Calgary

DELIVERING VALUE FOR CITIZENS

The City of Calgary 2018 Annual Report

The City of Calgary, Alberta, Canada | For the year ended December 31, 2018

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The City of Calgary, Alberta | ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018
Produced by the Chief Financial Officer's Department of The City of Calgary, in cooperation with all civic departments, offices and agencies.

CITIZEN SATISFACTION

The annual citizen satisfaction survey provides opinions to what The City is doing well and what needs improvement. This year, 2,500 Calgarians, 18 and older, provided their thoughts.

QUALITY OF LIFE IN CALGARY

86% rate their quality of life as good

84% agree we are on track to becoming a better city

83% agree Calgary is a great place to make a life

86% are proud to live in their neighbourhood

82% perceive their neighbourhood as safe

CITY PROGRAMS AND SERVICES

95% are satisfied with the quality of drinking water

88% are satisfied with residential garbage collection service

95% are satisfied with Calgary's parks, playgrounds and open spaces

82% are satisfied with roads and infrastructure.

84% are satisfied with land use planning

81% are satisfied with Calgary Transit

AREAS CALGARIANS THINK THE CITY SHOULD INVEST IN

64% Road maintenance including pothole repairs

64% Snow removal

61% Calgary Transit including bus and CTrain service

61% Affordable housing for low-income families

CALGARY AT A GLANCE

1,267,344 Population

917 km City pathways

1.7% Population growth

257 City-supported events

36.9 Median age

$477,963 MLS average selling price

7.6% Unemployment rate

2,750 Single family housing starts

848 km² City area

$4,402,052,612 Value of building permits issued

MESSAGE FROM THE MAYOR

Here in Calgary, we are so lucky to live and work in this beautiful city. We have a lot to be proud of over the last year.

In 2018, The Economist called us the best city to live in within North America, and the fourth best in the entire world.

We opened the doors to a number of facilities including our beautiful new Central Library, Shane Homes YMCA at Rocky Ridge, Tuscany Fire Station No. 42, and Calgary Composting Facility to name a few. We also did some important work on West Eau Claire Park, where we're building a lively, vibrant destination while protecting the city from flooding at the same time.

We made it easier for homeowners across the city to apply for secondary suites so that tenants can feel assured that their legal suite is safe. And we've worked with non-profits to build more than 165 units of affordable housing across the city, aiming to the goal that everyone has a safe and decent place to live.

We launched MAX — the biggest investment in bus rapid transit in the city's history, connecting people across the city. And we're moving forward on the Green Line. Stage 1 will help you get all the way from Shepard to Crescent Heights.

From Green Line to Green Cart, we celebrated the first anniversary of our composting program in 2018. Already we've diverted more than 111 million kilograms of waste. That's half our household garbage.

As we look to our future we also think of our past. In a spirit of reconciliation and healing, we joined with our Treaty 7, Metis, Inuit and urban indigenous neighbours to celebrate the renaming of the Reconciliation Bridge. We developed the Climate Resilience Strategy to help us cope with extreme weather events and climate change. We're reducing greenhouse gas emissions and finding ways to improve energy efficiency.

We're working hard to grow Calgary's economy. Within The City, we've identified more than $600 million in savings in our budget to help keep your taxes low and help your government be more effective. And we've managed to invest more than $5 billion into the local economy. We've made it easier for small businesses to start and to grow. In 2018, we became the only municipality in Canada where you can do all of your permits and licensing fully online. And Council has invested $100 million in the Opportunity Calgary Investment Fund (OCIF) designed to stimulate growth by attracting new business to Calgary and helping Calgary businesses expand. In 2018, we also started using Calgary as a living lab for innovation. For example, we've opened up city land for the testing of drones and autonomous vehicles.

Looking back, we've accomplished so much in 2018. We've got a bold vision and a strong strategy for the future and together, we'll continue to make life better every day.

Naheed Nenshi
Mayor

CORPORATE GOVERNANCE AND ACCOUNTABILITY

The role of City Council is to govern The City of Calgary, Calgary's municipal corporation, to ensure it provides the civic services Calgarians need. In carrying out its many duties, City Council must anticipate emerging opportunities and plan for the community's long-term development and growth, along with addressing concerns.

In addition to sitting as a Council in Council meetings, City Council members participate in a variety of boards, commissions and committees. Their involvement provides a critical link between Calgary's communities, agencies and the workings of the municipal government.

City Council is comprised of 14 Councillors and the Mayor. In Council meetings, each member has one vote. They are elected by and accountable to the people of Calgary. The Mayor and Councillors hold office for four-year terms. After every civic election, the City Clerk and City Solicitor provide an orientation for all Members of Council on their roles, responsibilities and duties under The Municipal Government Act and The City of Calgary Procedure Bylaw. This orientation includes how meetings are governed, ethical guidelines, and how recommendations flow from Administration, to Council Committees, and then to Council for a decision. Throughout their term in office, Members of Council pursue ongoing training and education. Council holds regular monthly meetings with the exception of August.

Regular and open communication with Administration is central to setting and achieving Calgary's municipal corporation's mission, vision, goals, strategies and actions.

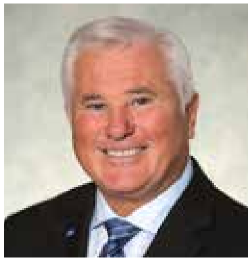
CITY OF CALGARY COMMITTEES

In 2018, Council set priorities, established policies and made recommendations through Standing Policy Committees (SPCs), and Standing Specialized Committees (SSCs). The SPCs are as follows: SPC on Community and Protective Services; SPC on Planning and Urban Development; SPC on Transportation and Transit; and SPC on Utilities and Corporate Services. The SSCs are: the Priorities and Finance Committee, the Intergovernmental Affairs Committee, the Gas, Power and Telecommunications Committee and the Audit Committee. The public is welcome to attend committee meetings and may have an opportunity to speak to specific items.

During 2018, Council recommended appointments to various boards, commissions, committees and other bodies when vacancies occurred throughout the year following Council's Organizational Meeting in October 2017. The Audit Committee oversees the activities of the City Auditor's Office, the external auditor, and The City's internal controls and management information systems. This ensures Administration's accountability to Council and adherence to the Integrated Risk Management Policy.

For more information about City Council, the various boards, commissions and committees, and any of the Administration and Council policies referenced here, visit calgary.ca

CITY COUNCIL



Ward 1 Councillor
Ward Sutherland
calgary.ca/ward1

Ward 2 Councillor
Joe Magliocca
calgary.ca/ward2

Ward 3 Councillor
Jyoti Gondek
calgary.ca/ward3

Ward 4 Councillor
Sean Chu
calgary.ca/ward4

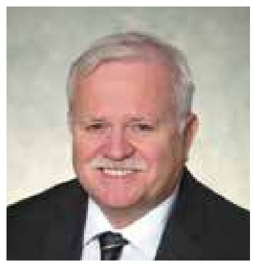
Ward 5 Councillor
George Chahal
calgary.ca/ward5

Ward 6 Councillor
Jeff Davison
calgary.ca/ward6

Ward 7 Councillor
Druh Farrell
calgary.ca/ward7

Ward 8 Councillor
Evan Woolley
calgary.ca/ward8

Ward 9 Councillor
Gian-Carlo Carra
calgary.ca/ward9



Ward 10 Councillor
Ray Jones
calgary.ca/ward10

Ward 11 Councillor
Jeromy Farkas
calgary.ca/ward11

Ward 12 Councillor
Shane Keating
calgary.ca/ward12

Ward 13 Councillor
Diane Colley-Urquhart
calgary.ca/ward13

Ward 14 Councillor
Peter Demong
calgary.ca/ward14

MESSAGE FROM THE CITY MANAGER

At The City of Calgary we work hard to make Calgarians' lives better every day by delivering the services that Calgarians want and need.

Throughout 2018 we continued to take action to support economic recovery, keep Calgarians working and reduce the cost of local government. We continued to focus our attention on:

- Implementing strategies and initiatives to promote economic growth and build a more resilient city.
- Strategically managing our investments in infrastructure to provide job opportunities for Calgarians while taking advantage of lower construction costs.
- Intentionally managing our costs and making our organization as efficient as possible.
- Ensuring The City of Calgary continues to be financially stable and fiscally responsible in delivering value for citizens.
- Better serving citizens, communities and customers through anticipating and responding to economic, social and technological change.

Survey results continue to assist us in managing our services and identifying opportunities for improvement. In 2018, the Economist Intelligence Unit ranked Calgary as the fourth most livable city in the world. Calgarians' overall satisfaction with the level and quality of City services and programs continues to remain strong. Our 2018 Citizen Satisfaction Survey indicates that 86% of Calgarians rate their quality of life as good and 84% agree we are on track to becoming a better city.

I am very proud to work every day with City colleagues who consistently demonstrate their commitment to public service and take pride in delivering quality services to Calgarians. For the third year in a row, The City of Calgary has been recognized by Forbes as one of Canada's Best Employers. Results from our 2018 Corporate Employee Survey have remained stable with this year's score indicating an increase in the Employee Satisfaction Index. These are great achievements that I believe result from the inclusive and collaborative work environment and diverse career opportunities The City offers.

I encourage you to read our report to find out more about The City's successes in 2018.

Glenda Cole, Q.C.
City Manager

CITY OF CALGARY ADMINISTRATION

Calgary's municipal government is responsible for supporting, encouraging and strengthening our community's dynamic development.

It is Administration's responsibility to provide, manage and sustain civic infrastructure, facilities and programs that support the quality of life that is so much a part of Calgary's appeal.

THE ROLE OF THE CITY MANAGER

The City Manager leads the Administrative Leadership Team (ALT) and works closely with Council. The City Manager implements the decisions of Council, provides advice and manages City Administration. She is responsible and accountable for ensuring all City work, projects, operations and services comply with Council's policies, priorities and direction.

ADMINISTRATIVE LEADERSHIP TEAM

The ALT oversees all City operations and strategic management by leading, managing and co-ordinating The City's programs, projects and initiatives. The ALT also plays a major role in developing and implementing public policy as well as balancing the priorities and best interests of the community with The City's corporate goals and available resources.

MAYOR AND COUNCIL
Chief of Staff*

City Auditor's Office
KATHARINE PALMER
City Auditor

GLENDA COLE*
City Manager

Law and Legislative Services
JILL FLOEN*
A/City Solicitor

City Clerk's Office
Corporate Security
Law

CARLA MALE*
A/Chief Financial Officer

Chief Financial Officer's Department

- Assessment
- Customer Service & Communications*
- Finance
- Human Resources*
- Information Technology*

KATIE BLACK*
A/General Manager

Community Services Department

- Calgary Community Standards
- Calgary Emergency Management Agency
- Calgary Fire
- Calgary Housing
- Calgary Neighbourhoods
- Calgary Parks
- Calgary Recreation

BRAD STEVENS*
Deputy City Manager

Deputy City Manager's Office

- Corporate Analytics & Innovation
- Facility Management
- Fleet Services
- Real Estate & Development Services
- Resilience & Infrastructure Calgary
- Supply Management

STUART DALGLEISH*
General Manager

Planning & Development Department

- Calgary Approvals
- Calgary Building Services
- Calgary Growth Strategies
- Community Planning

MICHAEL THOMPSON*
General Manager

Transportation Department

- Green Line
- Roads
- Transit
- Transportation Infrastructure
- Transportation Planning

DAVID DUCKWORTH*
General Manager

Utilities & Environmental Protection Department

- Environmental & Safety Management
- Waste & Recycling Services
- Water Resources
- Water Services

As of March 2019
*Members of ALT

AUDIT COMMITTEE

The Audit Committee plays an integral role in financial and governance matters at The City of Calgary and oversees risk management, internal controls and the integrity of The City's annual financial statements.

