluctuations in the labour market, rental, office vacancy rates and potential future flood in this area.

8. CASH HELD WITH THE CITY OF CALGARY

The amount held with The City of Calgary consists of cash balances held by The City of Calgary on the Authority's behalf in the amount of \$49,649,803 (2015 – \$43,782,712). The Authority utilizes this cash in its day-to-day operations.

9. LEASES

Prepaid lease

In 1977, the Authority commenced a 99 year lease on the land site of City Centre (formerly Gulf Canada) Parkade. The minimum lease payments are being amortized on a straight-line basis over the term of the lease. The minimum lease payments as at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Not later than one year	17,778	17,778
Later than one year and not later than five years	88,890	88,890
Later than five years	951,102	968,880
Total	<u>1,057,770</u>	<u>1,075,548</u>

Operating leases as lessor

The Authority is the lessor in a number of operating leases. Investment properties are occupied under corporate tenant agreements with original lease terms between 5 and 10 years. During 2016 and 2015 the Authority had five tenants who occupied two of the Authority's investment properties on a full time basis. The Authority also entered into long-term parking and monthly parking agreements. The table below does not include future lease payments from long-term and monthly parking agreements as these agreements can be terminated with usually 30 day notice from the lessee. The minimum future lease payments under non-cancellable operating leases as at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Not later than one year	55,843	228,487
Later than one year and not later than five years	614,273	-
Later than five years	-	-
Total	<u>670,116</u>	<u>228,487</u>

Payments received from the long-term parking and monthly parking agreements are \$19,435,643 (2015 – \$21,639,667) and are included in the parkades and surface lots revenue in the statement of comprehensive income.

10. PROPERTY AND EQUIPMENT

	Parking structures	Lot improvements	System and equipment	Furniture and fixtures	Machinery	Vehicles	Land	Capital projects-in-progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
As at January 1, 2015	410,126,973	5,411,185	27,681,690	605,852	606,605	2,394,235	71,289,108	2,490,360	520,606,008
Transfers	1,645,507	-	-	-	-	-	-	(1,645,507)	-
Additions	1,729,298	436,351	856,530	207,721	62,500	336,486	-	3,177,841	6,806,727
Disposals	(1,795,989)	(2,792,487)	(6,307,081)	(570,541)	(481,799)	(1,337,481)	-	-	(13,285,378)
As at December 31, 2015	411,705,789	3,055,049	22,231,139	243,032	187,306	1,393,240	71,289,108	4,022,694	514,127,357
Transfers	3,939,726	-	-	-	-	-	-	(3,939,726)	-
Additions	11,579,111	-	417,921	-	103,040	343,036	-	804,965	13,248,073
Disposals	(2,068,142)	(413,282)	(4,018,794)	(9,914)	-	-	(4,132,000)	-	(10,642,132)
As at December 31, 2016	425,156,484	2,641,767	18,630,266	233,118	290,346	1,736,276	67,157,108	887,933	516,733,298
Accumulated depreciation									
As at January 1, 2015	56,589,849	4,170,331	18,641,682	579,324	487,121	1,565,885	-	-	82,034,192
Depreciation	11,645,070	262,545	2,997,241	25,719	25,551	175,247	-	-	15,131,373
Disposals	(1,795,989)	(2,792,487)	(6,291,766)	(570,541)	(481,799)	(1,337,481)	-	-	(13,270,063)
As at December 31, 2015	66,438,930	1,640,389	15,347,157	34,502	30,873	403,651	-	-	83,895,502
Depreciation	11,699,522	247,508	2,217,691	46,205	28,648	224,848	-	-	14,464,422
Disposals	(1,641,412)	(413,196)	(3,458,877)	(4,301)	-	-	-	-	(5,517,786)
As at December 31, 2016	76,497,040	1,474,701	14,105,971	76,406	59,521	628,499	-	-	92,842,138
Net book value									
As at December 31, 2015	345,266,859	1,414,660	6,883,982	208,530	156,433	989,589	71,289,108	4,022,694	430,231,855
As at December 31, 2016	348,659,444	1,167,066	4,524,295	156,712	230,825	1,107,777	67,157,108	887,933	423,891,160

Title to the Authority's property and equipment belongs to The City of Calgary (stewardship on land titles shows the Authority). The Authority has the cost of the property and equipment on its financial statements because the Authority paid for these assets and manages them to generate revenue. Capital projects-in-progress are depreciated when the asset is available for use. Total depreciation expense for the year is \$14,464,422 (2015 – \$15,131,373), which includes depreciation expense of \$1,042,900(2015 – \$444,609) related to Parking Control and the Municipal Vehicle Impound Lot. Loss on disposal of Property and Equipment for this year is (\$2,369,414) (2015 – (\$66,217)).