The diverse role of the Audit Committee at the City of Calgary reflects a wider trend in North America of Audit Committees participating in more than just financial governance matters, playing an increasingly important role in oversight, risk management, and corporate governance.

The Audit Committee is comprised of seven independent members who were appointed by City Council, with the Mayor serving as an ex-officio member. The membership includes four City Councillors and three volunteer citizen members, whom demonstrate extensive financial expertise.

In 2018 the following major autonomous civic entities delivered presentations to the Audit Committee on their risk management, internal controls, financial reporting, governance structure and 2018 key initiatives and strategy:

- Attainable Homes Corporation Calgary
- Calgary Arts Development Authority
- Calgary Convention Center Authority
- Calgary Economic Development
- Calgary Housing Company
- Calgary Municipal Land Corporation
- Calgary Parking Authority
- Calgary Police Commission
- Calgary Public Library
- ENMAX

Deloitte, LLP are the independent external auditors fulfilling The City's legislated audit requirements and providing assurance over The City's annual financial statements and reporting processes. Deloitte, LLP carried out the audit of The City of Calgary's 2018 financial accounts in accordance with Canadian Generally Accepted Auditing Standards, and had full and unrestricted access to the Audit Committee to discuss the audit and related findings.

The City Auditor's Office is the independent internal auditor for the City of Calgary, operating autonomously from City Administration and reporting directly to Council through Audit Committee. The City Auditor's authority, mandated in the City Auditor's Bylaw and Charter, provides the City Auditor with unrestricted access to all municipal personnel, records, property, policies, procedures, processes and systems necessary to conduct audits. The risk-based activities of the City Auditor's Office are approved annually by Audit Committee through a rolling two-year audit plan. The results of formal audits by the City Auditor's Office, as well as follow-up on audit recommendations, are presented to Audit Committee and Council for discussion, and made public through The City's website: www.calgary.ca/auditor.

An equally important role of the City Auditor's Office is the oversight of the Whistle-blower Program. This program ensures reports received from City employees or members of the public regarding waste or wrongdoing are subject to an appropriate investigation and resolution. The City Auditor provides to Council through the Audit Committee, at least on an annual basis, information related to reports received and investigations conducted during the year.

The Audit Committee is comprised of the right professionals working together with the Chief Financial Officer, the City Auditor and the External Auditor, to successfully fulfill their mandate. I am proud of the

important work performed by the Audit Committee in support of City Council's priority of "A well-run city".

On behalf of the Audit Committee, it is my pleasure to recommend to City Council approval of The City's Annual Financial Statements as audited and presented in this 2018 Annual Report.

Evan Woolley,
Ward 8 Councillor
Chair, Audit Committee

Better serving citizens, communities and customers

At The City, we're working together to make citizens' lives better, every day. We're focusing on what's important to you, improving how we do business and ensuring we plan for our future by building a strong, resilient Calgary.

In 2018, we completed our four-year service plans and budgets which provide clarity on the value of City services you receive for your tax dollars. The 2019-2022 Service Plans and Budgets describe how we'll be addressing ongoing challenges, providing essential services and delivering on Council's vision for Calgary.

From solar power to secondary suites to sledge hockey, these are some of the ways we improved life for Calgarians:

- Completed Shepard Solar Park, the City's first ground-mounted solar project which produces enough electricity to power over 185 average Calgary homes, while generating over 800 tonnes of greenhouse gas emissions reductions a year.
- Approved the Integrated Civic Facility Planning Program which ensures City sites are built with multiple purposes to better serve the community.
- Updated the Calgary Pathway and Bikeway Implementation Plan to seamlessly connect Calgarians to the places they want to go.
- Provided clean drinking water with solar power at the Bearspaw Water Treatment Plant.
- Approved the sale of City land to non-profit affordable housing providers.
- Approved amendments to the Land Use Bylaw allowing secondary suites for discretionary use within more areas.
- Improved accessibility at facilities to reduce barriers for Calgarians including:
  - → Assistive Listening Device (ALDs) Hearing Loops which help people in noisy environments.
  - → Sledge hockey features for the two arenas at Village Square Leisure Centre, including translucent boards in the player's box so sledge hockey players can see the game.
  - → Rest facility accessibility upgrades at Southland Leisure Centre and Calgary Soccer Centre.

Working hard to grow Calgary's economy

The City of Calgary is taking action to support Calgary's economy, keep Calgarians working and reduce the cost of local government. Under Council direction, Administration has achieved significant savings through the intentional management of The City's financial position. Between 2015 and 2018, we identified $607 million in operating savings and efficiencies to reduce costs and increase the effectiveness of local government.

In 2018, The City continued to help Calgary's economy bounce back from the recent downturn with business strategies, digital improvements and investment funding.

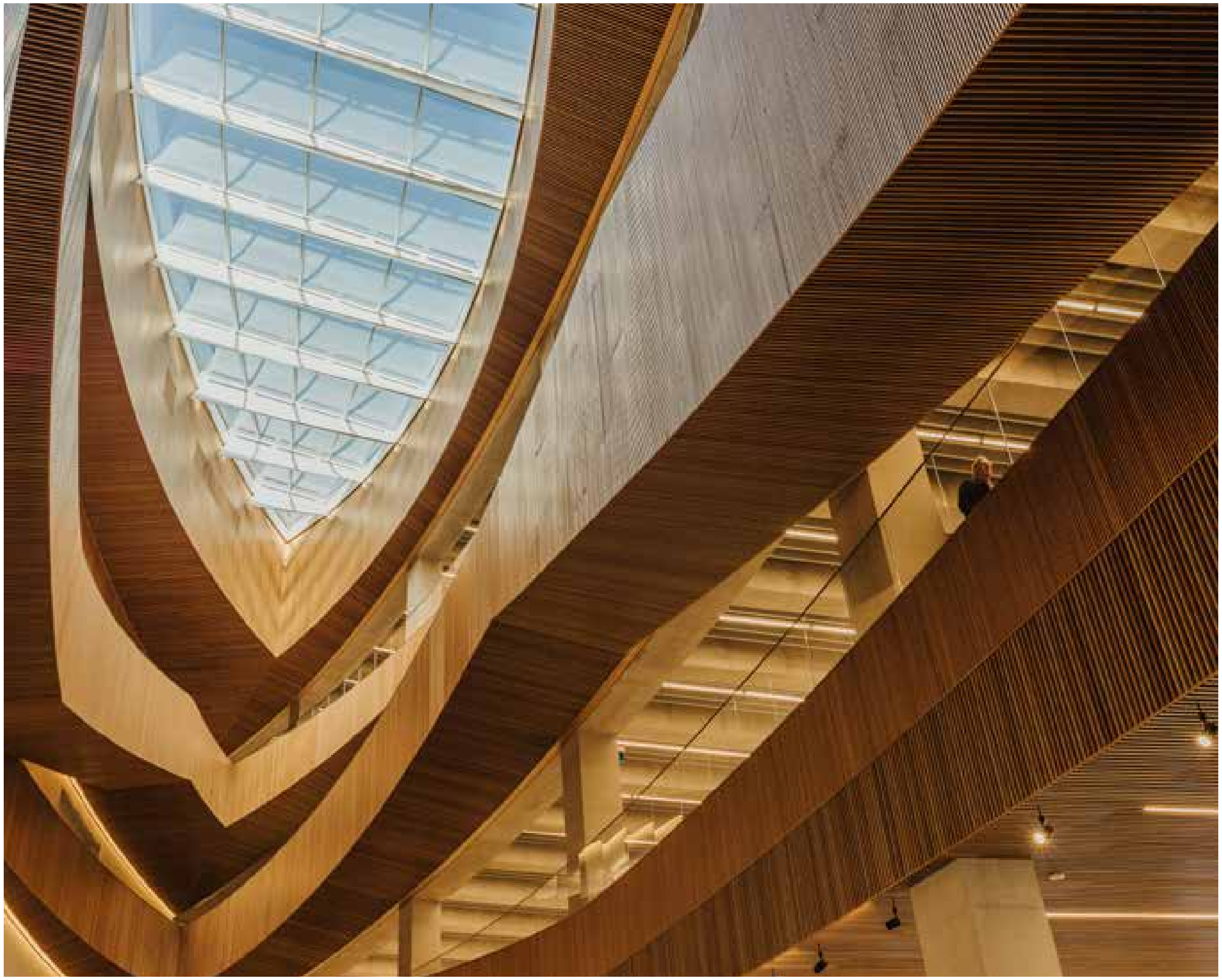
- Developed an Economic Resiliency Strategy that engages with local businesses, other levels of government and City partners to create a diverse and strong economy.
- Made it easier for small businesses to start and to grow by becoming the first and only municipality in Canada to allow small business customers begin and manage their business completely online via myBusiness.
- Provided $100 million through the Opportunity Calgary Investment Fund to stimulate growth by attracting new business to Calgary and helping Calgary businesses expand.
- Created a Goods Movement Strategy which recommends actions and investments to support the economic development of Calgary in the short and long term.
- Used Calgary as a living lab for innovation by opening up City land for testing drones and autonomous vehicles.

Investing in Infrastructure

Investing in Calgary's infrastructure is a key driver that supports Council's priority of creating A Prosperous City. Between 2015 and 2018, The City invested over $5 billion in the local economy. These expenditures encourage business development and diversification, bring people together, improve our environment, help us keep safe and enable Calgarians to keep on the move.

In 2018, we achieved milestones on these projects:

- Opened the spectacular new Central Library.
- Celebrated the on-time and on-budget opening of the City-owned Shane Homes YMCA at Rocky Ridge.
- Joined over 2000 community members to celebrate the grand opening of Tuscany Fire Station 42.
- Marked the first anniversary of the Green Cart composting program which kept 111 million kilograms of food and yard waste out of landfills.
- Worked with non-profit organizations to build over 165 units of affordable housing across the city.
- Moved forward on the Green Line LRT project with the announcement of $1.53 billion in Federal funding for phase one.
- Invested $340 million between 2015 and 2018 in the Bus Rapid Transit Program.
- Launched MAX — the new BRT service that provides more convenience, more comfort and more connections across our city.



FINANCIAL INFORMATION

THE CITY OF CALGARY, ALBERTA

2018 Financial Statement Discussion and Analysis

INTRODUCTION

The financial statement discussion and analysis (FSD&A) reports to stakeholders on how the financial resources entrusted to The City of Calgary (The City) are being managed to provide municipal infrastructure and services. It explains the significant differences in the financial statements between the reported year and the previous year as well as between approved budget and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications.

The 2018 year is the last year in the four-year business plan and budget cycle (2015 – 2018). and The City was able to effectively implement its business plans and budgets as approved by Council. These results have been demonstrated in the 2018 year by reducing expenses by $239 million relative to budget and generating $367 million of cash flows from operating activities net of capital asset spending.

The City has been in an economic downturn for the last four years, and during this challenging time The City made significant and intentional progress to reduce costs and become more efficient. The focus was on finding ways to deliver high quality services at a lower cost, evaluating what services are truly needed by citizens and how to deliver these services more efficiently. Over past four years, the City achieved savings relative to budget through cost reductions and efficiencies. These savings were achieved while The City continued to deliver services within its means and provide support such as tax relief, fee relief, offsetting revenue shortfalls to avoid tax increases, and community support.