11. INTANGIBLE ASSETS

	Computer software
	\$
Cost	
January 1, 2015	6,582,396
Additions	860,417
Disposals	(1,298,622)
As at December 31, 2015	6,144,191
Additions	387,068
Disposals	-
As at December 31, 2016	<u>6,531,259</u>
Accumulated depreciation	
As at January 1, 2015	3,894,374
Depreciation	598,713
Disposals	(1,298,622)
As at December 31, 2015	3,194,465
Depreciation	664,021
Disposals	-
As at December 31, 2016	<u>3,858,486</u>
Net book value	
As at December 31, 2015	2,949,726
As at December 31, 2016	<u>2,672,773</u>

12. INVESTMENT PROPERTIES

	Land	Building	Total
	\$	\$	\$
Cost			
As at January 1, 2015	3,791,000	3,144,519	6,935,519
Additions	-	-	-
Disposals	(666,000)	(756,900)	(1,422,900)
As at December 31, 2015	3,125,000	2,387,619	5,512,619
Additions	-	-	-
Disposals	-	(108,696)	(108,696)
As at December 31, 2016	<u>3,125,000</u>	<u>2,278,923</u>	<u>5,403,923</u>
Accumulated depreciation			
As at January 1, 2015	-	790,357	790,357
Depreciation	-	83,238	83,238
Disposals	-	(387,257)	(387,257)
As at December 31, 2015	-	486,338	486,338
Depreciation	-	64,713	64,713
Disposals	-	(108,696)	(108,696)
As at December 31, 2016	<u>-</u>	<u>442,355</u>	<u>442,355</u>
Net book value			
As at December 31, 2015	3,125,000	1,901,281	5,026,281
As at December 31, 2016	<u>3,125,000</u>	<u>1,836,568</u>	<u>4,961,568</u>

Gain on disposal of investment properties for this year is \$ nil (2015 – \$902,107).

12. INVESTMENT PROPERTIES (Continued)

	2016 \$	2015 \$
Rental income derived from investment properties	289,972	521,148
Direct operating expenses (including repair and maintenance) generating rental income	(430,653)	(481,049)
Net gain (loss) arising from investment properties	(140,681)	40,099

The fair value of investment properties at December 31, 2016 was \$8,310,000 (2015 - \$30,900,000). The investment property is classified at Level 3 in the fair value hierarchy. The valuation technique used was based on relevant market sales information and analysis of property income.

13. LONG-TERM INVESTMENTS

Investments are held for the following designated purposes:

	December 31, 2016 \$	December 31, 2015 \$
Cash-in-lieu deposits (CIL) [Note 16]	15,097,963	14,696,593
Parking structure replacement fund (PSRF) [Note 19]	88,017,169	83,658,169
	103,115,132	98,354,762
Cumulative unrealized gain on the PSRF & CIL	5,461,960	4,124,332
	108,577,092	102,479,094

Unrealized gain (loss) continuity schedule:

	2016 \$	2015 \$
Beginning balance	4,124,332	3,205,973
Fair value (PSRF & CIL)	104,390,628	98,698,359
Net, at par, not invested in bonds	62,132	574,762
	104,452,760	99,273,121
Book value (PSRF & CIL)	103,115,132	98,354,762
Unrealized gain	1,337,628	918,359
Ending balance	5,461,960	4,124,332

The investments consist of long-term bonds with a market value of \$104,452,760 (December 31, 2015 – \$99,273,121). The unrealized gain of \$1,337,628 (2015 – \$918,359) on the Parking Structure Replacement Fund (“PSRF”) and Cash-in-Lieu Deposits (“CIL”) is recognized in other comprehensive income until realized, at which time the cumulative gain or loss recognized in net assets is recognized in the statement of comprehensive income. These investments are classified at Level 2 in the fair value hierarchy. The investments are invested into a pool of long term bonds, where the return on investment is calculated as the average of the securities in the long term portfolio. The City of Calgary treasury does not provide a rate of return for each individual bond, but provides a rate on the portfolio as a whole. This is the rate that the Authority collects on its portion of investments.

13. LONG-TERM INVESTMENTS (Continued)

Parking Structure Replacement Fund Hierarchy

The following table illustrates the classification of financial instruments at fair value on the statement of financial position within the fair value hierarchy:

Financial assets at fair value as at:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Bonds – December 31, 2016	-	89,105,773	-	89,105,773
Bonds – December 31, 2015	-	84,316,540	-	84,316,540

The following table reconciles the Calgary Parking Authority Level 2 Parking Structure Replacement Fund fair value measurements as follows:

Fair value measurements using Level 2 inputs

	2016 \$	2015 \$
Beginning balance at January 1	84,316,540	50,345,507
Fair value movement	357,233	(128,967)
Purchases	4,432,000	34,100,000
Ending balance at December 31	89,105,773	84,316,540

Cash-in-Lieu Hierarchy

The following table illustrates the classification of financial instruments at fair value on the balance sheet within the fair value hierarchy:

Financial assets at fair value as at:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Bonds – December 31, 2016	-	15,284,855	-	15,284,855
Bonds – December 31, 2015	-	14,381,819	-	14,381,819

The following table reconciles the Calgary Parking Authority Level 2 Cash-in-Lieu fair value measurements as follows:

Fair value measurements using Level 2 inputs

	2016 \$	2015 \$
Beginning balance at January 1	14,381,819	9,011,511
Fair value movement	62,036	(29,692)
Purchases	841,000	5,400,000
Ending balance at December 31	15,284,855	14,381,819

14. LONG-TERM DEBT

Debenture interest was \$135,013 (2015 – \$193,015). Debenture principal repayment was \$850,350 (2015 – \$1,210,083).

The Authority obtained long-term, unsecured debenture financing through The City of Calgary from the Alberta Capital Finance Authority on December 15, 2006, with the following maturity dates and interest rates:

Maturity Date	Rate (%)	Issued	Outstanding
15 year term to June 15, 2021	4.8780	6,000,000	2,272,967
		6,000,000	2,272,967

Debenture repayments are as follows:

	Principal \$	Interest \$	Total \$
2017	463,387	105,293	568,680
2018	486,266	82,413	568,679
2019	510,276	58,404	568,680
2020	535,470	33,209	568,679
2021	277,568	6,767	284,335
	2,272,967	286,086	2,559,053

The fair value of these debentures is \$2,412,344 (2015 – \$3,361,481), this fair value is an estimate made at a specific point in time, determined by discounting the debentures future cash flows using investment rates from the Alberta Capital Finance Authority. These estimates are based on quoted market prices for the same or similar issues offered to the Authority for similar financial instruments and therefore, this measurement is classified as Level 2 in the fair value hierarchy.

	Rate %	Book Value \$	Fair Value \$
December 31, 2016	2.409	2,559,054	2,412,344
December 31, 2015	2.019	3,546,218	3,361,481

15. EMPLOYEE BENEFITS PAYABLE

The Local Authorities Pension Plan (“LAPP”) is a multiemployer defined benefit plan. Sufficient information is not available to enable the Authority to account for the plan as a defined benefit plan because the Alberta Pensions Services Corporation, as the administrator of the LAPP, has determined due to the complexity of the calculations, it will not be able to provide the necessary information to meet the Authority’s requirements under IAS 19 ‘Employee Benefits’. In accordance with this standard, when sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the Authority has accounted for the plan as if it were a defined contribution plan.

The pension plan has been in a deficit situation since 2001. The LAPP is in a deficit position of \$(923,416,000) in 2015, a decrease from \$(2,454,636,000) in 2014. The investment return in 2015 was 7.9% (11.4% – 2014) but plan liabilities continue to grow. The plan deficit may require a potential increase in premiums impacting the Authority. The LAPP financial statements use best estimate assumptions and show the market value position of the Plan at the end of the year.