The following table reflects the actual expenditures (excluding depreciation) compared to budget (excluding depreciation) for the 2015 – 2018 business plan and budget cycle.

Expenses – Budget to Actual Comparison

For the years ended December 31 (in thousands of dollars)	Budget (excluding Depreciation)	Actual (excluding Depreciation)	Favourable/ (Unfavourable)
2015	$ 3,150,927	$ 3,010,681	$ 140,246
2016	3,313,369	3,076,444	236,925
2017	3,408,672	3,192,249	216,423
2018	3,433,340	3,194,106	239,234
	$ 13,306,308	$ 12,473,480	$ 832,828

In November 2018, Council approved the Service Plans and Budgets (2019 – 2022), also known as One Calgary. The One Calgary Service Plans and Budgets reflects The City's long-term goals, and it continues to monitor its financial performance carefully so that it can address local effects resulting from the recent economic downturn. These issues are discussed further on in The Outlook section of the FSD&A.

The City's 2018 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by Canadian Public Sector Accounting Standards (PSAS) of Chartered Professional Accountants (CPA) Canada, as required by the *Alberta Municipal Government Act*.

The financial statements consist of:

- Consolidated statement of financial position (summary of financial assets and liabilities, net financial assets, non-financial assets and accumulated surplus) at year end,
- Consolidated statement of operations and accumulated surplus (summary of the annual surplus for the year, consisting of revenues reflecting what operating and capital funds were raised in the year and expenses reflecting how funds were used during the year, including the annual costs for owning and using capital assets (amortization), plus the change in the net value of the government business enterprise),
- Consolidated statement of cash flows (summary of how The City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire capital assets), and
- Consolidated statement of changes in net financial assets (a reconciliation between the net revenues earned in the year to the change in net financial assets). This statement shows the annual surplus, with a reversal of the non-cash accruals for amortization and sale of assets, less donated assets and the spending to acquire new capital assets in the year. The change in net financial assets is an indicator of whether revenues raised in the year were sufficient to cover the spending in the year.

The City Administration is responsible for preparing the following FSD&A and the audited consolidated financial statements. The FSD&A and the consolidated financial statements should be read in conjunction with the financial and statistical schedules.

In 2018, The City identified adjustments to capital deposits and reserves that required correction due to the timing of revenue and funding recognition. This correction has been reflected in these financial statements as a prior period adjustment to the 2017 figures, resulting in a decrease to capital deposits, and an increase to other revenue and accumulated surplus of $114.2 million. These restated amounts had no effect on The City's cash balances, property tax revenues or any other balances influencing property tax assessments.

Economic Environment

Economic growth in the Calgary Economic Region was estimated at 2.9 per cent in 2018, while Calgary's population increased by 1.7 per cent.

	2018	2017	Change
Calgary			
Population (April census)	**1,267,344**	1,246,337	1.7%
Employment [(1)]	**763,260**	756,240	0.9%
Building permit applications	**16,298**	16,412	(0.7%)
Building permit value ($ billions)	**4.4**	4.6	(4.3%)
Calgary Census Metro Area			
CPI inflation rate	**2.4%**	1.6%	0.8%
Calgary Economic Region			
Unemployment rate	**7.6%**	8.6%	(1.0%)

Sources: see schedule of demographic and other information on page 89 except:
(1) Estimated by The City of Calgary – Corporate Economics based on Statistics Canada Labour Force Survey.

Population growth from April 2017 to April 2018 was 21,007 (1.7 per cent) compared to 11,166 (0.9 per cent) for the year ending April 2017. The annual rate of population growth is estimated at 1.9 per cent per year over the next ten years.

Population growth for the next four years is expected to be faster for the city of Calgary than the national and provincial average. This relatively higher pace of growth is because the city of Calgary is expected to remain a more attractive destination relative to other jurisdictions due to affordability and quality of life. Net migration will be the primary driver of population growth, accounting for 61 per cent of the total increase.

FINANCIAL HIGHLIGHTS

Revenues and Expenses

The City had consolidated revenues of $3.873 billion in 2018 before external transfers for infrastructure. External transfers for infrastructure includes grants and revenue sharing recognized from other governments plus funds and tangible capital assets from developers totaling $1.038 billion (2017 – $3.756 billion, before external transfers of $1.026 billion).

The City consolidated expenses were $3.873 billion before net ENMAX Corporation ("ENMAX") adjustments of $0.016 billion (2017 – $3.820 billion, before net ENMAX adjustments of ($0.101) billion). Included in expenses is amortization in the amount of $0.678 billion (2017 – $0.629 billion) as the estimated annual cost of owning and using The City's capital assets.

For 2018, net revenues including external contributions to infrastructure of funds and tangible capital assets totaled $1.038 billion (2017 – $1.026 billion).

Consolidated Financial Position

As at December 31 (in thousands of dollars)

	2018	2017 (Restated)
A. Financial Assets	**$ 7,289,242**	$ 7,055,340
B. Liabilities	**$ 5,370,638**	$ 5,361,302
C. Net Financial Assets (A minus B)	**$ 1,918,604**	$ 1,694,038
D. Non-Financial Assets	**$ 17,776,479**	$ 16,980,420
E. Accumulated Surplus (C plus D)	**$ 19,695,083**	$ 18,674,458

The City's net financial assets increased by $225 million (2017 – $322 million) mainly due to increases in cash, investments and receivables. Financial assets are partially offset by liabilities which are governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), and capital deposits that are restricted to specific types of capital.

The City's accumulated surplus increased by $1,021 million (5.5 per cent) in 2018, primarily from the net increase in tangible capital assets (purchased and donated) of $807 million and a decrease in long-term debt of $177 million.

The City's long-term debt ratings were affirmed at AA+ by Standard and Poor's and AA (high) by Dominion Bond Rating Service (DBRS) in 2018.

Cash Flow

The City's cash and cash equivalents increased by $112 million to $246 million and investments increased by $145 million to $4,039 million. The increase in cash and cash equivalents is primarily due to an increase in short term investments.

Cash provided by operating activities

In 2018, cash provided by operating activities was $1,601 million, compared to $1,093 million in 2017. This increase was primarily due to an overall increase in the federal government grants inflow that occurred in 2018 and an increase in accounts payable and accrued liabilities.

Cash used in capital activities

Cash used in capital activities was $(1,235) million, compared to $(1,263) million in 2017, and it includes:

- Additions to capital assets of $(1,271) million; and
- Proceeds from sale of tangible capital assets of $36 million.

Cash provided by investing activities

Cash used by investing activities was $(105) million, compared to $251 million provided in investing activities in 2017, and includes:

- Net purchase of investments of $(145) million; and
- Dividends from ENMAX of $40 million.

Cash used in financing activities

Cash used in financing activities was $(150) million, compared to $(174) million of cash used in 2017, and includes:

- Proceeds from long-term debt issued of $153 million;
- Long-term debt repayments of $(331) million; and
- Net increase in bank indebtedness of $27 million.

FINANCIAL ANALYSIS REVIEW

Revenues – Budget to Actual Comparison

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

	Budget 2018	Actual 2018	Favourable/ (Unfavourable)	Percent Change
Net taxes available for municipal purposes	**$ 2,090,244**	**$ 2,068,070**	$ (22,174)	(1%)
Sales of goods and services	**1,346,620**	**1,278,099**	(68,521)	(5%)
Government transfers and revenue sharing agreements				
Federal	**797**	**1,736**	939	118%
Provincial	**147,420**	**160,387**	12,967	9%
Investment income	**65,588**	**101,236**	35,648	53%
Fines and penalties	**91,194**	**95,747**	4,553	5%
Licences, permits and fees	**104,087**	**117,254**	13,167	13%
Miscellaneous revenue	**24,074**	**44,951**	20,877	87%
Equity in earnings of ENMAX	**132,000**	**5,094**	(126,906)	(96%)
Total revenues (before external transfers for infrastructure)	**$ 4,002,024**	**$ 3,872,574**	$ (129,450)	(3%)
Developer contributions	**$ 269,128**	**$ 218,988**	$ (50,140)	(19%)
Government transfers related to capital	**1,125,922**	**564,652**	(561,270)	(50%)
Developer contributions-in-kind related to capital	**–**	**254,799**	254,799	100%
Total external transfers for infrastructure	**$ 1,395,050**	**$ 1,038,439**	$ (356,611)	(26%)

Total City revenues (before external transfers for infrastructure) were approximately 3 per cent lower than budgeted for 2018, mainly as a result of lower than anticipated net municipal taxes, sales of goods and services, and lower equity in earnings of ENMAX partially offset by higher than budgeted investment income, licences, permits and fees, provincial government transfers, and miscellaneous revenue.

Government transfers and revenue sharing agreements were approximately 9 per cent higher than budgeted due to Provincial transfers for programs that are not budgeted and include funding for the Low Income Transit Subsidy program, the Seniors Home Maintenance Program, provincial transfers for the Disaster Recovery program and funding from the Alberta Emergency Management Agency for flood preparation. The variance in the Federal transfers was primarily for the funding for the Calgary Local Immigration Partnership.

Investment income was approximately 53 per cent higher than budgeted due to higher principal balances invested and a higher than budgeted blended yield which resulted from realized capital gains on The City's equity holdings upon disposition and receipt of annual dividend payments.

Fines and penalties were approximately 5 per cent higher than budgeted mainly due to increased court fines for traffic violations and an increase in transit fare penalties.

Licences, permits and fees were approximately 13 per cent higher than budgeted as a result of sustained development activities despite the economic conditions. A freeze in permits and license fees have contributed to mitigate the potential impact on applicants from the economic downturn.

Miscellaneous revenue was approximately 87 per cent higher than budgeted mainly due to proceeds from the sale of tangible capital assets, revenues accrued for costs incurred on behalf of Calgary 2026 Bid Corporation and a higher than budgeted insurance settlements from third parties.

Equity in earnings of ENMAX was 96 per cent lower than budgeted due to an increase in current and deferred income tax expenses recorded in the year relative to the budget.

Developer contributions were approximately 19 per cent below budget due to differences in the estimates of anticipated contributions used during the year.

Government transfers related to capital were approximately 50 per cent lower than budgeted primarily due to unanticipated changes in timing of the use of government grants. These funds will be drawn upon as capital projects progress.

Developer contributions-in-kind related to capital were higher than budgeted as capital acquisitions of this nature are not budgeted due to the timing of completion of developer donated assets which is highly volatile from year to year.

Expenses – Budget to Actual Comparison

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

	2018 Budget (excluding Amortization)	2018 Actual (excluding Amortization)	Favourable/ (Unfavourable)	Percent Change	2018 Budget Amortization Expense	2018 Actual Amortization Expense
Police	**$ 509,915**	**$ 502,510**	$ 7,405	1%	$ –	$ 18,714
Fire	**297,736**	**297,058**	678	0%	–	13,765
Public transit	**451,982**	**433,687**	18,295	4%	–	133,968
Roads, traffic and parking	**280,132**	**258,812**	21,320	8%	9,102	166,311
Water services and resources	**406,130**	**391,494**	14,636	4%	84,601	126,328
Waste and recycling services	**153,891**	**136,191**	17,700	12%	–	15,396
Community and social development	**77,758**	**85,694**	(7,936)	(10%)	–	93
Public housing	**154,037**	**117,685**	36,352	24%	3,414	12,146
Parks and recreation facilities	**219,617**	**215,931**	3,686	2%	–	61,981
Societies and related authorities	**83,108**	**89,163**	(6,055)	(7%)	383	14,494
Calgary Public Library Board	**59,839**	**60,543**	(704)	(1%)	6,900	6,847
General government	**411,817**	**354,944**	56,873	14%	–	29,900
Public works	**244,133**	**221,647**	22,486	9%	29,697	65,947
Real estate services	**83,245**	**28,747**	54,498	65%	–	12,648
	$ 3,433,340	**$ 3,194,106**	**$ 239,234**	**7%**	**$ 134,097**	**$ 678,538**

The four year budget cycle 2019-2022 has incorporated amortization charges for information purposes only, similar to the budget cycle 2015-2018. The City has yet to integrate these standards for budget preparation.

In 2018, The City continues to find efficiencies and savings in expenditures which allowed The City to keep taxes and fees as low as possible while still responding to the priorities and needs of citizens.

The following variance explanations exclude the impact of amortization expense.

Public transit expenses were approximately 4 per cent lower than budgeted primarily due to decreased costs for salaries and wages arising from the use of workforce planning strategies.

Roads, traffic and parking expenses were approximately 8 per cent lower than budgeted due to lower activity for street repairs and sidewalk maintenance. This is partially offset by an increase in winter operations, paving and street-lighting programs.

Water services and resources expenses were approximately 4 per cent lower than budgeted due to lower costs for salary and wages and lower consulting fees due to increased cost control efforts. In addition there were lower than estimated biosolids tonnage costs.

Waste and recycling services expenses were approximately 12 per cent lower than budgeted due to lower costs on salary and wages, lower composting facility related costs as a result of less tonnage than expected and lower fleet lease, operation and maintenance costs.

Community and social development expenses were approximately 10 per cent higher than budgeted primarily due to the Low Income Transit program related costs which are not budgeted and higher transfers to agencies for delivery of various programs.

Public housing expenses were approximately 24 per cent lower than budgeted mainly due to reduced cost of sales recognized for lower housing sales due to less favourable market conditions and lower disbursements from the one-time Housing Incentive Program budget.

Societies and related authorities expenses were approximately 7 per cent higher than budgeted primarily due to the permanent impairment loss incurred on the Calgary Film Centre.

General government expenses include the costs of Council, City Manager, Finance, Supply, Mayor, City Auditor, City Clerk's, Law, Assessment, Customer Service & Communications, Human Resources, Information Technology and Corporate Revenues and Costs. Expenses were approximately 14 per cent lower than budgeted primarily due to lower provisions for corporate contingencies than expected, lower salary and wage costs arising from changes in actuarial and budget assumptions for employee benefit obligations, and lower contingency costs for utilities due to lower natural gas and electricity prices experienced in 2018 compared to rate assumptions in the initial Action Plan.

Public works expenses were approximately 9 per cent lower than budgeted primarily due to cost-reduction initiatives, such as salaries and wages reductions arising from the use of workforce planning strategies and reduction of spending for materials and equipment, which were implemented in response to the economic downturn.

Real estate services expenses were approximately 65 per cent lower than budgeted primarily due to lower than anticipated costs for salaries and wages arising from the use of workforce planning strategies and lower than anticipated land sales which decreased associated cost of sales.

Revenues – Comparison to Prior Year

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

	Actual 2018	Actual 2017	Increase/ (Decrease)	Percent Change
		(Restated)		
Net taxes available for municipal purposes	**$ 2,068,070**	$ 1,955,429	$ 112,641	6%
Sales of goods and services	**1,278,099**	1,274,060	4,039	0%
Government transfers and revenue sharing agreements				
Federal	**1,736**	4,693	(2,957)	(63%)
Provincial	**160,387**	140,475	19,912	14%
Investment income	**101,236**	104,520	(3,284)	(3%)
Fines and penalties	**95,747**	92,040	3,707	4%
Licences, permits and fees	**117,254**	124,356	(7,102)	(6%)
Miscellaneous revenue	**44,951**	90,806	(45,855)	(50%)
Equity in earnings of ENMAX	**5,094**	(30,312)	35,406	117%
Total revenues (before external transfers for infrastructure)	**$ 3,872,574**	$ 3,756,067	$ 116,507	3%
Developer contributions	**$ 218,988**	$ 133,103	$ 85,885	65%
Government transfers related to capital	**564,652**	752,525	(187,873)	(25%)
Developer contributions-in-kind related to capital	**254,799**	204,778	50,021	24%
Total external transfers for infrastructure	**$ 1,038,439**	$ 1,090,406	$ (51,967)	(5%)

Net taxes available for municipal purposes increased by 6 per cent as a result of a tax rate increase of 0.2 per cent for residential and 1.0 per cent for non-residential and higher revenues in-lieu of taxes from ENMAX due to the higher weighted average price of electricity.

Government transfers and revenue sharing agreements (Provincial) were approximately 14 per cent higher than prior year due to provincial grants for the public housing portfolio related capital and lifecycle maintenance requirements, increase in public housing funding and funding from the Alberta Emergency Management Agency for flood preparation.

Investment income was 3 per cent lower primarily due to a decrease in the value of the bond portfolio due to an increase in interest rates and lower realized capital gains from the equity portfolio.

Licences, permits and fees in 2018 were approximately 6 per cent lower than 2017 primarily due to a decrease in permit applications and development activities and a freeze in permit and licence fees.

Miscellaneous revenue decreased by 50 per cent over prior year due to higher sales activity in 2017 compared to 2018. Land sales activity varies from year to year.

Equity in earnings of ENMAX was higher by approximately 117 per cent on account of the increase in electricity margins, increase in natural gas margins, increase in transmission and distribution margins, and a decrease in finance charges. These favourable impacts are partially off-set by the increased current and deferred income tax expense.

Developer contributions were approximately 65 per cent higher in 2018 primarily due to an increase in capital development activities related to water and wastewater services and transportation infrastructure projects.

Government transfers related to capital were approximately 25 per cent lower primarily due to a decrease in the use of Municipal Sustainability Initiative ("MSI") and Green Transit Incentive Programs ("GreenTRIP") funding.

Developer contributions-in-kind related to capital were approximately 24 per cent higher than 2017 due to the timing of completion of developer donated assets which is highly volatile from year to year.

Expenses – Comparison to Prior Year

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

		Actual 2018		Actual 2017		Increase/ (Decrease)	Percent Change
				(Restated)			
Police	**$**	**521,224**	$	508,953	$	12,271	2%
Fire		**310,823**		325,180		(14,357)	(4%)
Public transit		**567,655**		554,680		12,975	2%
Roads, traffic and parking		**425,123**		461,739		(36,616)	(8%)
Water services and resources		**517,822**		514,187		3,635	1%
Waste and recycling services		**151,587**		136,910		14,677	11%
Community and social development		**85,787**		82,965		2,822	3%
Public housing		**129,831**		133,279		(3,448)	(3%)
Parks and recreation facilities		**277,912**		320,900		(42,988)	(13%)
Societies and related authorities		**103,657**		83,039		20,618	25%
Calgary Public Library		**67,390**		64,171		3,219	5%
General government		**384,844**		292,912		91,932	31%
Public works		**287,594**		293,561		(5,967)	(2%)
Real estate services		**41,395**		48,429		(7,034)	(15%)
	$	**3,872,644**	$	3,820,905	$	51,739	1%

Police expenses were approximately 2 per cent higher due to increased expenses for electronic equipment, software and vehicle operations and maintenance.

Fire expenses decreased approximately 4 per cent due to fire stations and other facilities operations and maintenance costs transferred to the Facility Management business unit as part of the new centralized Corporate Consolidated Operations and Maintenance ("CCOM") Program model.

Public Transit expenses increased approximately 2 per cent due to increased snow and ice control, increased demand for Calgary Transit Access services and associated vehicle operations and maintenance costs.

Roads, traffic and parking expenses decreased by 8 per cent over the prior year due to recoveries of expenditures, lower salaries and wages arising from the use of workforce planning strategies, and lower contractual costs to third parties.

Waste and recycling services expenses were approximately 11 per cent higher due to a full year of green cart program and composting facility operations, longer landfill operation hours, higher recyclable material processing costs and higher interest costs. These increases were partially offset by the lower frequency of black cart program pick-ups.

Community and social development expenses were approximately 3 per cent higher due to a full cycle of the Low Income Transit Subsidy Program spending compared to a partial year in 2017 and increased transfer payments related to programs to external agencies for various community and social programs.

Public housing expenses decreased by approximately 3 per cent over the prior year due to lower housing sales. This decrease for housing sales activity was partly compensated by the increase in costs on the Provincially funded public housing portfolio, expenditures on new information technology systems and renovation works on the City and Province owned public housing properties.

Parks and recreation facilities expenses were approximately 13 per cent lower than the prior year due to lower salaries and wages costs arising from the use of workforce planning strategies, one-time tree maintenance costs in 2017 for the 2017 snow storm and reduced facility costs for transition of facilities to the Facility Management business unit as part of the CCOM program.

Societies and related authorities expenses from prior year increased by approximately 25 per cent primarily due to the permanent impairment loss incurred on the Calgary Film Centre and increased repairs and maintenance costs compared to prior year.

Calgary Public Library expenses from prior year increased by 5 per cent mainly due to increases in programming and marketing costs for the new Central Library that officially opened in November 2018.

General Government expenses were approximately 31 per cent higher due to increase in provisions for corporate contingencies.

Public Works expenses were approximately 2 per cent lower due to lower salaries and wages costs arising from the use of workforce planning strategies. This decrease is partially off-set by increase in facility operation and maintenance related costs resulting from centralization as part of the CCOM Program.

Real estate services expenses were approximately 15 per cent lower than prior year primarily due to lower than anticipated costs for salaries and wages arising from the use of workforce planning strategies and lower than anticipated land sales which decreased associated cost of sales.

Tangible Capital Assets

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

	2018 Net book value	2017 Net book value	Increase/ (Decrease)
Land	**$ 2,368,999**	$ 2,195,335	173,664
Land improvements	**560,723**	538,695	22,028
Engineered structures	**10,375,530**	10,017,949	357,581
Buildings	**1,984,281**	1,793,416	190,865
Machinery and equipment	**270,528**	299,721	(29,193)
Vehicles	**815,786**	770,136	45,650
	16,375,847	15,615,252	760,595
Work in progress			
Land	**13,673**	60,900	(47,227)
Construction	**1,309,059**	1,214,954	94,105
Tangible capital assets	**$ 17,698,579**	$ 16,891,106	807,473

During 2018, The City spent $1,694 million on capital projects (2017 – $1,853 million), which included $1,345 million for tax-supported projects (2017 – $1,544 million). Spending on capital projects was primarily on roads and water infrastructure projects, parks, recreation facilities and the Green Line LRT project.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from 2 to 100 years.

During 2018, amortization expense was $679 million (2017 – $629 million) and write-downs of $9.4 million (2017 – $nil) related to land improvements, buildings, machinery and equipment and vehicles was recorded. In total there was $255 million (2017 – 205 million) of donated and contributed assets which mainly were for waters, park, roads, and recreation. Disposals with a netbook value of $88 million were made in 2018 which consists of mainly land, engineered structures, buildings, machinery and equipment, and vehicles.