Employee benefits payable represent future obligations of the Authority to its employees for benefits earned but not taken. These include current and banked vacation, overtime and in-lieu days totalling \$886,763 (2015 – \$681,818).

All employees of the Authority are members of the LAPP which is a multi-employer plan covered by the Alberta Public Sector Pensions Plan Act.

The Authority is required to make current service contributions to the LAPP of 11.39% (2015 – 11.39%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 15.84% (2015 – 15.84%) thereafter. Employees of the Authority are required to make current service contributions of 10.39% (2015 – 10.39%) of pensionable salary up to YMPE, and 14.84% (2015 – 14.84%) thereafter. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Authority to the LAPP in 2016 were \$1,713,365 (2015 – \$1,029,438). Total current service contributions by the employees of the Authority to the Local Authorities Pension Plan in 2016 were \$1,573,062 (2015 – \$947,844)

16. CASH-IN-LIEU DEPOSITS

	December 31,		December 31,
	2016		2015
	Principal	Interest	Total
	\$	\$	\$
Opening balance	13,510,591	1,186,002	14,696,593
Interest earned	-	401,370	401,370
Contribution and Cash-in-lieu deposit	-	-	5,501,216
Closing balance	13,510,591	1,587,372	15,097,963

These deposits represent contributions for 581 (2015 – 581) stalls.

17. CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
	\$	\$
Accounts receivable	(1,096,552)	72,669
Prepaid expenses	(26,815)	145,298
Accounts payable	1,561,422	176,253
Accrued liabilities	(1,801)	(2,552)
Customer deposits	385,581	223,122
Employee benefits payable	204,945	209,525
	1,026,780	824,315

Changes to non-cash working capital relating to operating activities are (\$76,208) (2015 – \$540,541), and changes relating to capital accruals are \$1,102,988 (2015 – \$283,774).

18. RELATED PARTY TRANSACTIONS

Distributions to The City of Calgary were as follows:

	2016	2015
	\$	\$
Transfer to The City of Calgary [a]	14,193,000	16,053,000
Net Income from Parking Control [b]	3,572,030	3,038,582
Other contributions [c]	2,137,660	2,271,178
	19,902,690	21,362,760

- a) Bylaw 28M2002, "The Calgary Parking Authority Bylaw" sets forth the financing of operations. The Board of Directors of the Authority in its regular meeting of September 25, 2008 approved continuation of the 65% return policy to The City of Calgary. The return policy is based on the financial figures prepared under the basis of Public Sector Accounting Standards ("PSAS"). The Authority will return to The City of Calgary 65% of its net income after any net income from Parking Control and after distribution of net income to managed locations as per contractual agreements. This return policy remains in effect for fiscal 2016.
- b) The net income from Parking Control of \$3,572,030 (2015 – \$3,038,582), consists of revenues of \$16,189,033 (2015 – \$14,159,060) and gain on sale of property and equipment of \$28,500 (2015 – \$0) after expenditures of \$12,645,503 (2015 – \$11,120,478).

18. RELATED PARTY TRANSACTIONS (Continued)

Distributions to The City of Calgary were as follows: (continued)

- c) Other contributions include the transfer of net income pertaining to nine managed parking lots as a result of special agreements. In addition to the transfer to The City of Calgary, the Authority conducts a number of transactions with The City of Calgary, such as utilities, legal, fleet maintenance, and other various expenses all in the normal course of operations. As well, the Authority generates revenue from City staff parking. The City of Calgary manages and holds all of the Authority's investments and title to the Authority's property and equipment rests with The City of Calgary.

Related party transactions with The City of Calgary departments or The City of Calgary affiliated organizations in the normal course of business were as follows:

	2016	2015
	\$	\$
Related party expenses	12,742,433	14,192,931
Related party revenue	6,723,870	6,903,319
Related party accounts receivable as at December 31	1,962,000	1,328,760
Related party accounts payable as at December 31	851,597	674,385

Related party transactions are measured at fair value which is equal to the amounts agreed to by the related parties.