SIGNIFICANT TRENDS

Revenues (before external transfers for infrastructure)

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

	Actual 2018	Actual 2017 (Restated)	Actual 2016 (Restated)	Actual 2015 (Restated)	Actual 2014 (Restated)
Net taxes available for municipal purposes	**$ 2,068,070**	$ 1,955,429	$ 1,938,199	$ 1,926,218	$ 1,801,262
Sales of goods and services	**1,278,099**	1,274,060	1,211,983	1,285,280	1,214,406
Government transfers					
Federal	**1,736**	4,693	4,660	3,812	4,507
Provincial	**160,387**	140,475	128,157	128,431	150,584
Investment income	**101,236**	104,520	77,451	79,185	61,794
Fines and penalties	**95,747**	92,040	89,796	80,451	72,121
Licences, permits and fees	**117,254**	124,356	114,988	124,358	116,331
Miscellaneous revenue	**44,951**	90,806	56,794	68,235	44,082
Equity in earnings of ENMAX	**5,094**	(30,312)	143,597	9,725	184,069
Equity in earnings of Co-Ownership	**–**	–	–	618	1,992
Total revenues (before external transfers for infrastructure)	**$ 3,872,574**	$ 3,756,067	$ 3,765,625	$ 3,706,313	$ 3,651,148

The five year trend for revenues largely reflects rate and growth-related increases for the prior four years.

Net taxes available for municipal purposes generally increases with growth and tax rate increases; however, it includes local access fees that are charged in lieu of taxes to some utilities for using The City right-of-way based on the cost of the service and commodity being provided. Fluctuations in commodity prices affect this revenue stream.

Sales of goods and services in 2018 were consistent with 2017 sales revenues. The slight increase is primarily due to $22 million in revenues generated through the green cart program in 2018 as it was the first full year of operations, and additional $14 million in revenue recognized due to services performed for the Province of Alberta. Wastewater, water and drainage services saw rates increases in 2018 and a higher customer base contributed an additional $6 million in revenue compared to the prior year. This was partially offset by reduced sales of $16.7 million in attainable homes units and $20.7 million in lower land sales due to weaker market conditions in 2018. This is consistent with trends in prior years, where the variations in rates for wastewater, water, drainage services, along with changing transit rates and ridership trends contribute towards this revenue stream, usually countered by trends in property and land sales, depending upon the current economic conditions.

Government transfers (Provincial) in 2018 was higher than 2017 primarily due to additional grants received by the Calgary Housing Company for capital and lifecycle maintenance of properties, provincial funding for public housing, and for The City's use of provincial funding for the Low Income Transit Subsidy Program. The increase in 2017 from 2016 was mainly due to additional grants received by the Calgary Housing Company. The decreasing trend from 2014 to 2016 was due to gradual reductions in Disaster Recovery Program, Municipal Staffing capacity grants, and flood preparedness grants to the City.

Investment income for 2018 was influenced by an increase in interest rates, offset by a decrease in bond portfolio value and lower equity margins resulting in an overall reduction in the investment income. The fluctuations in interest rates and variations in the investment balances are the main contributors to changes in this revenue stream.

Licences, permits and fees reflect the building permit revenues which experiences variability between years. In 2018, revenues were 6 per cent lower than the prior year due to a decrease in permit applications and development activities relative to the prior year and a freeze in permit and licence fees. 2015 and 2017 represent higher revenue years as a result of increased excavation permits and completion of residential and commercial development activities.

Miscellaneous revenue decreased in 2018 due to lower land sales activity. 2015 revenues were higher than 2016 primarily due to revenue received from insurance companies for costs related to the 2013 flood.

Equity in earnings of ENMAX comprises the net equity increase in The City's government business enterprise ENMAX. In 2018, there was an increase in electricity, natural gas, transmission and distribution margins. However, the gains from market improvements were reduced by an increase in the current year and deferred income tax expense. In 2017, ENMAX experienced lower net earnings due to increased portfolio supply costs in ENMAX power delivery. In 2016, ENMAX experienced higher net earnings due to continued growth in ENMAX power delivery resulting from steady growth in rate base and customer sites, and its integrated strategy on hedging cost and capital spending management. In addition, ENMAX identified an adjustment in their deferred income tax calculation that resulted in a decrease of $39 million to the 2015 income tax recovery. The equity in earnings of ENMAX decreased in 2015 as a result of lower electricity prices. For 2014, ENMAX experienced high revenues on account of electricity rates and growth, which were off-setted by a realized loss on derivative designated cash flow hedges contributing to a decrease in earnings.

Equity in earnings of Co-Ownership comprises of Attainable Homes Calgary Corporation's share of net income earned from the Co-Ownership entered into in 2013. This project was completed in the year ended December 31, 2015 and was dissolved on January 9, 2017.

LIQUIDITY AND DEBT

Financial Position – Net Financial Assets

As at December 31 (in thousands of dollars)

	Actual 2018	Actual 2017 (Restated)	Actual 2016 (Restated)	Actual 2015 (Restated)	Actual 2014 (Restated)
FINANCIAL ASSETS					
Cash and cash equivalents	**$ 246,116**	$ 134,006	$ 227,884	$ 104,499	$ 81,085
Investments	**4,038,562**	3,893,757	4,096,462	4,117,988	3,702,773
Receivables	**357,296**	327,725	328,499	267,216	248,099
Land inventory	**279,532**	276,418	248,008	206,477	235,108
Other assets	**106,386**	109,434	109,390	98,291	96,887
Investment in ENMAX	**2,261,350**	2,314,000	2,291,308	2,260,205	2,281,064
Investment in Co-ownership	**–**	–	–	–	1,539
	7,289,242	7,055,340	7,301,551	7,054,676	6,646,555
LIABILITIES					
Bank indebtedness and short-term borrowing	**73,640**	46,200	70,255	58,424	35,261
Accounts payable and accrued liabilities	**947,274**	860,453	945,890	731,184	728,516
Deferred revenue	**96,249**	92,926	111,502	89,108	86,738
Capital deposits	**771,294**	712,685	1,018,173	1,028,323	946,576
Provision for landfill rehabilitation	**93,709**	88,905	87,263	87,488	86,946
Employee benefit obligations	**499,641**	493,870	480,153	455,249	423,740
Long-term debt	**2,888,831**	3,066,263	3,216,672	3,360,602	3,626,177
	5,370,638	5,361,302	5,929,908	5,810,378	5,933,954
NET FINANCIAL ASSETS	**$ 1,918,604**	$ 1,694,038	$ 1,371,643	$ 1,244,298	$ 712,601

There was an increase of $225 million in net financial assets in 2018 relative to 2017 with increases in cash, investments and receivables balances driving the change. The increases are partially offset by liabilities which are governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), and capital deposits that are restricted to specific capital projects. A trend of decreasing long-term debt levels combined with increasing cash and investments have been the primary factors of the net financial asset growth trend through the 2014 to 2018 years. The downward trend in debt levels from 2014-18 is due to higher principal repayments compared to borrowings for tax-supported and self-sufficient tax-supported (especially MSI) debt and the decrease in these debt categories is greater than increases in self-supported debt. Borrowing requirements for MSI related debt have reduced significantly since the province combined MSI funding with the Provincial Fuel Tax and this funding has been sufficient to cover the expenditures. The timing of major capital projects also influences the utilization of capital deposits and accounts payable balances for specific years.

Long-Term Debt

As at December 31 (in thousands of dollars)

	2018	2017	2016	2015	2014
Opening Balance	**$ 3,066,263**	$ 3,216,672	$ 3,360,602	$ 3,626,177	$ 3,661,382
Increase (Decrease)					
Tax-supported	**(41,385)**	(43,667)	(39,837)	(38,424)	(41,985)
Self-sufficient tax-supported	**(60,196)**	(205,404)	(202,514)	(275,895)	(142,183)
Self-supported	**(75,851)**	98,662	98,421	48,744	148,963
Net (Decrease)/Increase during the year	**(177,432)**	(150,409)	(143,930)	(265,575)	(35,205)
Closing balance	**2,888,831**	3,066,263	3,216,672	3,360,602	3,626,177
ENMAX debt in The City's name	**1,185,380**	1,078,522	1,145,184	1,211,055	1,088,771
Total debt attributable to The City	**$ 4,074,211**	$ 4,144,785	$ 4,361,856	$ 4,571,657	$ 4,714,948

In 2018, DBRS reaffirmed the long-term debt rating of The City at AA (high), and The City's commercial paper rating at R-1 (high), with stable trends. In affirming the rating, DBRS stated that "the ratings are supported by a low DBRS-adjusted tax-supported debt burden, a high level of liquidity and reserves, stability in key revenue sources and disciplined fiscal management amid a still-challenging economic climate in Alberta". In addition, Standard & Poor's affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting healthy operating cash flows, robust liquidity and strong financial management.

The City utilizes debt to finance certain capital projects on the premise that the cost of these projects should be borne by the taxpayers and utility users who will benefit from the projects. Debt financing allows The City to appropriately manage the timing of cash flows.

The City has three categories of debt, including:

- Tax-supported – debt issued for capital expenditures that is funded in whole or in part from tax revenues;
- Self-sufficient tax-supported – debt for non-utility operations or programs that are self-funded by revenues or cash flows from a dedicated funding source; and
- Self-supported – debt mainly for utility services which is not funded by tax revenues but by rates charged directly to users and cash flows generated from operations.

Council's capital financing policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10 per cent of the tax-supported gross expenditure (net of recoveries). The policy would allow The City to provide some additional growth-related capital infrastructure if desired.

In 2018, The City's issued no new tax-supported debt to finance growth-related projects, and repaid $41.4 million in tax-supported debt, resulting in a net reduction in tax-supported debt of $41.4 million to $365.5 million as at December 31, 2018.

The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 4.8 per cent (including self-sufficient tax-supported) and 1.8 per cent (excluding self-sufficient tax-supported) which is within The City's 10 per cent policy limitation.

Self-sufficient tax-supported debt comprises debt for CMLC's programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. These costs are currently being partially funded by revenues resulting from their own operations. As at December 31, 2018, CMLC has $217.8 million in outstanding debt. Self-sufficient tax-supported debt also includes short-term debt that will be funded from future grant receipts from the Alberta Government's MSI. In 2009, Council approved a maximum debt of $1 billion to provide bridge financing for MSI-funded projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total capacity to approximately $1.6 billion. As at December 31, 2018, The City has total outstanding debt of $70.5 million for these projects. Although no new borrowing is identified, there remains the possibility of new MSI debt issue depending on provincial funding and capital cash flow demands.

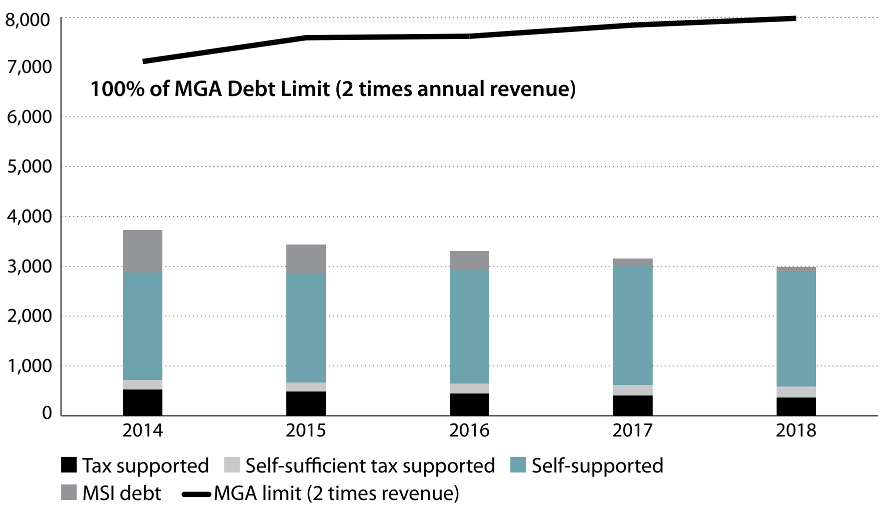
Also in 2018, $127.5 million in new self-supported debt (primarily related to water services and resources) was obtained and $203.4 million was repaid, resulting in a net reduction in self supported debt of $75.9 million to $2,235 million (excluding $1,185 million in debt attributable to ENMAX).

The Municipal Government Act (MGA) requires The City to comply with two separate debt related limits which are expressed as a percentage of revenue. The MGA Debt Limit stipulates the maximum amount of debt principal that The City can have outstanding, including loan guarantees, and is calculated at two times revenue. Chart A below reports The City's total historical outstanding debt from 2014 to 2018. It indicates that as at December 31, 2018 The City had used 37.32 per cent of its MGA debt limit.

Administration continues to monitor and report on an internal maximum level of 80 per cent, as well as the mandated 100 per cent maximums of the MGA limits, ensuring that The City has a sufficient cushion of debt capacity room available to provide financial flexibility. In 2011, the Provincial government enacted a regulation that exempted The City's MSI related debt issued after December 31, 2011 from the debt service limit calculation. As a result, debt servicing for MSI bridge financing originated in 2012 or beyond is not included in the figures above.

Chart A — The City Historic Debt Levels MGA Debt Limits Trend 2014-2018

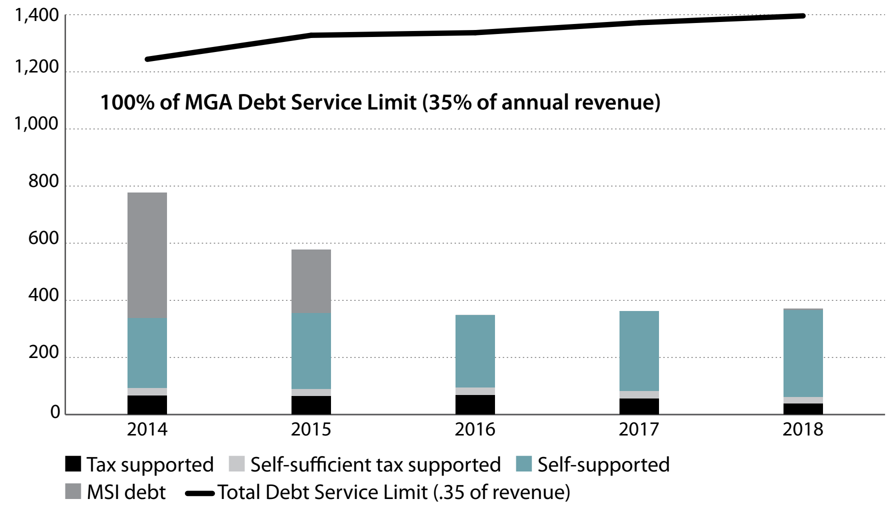
(in millions of dollars)



The MGA Debt Service Limit sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur and is calculated at 35 per cent of revenue. For MSI bullet debt, the total principal and interest is recognized as debt servicing in the year the debt matures. Chart B reports The City's Debt Servicing Charges is at 25.77 per cent of the MGA debt service limit at the end of 2018.

Chart B — MGA Debt Service Limit Trend 2014-2018

(in millions of dollars)



Reserves

As at December 31 (in thousands of dollars)

	2018	2017 (Restated)	2016 (Restated)	2015 (Restated)	2014 (Restated)
	$ 2,299,998	$ 2,032,652	$ 1,975,809	$ $1,915,176	$ 1,626,276

The reserve balances totaled $2,300 million at the end of 2018 (2017 – $2,033 million). The net increase was primarily the result of increases in the Fiscal Stability Reserve, Reserves for Utilities Sustainment, and the Lifecycle Maintenance and Upgrade Reserves; partially offset by reductions in the Building Services Sustainment Reserve and the Budget Savings Account Reserve.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies. In 2010, Council approved an updated Financial Reserve Policy that establishes guidelines and criteria for the proper creation and administration of reserve funds. This policy includes a triennial review process requiring that each reserve be reviewed at least once every three years. This review includes ensuring that reserves are being administered as approved by Council and in accordance with The City's policies and procedures, that reserve purpose and requirements are still relevant, and whether reserves are still required or can be closed. During 2018, City staff undertook a review of eighteen reserves totaling $965 million, representing almost half of all reserve balances as at December 31, 2017. Findings and recommendations of the review were approved by Council in November 2018.

Maintaining financial reserves is good management, allowing funds to be collected as available and spent judiciously as needed to ensure service levels to citizens are maintained. The City classifies reserves into three categories to be used for three distinct purposes:

- Operating reserves are used to fund operating expenses for one-time projects/pilot programs; to stabilize operating budgets for unanticipated fluctuations in revenue or expenses; to comply with a contractual agreement; or for contingency funds for operational emergencies.
- Capital reserves are used to fund capital expenses.
- Sustainment reserves are used to fund both operating and capital expenses for activities that are treated as self-sustaining. Surpluses from these activities are retained in these reserves to offset any future deficits.

The largest reserve is the Fiscal Stability Reserve (2018 – $618 million; 2017 – $493 million) which is a contingency reserve for urgent situations with significant financial implications and is also used to fund one-time operating costs as approved by Council. Included in the amounts are commitments of $7 million for 2018 Budget Adjustments related initiatives, major commitments within the reserve include $25 million for Community Action on Mental Health and Addiction, $2 million for Genesis Centre Outdoor Artificial Turf Community Field, $10 million for budgeted one-time expenditures, and $102 million for flood and resiliency related projects. The second largest reserve is the Reserve for Future Capital (2018 – $306 million; 2017 – $305 million) which funds capital projects in accordance with Council approved terms and conditions defined for this reserve.

RISK MANAGEMENT

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. The City Manager is responsible for ensuring compliance with Council's Integrated Risk Management (IRM) Policy and promoting a proactive, corporate-wide and systematic approach to managing risks that could affect The City's objectives. As an example, risk management has been embedded into multi-year business planning and reporting to enhance the level of accountability, transparency and comparability of operations. Through the IRM framework, risks are identified at all levels across the organization. Some specific risks and mitigation approaches are presented below.

Economic Monitoring

The City was materially impacted by volatile energy prices as it is the head office location for most of the businesses in Canada's oil and gas industry. The local economy remains tightly linked to the energy sector, despite diversification of its economic base in recent years. In keeping with Council's IRM policy, The City continues to monitor economic conditions and The City's financial status so that Council is promptly informed of any changes requiring adjustment to business plans and budgets.

The fiscal situation for the Government of Alberta is still challenging with significant deficits anticipated for the next few years. The resource revenue for the province has been negatively impacted by lower crude oil prices, and the discounted price for Western Canadian Select (WCS) relative to West Texas Intermediate (WTI) because of the transportation bottleneck. Continued deficits will lead to future increases in the net debt-to-GDP ratio unless there are major spending cuts or significant increases in non-resource revenue. There is a risk that grant funding to The City of Calgary will be negatively affected. The City continues to monitor the economy and the Provincial fiscal situation and will take action to mitigate any negative impacts.

Economic activity continued to improve in 2018, owing to the positive impact of gradually increasing oil prices and continued economic expansion. The city's unemployment rate remains elevated, as the economy is yet to recover all goods-producing sector jobs lost during the 2015-16 recession. The local real estate market has been impacted by the fall in oil prices that started in 2014 and led to a 2015-16 recession, with the downtown office market experiencing the sharpest decline in value. From 2016 to 2018, there was a redistribution of non-residential property taxes away from the downtown office market to other non-residential property owners. Council approved one-time funding of $45 million for 2017 and $41 million for 2018 for the Municipal Non-Residential Phased Tax Program (PTP) to mitigate impacts of this shift.

Normal Operational Risk

In the usual course of business, The City is exposed to various risks that are mitigated through operational and financial controls under the umbrella of corporate integrated risk management. These risks include the normal operational risks associated with each of The City's businesses as well as social, legal and regulatory issues and changes to the economy that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

All activities undertaken by The City are covered under the Civic Insurance Program. This program is composed of purchased insurance coverage as well as a self-funded component for any losses below the deductible level of a purchased policy. Certain types of risks will be fully self-funded, as the costs to insure these risks are either prohibitive or unnecessary.

A $7 million reserve is set aside and is utilized to offset any large claim against The City either in excess of a purchased policy limit or for a loss that is not covered by an insurance policy. This reserve was not used in 2018.

The City has fully met its current year cash contributions for employee benefit obligations at December 31, 2018. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial loss of $14.9 million (2017 – $6.6 million). The City has put in place a plan of action to set aside funding for these losses. The action plans are reviewed and adjusted annually. In addition, there are certain employee benefit obligations that inherently relate to The City with respect to multi-employer pension plans. Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan ("LAPP"). Police officers are members of the Special Forces Pension Plan ("SFPP"). Both plans are multi-employer, defined-benefit pension plans and are sponsored by the Alberta Minister of Finance and administered by Alberta Pension Services ("APS"). Both plans currently have a plan surplus, where the actuarial value of the assets are greater than the accrued benefit obligations. The total surplus at December 31, 2017 for LAPP was $4,836 million and for SFPP $71 million. At December 31, 2017, The City employees represented approximately 8.8 per cent of the employees in LAPP and 49 per cent of the employees in SFPP. The City, in conjunction with other participating employers (such as Alberta Health Services, other Alberta municipalities, universities, colleges and school boards), and its employees, share in funding the future plan deficits through contribution rates. The contributions by each participating employer are not segregated in a separate account or restricted to provide benefits only to employees of The City, but rather are used to provide benefits to employees of all participating employers. The City includes a provision for expected LAPP and SFPP contributions in its multiple-year budget plans.

The City is continuing to improve efficiency and effectiveness through a variety of approaches. In 2015, a Budget Savings Account program (PFC2016-0181) was set up to encourage business units to seek annual savings, innovation and efficiencies, within their operating and capital budgets. Funding for the Budget Savings Account is generated by favourable budget variances identified by business units through the management of their operating and capital budgets. During 2018, business units' contributed operating savings of $38 million (2017 – $34 million) from tax-supported programs to the Budget Savings Account Reserve. Capital savings of $2 million (2017 – $101 million) were contributed to the Budget Savings Account program and subsequently committed to additional capital investments through Infrastructure Calgary.

Environmental Risk

Environmental risk at The City is considered and managed in three ways. First, risks to the environment from City operations are primarily managed through the employment of environmental management professionals to assist business units in achieving and maintaining compliance with environmental laws and regulations. In addition, some business units have implemented Environmental Management Systems (EMS) based on the ISO 14001 international standard. Currently, nine business units are registered, providing a sound model to effectively deal with environmental impacts associated with The City's activities. Environmental concerns related to corporate capital works projects are managed through the ECO (Environmental Construction Operations) Plan program.

Second, site contamination risks to The City in its roles as a land owner and as a development authority are managed through the implementation of policies and procedures. The environmental liability assessment program was established to identify, assess, and manage risk and liability arising from corporately owned contaminated sites. The Sales, Acquisitions, and Leases Environmental Policy is in place to address contamination concerns involved with the land transactions by The City. The Environmental Development Review policy has been developed to determine the suitability of a site for its intended use with respect to environmental conditions and to ensure that environmental conditions are considered in the planning approval process for the redevelopment of contaminated sites.

Third, there are risks to The City related to environmental conditions such as climate change and air quality which are dealt with through programs designed to mitigate their occurrence and impacts. Regional air quality concerns are managed through the efforts of the Calgary Region Airshed Zone (CRAZ) of which The City is a founding member. Programs addressing greenhouse gas emission reduction are also being developed and implemented for both The City and the community at large. Infrastructure concerns related to climate change adaptation are also being addressed.