- d) Transfer of Surface Lots to City of Calgary
City Council approved report LAS2007-98 Proposed Disposition of Land to City of Calgary which included three surface lots that CPA owns (Lots 9, 19, and 29 in East Village). Legal land title transferred in 2011 and proceed were received in 2016.

The Authority disposed of land to the City of Calgary in 2016, the transaction was recorded at book value of \$1,962,005.

- e) Compensation of key management
The remuneration of directors and other members of key management personnel during the year were as follows:

	2016	2015
	\$	\$
Short-term employee benefits	240,346	245,658
	240,346	245,658

19. PARKING STRUCTURE REPLACEMENT FUND

In 1999, the Board of Directors of the Authority approved the creation of a parking structure replacement fund for the purpose of replacing parking structures, with an annual contribution of \$2,000,000 plus interest earned. In 2015, there was an additional contribution of \$30,000,000 from reserves to the parking structure replacement fund. The total balance of the fund has been invested in long-term investments (Note 13).

	2016	2015
	\$	\$
Opening balance	83,658,169	49,573,169
Contribution, including interest	4,359,000	34,085,000
Closing balance	88,017,169	83,658,169

20. CUSTOMER DEPOSITS

	2016	2015
	\$	\$
Opening balance	2,823,998	2,600,876
New deposits received	10,859,762	11,450,178
Transfer to Revenue	(10,474,181)	(11,227,056)
Closing balance	3,209,579	2,823,998

The customer deposits include Parkplus cell phone account balances and monthly parker prepaid balances. These balances are refundable to the customers if they choose to close their accounts.

21. FLOOD PROCEEDS

In June of 2013, the Authority was impacted by a flood event in Calgary, which mainly impacted the City Hall Parkade, which suffered extensive property damage and was non-operational until December 1, 2013. Capital restoration of the City Hall parkade extended into 2014. Insurance proceeds of \$ nil were received in 2016 for flood recovery (2015 - \$977,847).

22. OTHER PARKPLUS REVENUES AND EXPENSES

The Authority manages pay for parking for other entities. The revenues consist of operating cost recoveries and a management fee. The expenses consist of the salaries and wages of the Business Development staff in the Calgary Parking Authority and the expenses of managing the parking for these entities. Such expenses include credit card charges and other information technology support costs.

	2016	2015
	\$	\$
Revenues	656,946	390,825
Expenses	(1,115,801)	(804,451)
Net income Loss	(458,855)	(413,626)

23. ON STREET PARKING REVENUE

In March of 2016, the Authority received a one-time on-street parking fee from a customer for the amount of \$2,199,185 (2015 - \$ Nil).

24. ADMINISTRATIVE AND GENERAL EXPENSE

Administrative and general expense incurred by the Authority consists of the following classifications:

	2016	2015
	\$	\$
Salary, wages and benefits	2,779,813	2,572,459
Contract and professional services	1,971,145	2,194,679
Maintenance and materials	3,684,358	284,108
	8,435,316	5,051,246

25. COMMITMENTS

- a) Capital commitments of \$3,386,480 (2015 – \$8,925,363) are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2016, on major projects and estimated obligations under other various agreements. These capital commitments are included in future years' budgets and will be funded from the Authority's revenue and reserves.
- b) The Authority is exposed to fluctuations in electricity prices in the deregulated market of Alberta. On behalf of the Authority, The City of Calgary has entered into an agreement to purchase the forecast amount of electricity required for operations. The agreement provides the commodity portion of electricity charges at an agreed annual rate for the term of the contract, which will expire on December 31, 2026. The delivery portion of electricity charges is regulated and set by the Alberta Utilities Commission, and is subject to change in the future.
- c) The Authority manages City-owned lots on behalf of The City of Calgary to generate parking revenue and is committed to remitting a percentage of that revenue back to The City of Calgary as per various negotiated agreements.
- d) The Authority entered into 3 operating leases, the minimum lease payments the Authority is committed to are outlined below:

	2016	2015
	\$	\$
Not later than one year	349,698	140,119
Later than one year and not later than five years	1,413,615	546,976
Later than five years	7,864	157,885
	1,771,177	844,980