Commodity Price and Foreign Exchange Risk

To stabilize operating budgets in the face of energy price volatility, The City purchases a diesel fuel forward when deemed beneficial and has a long-term fixed-rate contract for electricity. The City has a natural hedge against natural gas price increases because franchise fee revenue increases when the price of natural gas rises.

The City hedges foreign currency for the purposes of providing risk mitigation through cost certainty on foreign currency denominated spending. All purchases denominated in a foreign currency are assessed under documented hedging criteria to identify if action will be taken to manage foreign exchange risk.

At December 31, 2018, The City had 4 (2017 – 17) U.S. dollar foreign exchange fixed contracts in place. Delivery dates for these contracts range from January 2019 to April 2019. Total committed future foreign exchange purchases are $5,005 USD (2017 – $23,389). Total committed future foreign merchandise purchases are $48,513 USD (2017 – $75,836 USD), and €83 (2017 – €393).

Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with Canadian Schedule 1 banks at rates ranging from 1.29 to 1.35 Canadian dollars. The Canadian dollar equivalent of these contracts at December 31, 2018 was $6,660 (2017 – $31,194) Canadian dollars. During the fiscal year ended December 31, 2018, the various arrangements for foreign merchandise cost The City $5,866 less (2017 – $2,512) than if the arrangements had not been entered into.

In 2018, The City has hired an external manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk. The manager may purchase Canadian dollars against foreign currencies held in the City of Calgary's portfolio. At December 31, 2018, this portfolio held 1 Japanese Yen (JPY) per USD foreign exchange forward contract, and 7 CAD per USD foreign exchange forward contracts. These contracts were obtained from Chartered Banks and settled on January 18, 2019. The rate on the JPY per USD contract was 111.92. The rates on the CAD per USD contracts range from 1.29 to 1.35. As at December 31, 2018 these contracts had a market value of $146.23 million USD.

In addition to U.S. foreign exchange fixed contracts, The City has also previously purchased hedges for future purchases relating to the light rail transit system. Under the terms of the purchase order agreement, The City has fixed exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with the supplier at rates ranging from 1.03 to 1.07. During the fiscal year ended December 31, 2018, the various arrangements for foreign merchandise cost The City $1,383 less (2017 – $3,825) than if the arrangements had not been entered into. At December 31, 2018, The City had remaining commitments of $19,556 USD (2017 – $25,372 USD) that are anticipated to be settled by 2019. The City continues to monitor economic conditions and impacts on The City's financial status and adjusts strategies accordingly.

ENMAX (The City's Wholly-Owned Subsidiary)

The City Electric System was a department of The City until 1998 when its assets, responsibilities and liabilities were transferred to ENMAX, a wholly-owned subsidiary of The City. The new structure was deemed necessary to respond to deregulation of the electricity industry in Alberta.

Deregulation resulted in the introduction of commodity price and volume risk, wholesale and retail competition, and political and regulatory risks to ENMAX's business. Additional risks identified by ENMAX and presented in detail in its annual financial report include operational, development, environmental, legal, human resources, financial resources/liquidity, credit/default, reporting/disclosure, technological, tax, reputation, corporate structure and strategic risks. ENMAX has an integrated approach to risk management across all ENMAX companies and has implemented an Enterprise Risk Management (ERM) framework. The Risk Management Committee and the Commodity Risk Management Committee, consisting of ENMAX senior management team members, oversee risk management and report risk exposures to the Board of Directors.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission subsidiary, has been regulated by the Alberta Utilities Commission since January 1, 2008 and prior to that by the Alberta Energy and Utilities Board starting in 2004.

ENMAX is a private Alberta corporation owned by The City. In 2018, The City, as ENMAX's shareholder, reviewed and confirmed the company's strategic direction and annual operating plans. Approvals for ENMAX's annual budget and major capital projects in excess of $75 million are sought from the shareholder, and ENMAX provides The City with annual dividends.

ENMAX's 2018 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Summary financial information for ENMAX, which includes the discussion of the entity's transition to IFRS, is included in Note 7 to the consolidated financial statements.

On March 25, 2019, ENMAX Corporation announced that it had entered into a definitive agreement to acquire a regulated electric transmission and distribution utility, Emera Maine. On closing, the value will be approximately $1.8 billion.

The closing of this transaction is expected to occur in Q4 2019 and is subject to certain regulatory and government approvals in the U.S., including approval by the Maine Public Utilities Commission and the Federal Energy Regulatory Commission. On the close of this transaction, Emera Maine will become a wholly owned subsidiary of ENMAX Corporation.

THE OUTLOOK

Calgary Economy and Management of Growth

Calgary's economic prospects are closely connected to shifts in external economic events. These external pressures include:

- shifts in expenditures by other orders of government,
- global energy prices,
- availability of pipeline and rail export capacity for crude oil,
- changes in interest rates,
- the level of economic activity in the United States, and
- and growth rates in emerging economies.

Modest improvement in energy prices has lifted and sustained the Calgary economy recently, along with an expanding world economy, as well as increased business spending and steady consumer demand. When oil prices were relatively high, business investment decisions in Calgary resulted in overbuilding, particularly in downtown office space and apartment/condos. At the current pace of economic growth, it will take several years for the excess inventory to be absorbed.

The economy grew by 2.9 per cent in 2018, and is expected to improve by 1.9 per cent to 2.5 per cent per year over the next four years. Compared to other cities in Canada and elsewhere in the Organization for Economic Co-operation and Development countries, that is above average growth. However, the effects of the deep 2015-16 recession kept the average unemployment rate at 7.6 per cent in 2018 and is expected to slowly trail off to the long term normal range of 6 per cent by 2023.

Between 2006 and 2018 Calgary has experienced two economic business cycles that highlight the volatile nature of the economic environment. The implication is the need to build flexibility into The City's process for strategic and business planning. In 2018, Council approved the 2019-2022 One Calgary Service Plans and Budgets. For 2019, 1.4% of the tax rate increase was dedicated to actively developing community growth and 0.75% to new community growth. For 2020-2022, 0.4% was dedicated to new community growth. The City's new four year operating and capital budgets assume the need for flexibility. The City will continue to maintain its flexibility to respond to economic, social, environmental and political changes through the mid-cycle budget review and annual budget adjustment process.

Based on Council's direction, and from what has been heard from thousands of Calgarians over the past few years, the One Calgary Service Plans and Budgets provide a 2019-2022 roadmap for the City, and to ensure a focus on what matters most to Calgarians while continuing to make life better every day.

The One Calgary 2019-2022 Service Plans and Budgets describe how The City will address ongoing challenges, implement Council's Directives for the next four years, and progress towards to achieving the long-term vision for our city.

The City has been a major contributor to regional planning efforts for over a decade and was a founding member of the voluntary Calgary Regional Partnership. The regional context in Calgary's region is heading for significant change in the future, as it moves from voluntary to mandatory. The Modernized *Municipal Government Act* was passed by the legislature requiring that The City be a mandatory member to the new Calgary Metropolitan Region Board. The Calgary Metropolitan Region Board came into force January 1, 2018. The board is responsible for preparing a new metropolitan scaled plan and regional servicing plan. This change represents a formalized shift towards legislated regional planning and regional coordination of municipal service delivery.

From 2014 through 2026, The City is investing in a number of infrastructure improvements at the Bonnybrook Wastewater Treatment Plant to address the City's growing demand. The Bonnybrook Wastewater Treatment Plant is the largest of Calgary's three wastewater treatment plants, with a capacity to serve an equivalent population of 946,000 people. The investments include capacity and process equipment upgrades, as well as a major plant expansion. The construction of the capacity and process equipment upgrades are complete and have allowed The City to more efficiently utilize existing Bonnybrook Wastewater Treatment Plant infrastructure and will provide an incremental capacity increase of 95,000 people to accommodate growth in the short term. The total cost of these upgrades was $160 million and the project was scheduled for completion by the end of 2018. The major plant expansion (Plant D) will increase the capacity by a further 325,000 people by 2022, bringing the total capacity at Bonnybrook to 1.37 million equivalent population. It will include the addition of new primary, secondary and tertiary treatment infrastructure as well as a new, enhanced sludge treatment facility. The expansion project will also include upgrades and life-cycle replacements of existing processes, ancillary facilities and systems, as well as a flood resiliency component. Detailed design of the plant expansion is almost complete and initial phases of construction have already begun. The cost estimate for the plant expansion project is approximately $714 million.

In 2018 the Green Line project team confirmed the previous Council approval of the Design/Build/Finance delivery model decision. The funding agreement with the Federal and Provincial Government was signed in the first quarter of 2019 and represents joint capital investments of approximately $4.9 billion between all three levels of government. Following the confirmation of funding, the Green Line project team released the Request for Qualifications for the low floor Light Rail Vehicles (LRV). The short-listing of proponents for the LRV contract to proceed to Request for Proposal will be in Q2 of 2019. Major construction of the Green Line LRT is currently scheduled to commence in 2020 with completion expected in 2026.

To facilitate strategic and efficient growth in new communities, developers and The City continue to work together to resolve matters related to infrastructure needs, timing and financial impact of proposed developments. A shared goal is to realize new communities that are financially sustainable, address market demand, and help achieve the goals of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP). This work is part of continuing efforts to improve The City's strategic growth decision processes. Future work through the Industry/City Work Plan will expand beyond new communities to address strategic growth in established areas and industrial areas.

Intergovernmental & Corporate Strategy

In the current environment, The City must not only identify local methods of spurring growth in the local economy, but also identify how to support those efforts with funding from, and collaboration with, other orders of government. As the lead on intergovernmental government relations, Intergovernmental & Corporate Strategy (ICS) has and will continue to be critical in allowing The City to respond to the needs of a changing economic environment. On the one hand, ICS works collaboratively with City departments and business units to identify issues and opportunities to advocate for positive change to other orders of government. On the other hand, ICS helps The City ensure a state of readiness in response to these changes from other orders of government, providing clarity and understanding of this evolving legislative framework and supporting the development of actionable opportunities to reach our full corporate potential. This is true generally, but also specifically with regard to the way The City is financed.

Besides own-source revenues (e.g. property tax), the most significant sources of funding for The City are grants and contributions from the provincial government. While more generous than in the past, the current arrangements continue to present problems of insufficiency as well as unpredictability. Some provincial grants, for instance, have failed to grow with inflation (e.g. Municipal Police Grant) while others have been the subject of unilateral provincial discretion to either reduce or defer municipal funding (e.g. the Municipal Sustainability Initiative). The unpredictability of provincial funding, in particular, compromises The City's ability to plan for and carry-out the large scale infrastructure investments and deliver the services necessary for a city of its size.

In response, and in close consultation with Council, ICS worked with the province throughout 2018 toward a new fiscal framework, culminating with the City Charter Fiscal Framework Act. This piece of legislation enshrines a revenue sharing plan to replace the existing system of capital grants, as well as a long-term transit funding plan. Both will provide The City with greater fiscal stability and predictability, while providing important flexibility in the use of capital funding from the province. While an important legislative victory for The City, there remains important work to be done. This new fiscal framework regulation is in place, but the accompanying funding agreement is outstanding. ICS will continue to work with internal stakeholders to develop and carry out a strategy to ensure that these funding arrangements retain the promised benefits of the new framework. There is also the danger that the election of a new government could compromise the future of this new arrangement. Although written into law, making it more difficult to repeal than previous arrangements, there is still the possibility of repeal. If there is a threat to the associated legislation, ICS will engage in sustained advocacy to protect these important changes.

On the national scale, although constitutional division of powers generally prevents the federal government from providing funding directly to municipalities, the current Government of Canada has signaled a desire to re-engage municipal governments as key partners in its agenda. A key component of this agenda includes major investments in infrastructure. Budget 2016 announced $14.4 billion in new infrastructure funding for Canada's communities. Delivery of this funding to municipalities has required the Government of Canada to negotiate and adopt a bilateral agreement with the Government of Alberta, however, this funding can suffer from the same issues of adequacy and sustainability described above. It is not always clear what percentage of federal funding The City is entitled to, or when (or if), that funding can be expected to flow. ICS has therefore continued to work with our partners in the Federation of Canadian Municipalities (FCM), and supported the Mayor's participation in the Big City Mayors' Caucus (BCMC), to ensure that current federal funding, as well as the $81.2 billion of new infrastructure funding announced in the 2017 Fall Economic Statement, reaches its intended recipients in The City and municipalities everywhere. ICS has also urged the provincial government to provide the big cities with a voice in the negotiation of federal-provincial agreements through the City Charters, the Framework Agreement for which commits the province to include the cities in these discussions or seek their feedback in a timely fashion.

In the context of a federal election year, ICS is also working with partners in other big cities, in FCM and in the BCMC to advance a federal election strategy that includes calling on all parties to commit to a long-term transit funding plan to continue after the expiry of the current arrangements in 2026. Achieving something on the federal level similar to what The City was able to obtain with the province would be of considerable value.

In addition to advocating for changes to The City's fiscal framework and funding opportunities, ICS has also worked with partners across The City to ensure ICS is prepared and able to respond to changes to the rules governing The City's ability to raise and spend revenues. Both the MGA review and The City Charter agreements to date include important changes to the way The City conducts property assessments. ICS works closely with both Finance and Assessment to ensure The City is ready to respond to these changes. ICS also works with senior administration and other business units to ensure awareness of new funding opportunities announced by other orders of government.

Civic and Community Initiatives

The City looks for opportunities to partner with industry to deliver infrastructure and services where there is a mutual benefit to the municipality, citizens, and industry. Currently, The City has two public-private partnerships (P3s) in progress and continues to evaluate major capital projects for P3 suitability. In addition to The City's Composting Facility Project, the Stoney Compressed Natural Gas Bus Storage and Transit Facility completed its financing agreements in September 2016 and substantial completion occurred on January 31, 2019 at which time commenced the 30-year maintenance period began. Bus operations commenced at the facility in March 2019.

The Community Revitalization Levy is another example of an innovative, own-source approach to obtaining funding that has been approved for a major downtown infrastructure redevelopment project called The Rivers District Community Revitalization Plan. The plan was initiated as a self-sufficient tax-supported program in 2007 under the then newly formed CMLC, a controlled corporation of The City that is accountable for development and sale of land transferred from The City. The New Central Library that opened in November 2018 is one of the projects that was realized in part through the work of CMLC and the Rivers District Community Revitalization Levy.

The City and its partners are continuing to support economic recovery and growth to help reduce the impact of the most recent economic downturn on citizens and businesses to ensure Calgary's ongoing success into the future. As part of these efforts, Council created the $100 million Opportunity Calgary Investment Fund (OCIF).

The OCIF is intended to support projects that will stimulate growth in targeted sectors of Calgary's economy. It is for existing local businesses that are expanding their operations and for attracting business and investment to Calgary.

Partner projects are assessed alongside City projects through a single, cross-corporate system to facilitate corporate oversight and reporting. Capital requests have been aligned to services and evaluated against new corporate capital prioritization criteria. Approval to contribute funding towards an expansion of Vivo Centre for Healthier Generations is an example of this. The City relies on partnerships such as that with Vivo or YMCA Calgary at three new City-built recreation centres to ensure quality public recreation opportunities while minimizing tax-supported operating costs. The City is also focused on the future realization of major capital projects in partnership with community, industry, and other orders of government as partners.

The One Calgary 2019-2022 planning and budgeting process resulted in approvals by Council of investments in various community strategies and initiatives including; investment in Civic Partners to provide a cost-effective approach to delivery of economic development and tourism services, maintaining current service levels of Fair Entry, implementing shared priority areas from the updated Enough for All Strategy to support poverty reduction, delivering preventive social services through non-profit partners to increase protective factors and decrease risk factors among vulnerable populations and leverage provincial and federal funding to design and build new City affordable homes.

As part of One Calgary approved actions The City will be implementing strategies to improve the success and reliability of 9-1-1, delivery on crime prevention, education and intervention programs by Calgary Police Services, developing additional community hubs by leveraging existing partnerships and increasing investment in the heritage grant program and support heritage preservation.

Council and City Administration Actions

Action Plan 2015 -2018 represents The City's four year spending plan for meeting Council's priorities. It includes total operating expenditures of $15 billion over the four years ($3.5 billion in 2015, rising to $4.1 billion by 2018), and $7 billion in capital investment. This is based on delivering services to an additional 100,000 people over the four year period. The City revises the Action Plan to reflect changing conditions through the annual budget adjustment process. In 2017, The City conducted the annual adjustment process in advance of the 2018 budget year, in accordance with the Multi-Year Business Planning and Budgeting Policy. Council's decision was to reduce the approved 2018 tax rate increase from 4.7 per cent to 0.9 per cent, with the following investments:

- $20.8 million for the Calgary Police Service for 55 new members, additional human resources, and new body-worn cameras.

- One-time funding of $7 million from the Fiscal Stability Reserve to fund the low-income transit pass for Calgarians in need; Community Services for safe communities, youth and low-income programs and crime prevention; and restoring recommended reductions for Civic Partners, excluding the Calgary Public Library.
- $45 million in one-time funding set aside from the Fiscal Stability Reserve through a transfer from intentional savings in 2017 Corporate Programs to provide tax relief to businesses in 2018. This resulted in Council approving $41 million for the 2018 Municipal Non-Residential Phased Tax Program (PTP).
- $1.7 billion for capital investment in Calgary Infrastructure.
- $23.7 million from the 2017 tax room dedicated to fund the Green Line financing costs for 27 years ending in 2044.
- Reduction to previously approved 2018 basic sanitary tipping fees from $119 to $113 per tonne and Planning & Development fees to reduce the burden on Calgary businesses.

Approval of the 2018 adjustments allowed for the closure of a $146 million operating budget gap; caused by a reduction to the previously approved tax rate, the impact of one-time solutions used in 2017 and lower dividend and franchise fee revenues, through a combination of cost savings and service reductions based on the least harm approach to help reduce the impact on citizens.

The "Zero-Based Review" (ZBR) program complements The City's other continuous improvement activities by adding a periodic, more thorough review of whether the right services are being provided in the right way. This work continues to be important in an economic climate where resources are limited but the demand for City services is not. By the end of 2018, the ZBR Program has completed ten reviews, identified $60.4 (low estimate) to $71.5 million (high estimate) in annual financial gains and realized $43.6 million of those identified gains.

City Council continues to provide policy guidance and to support the longer-term planning perspective afforded by the multi-year approach to business plans and budgets. Administration will use these as a framework to provide recommendations on how best to supply required infrastructure and services for Calgarians within available funding. The recent economic downturn has reinforced the need to respond to our cyclical economy and to monitor the economy and The City's financial status to ensure continuing adaptation to economic uncertainties. In meeting its mandate for public service, The City will continue to make effective and efficient use of experienced and new City staff, whose combined knowledge and skill will provide maximum value from the financial resources provided by citizens.

Calgary, Canada

April 17, 2019

Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The City of Calgary

Alberta

For its Annual
Financial Report
for the Year Ended

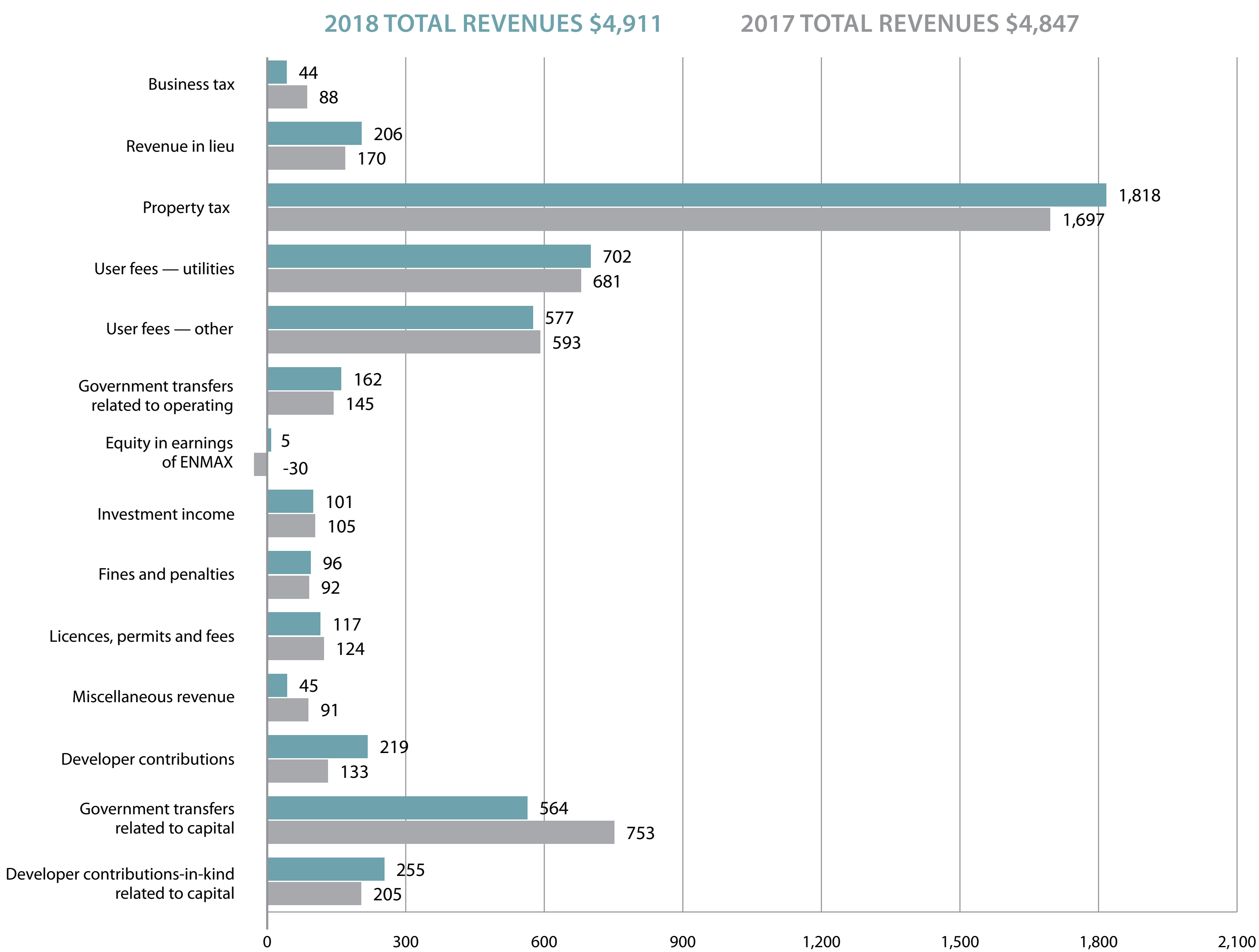
December 31, 2017

Christopher P. Morrill

Executive Director/CEO

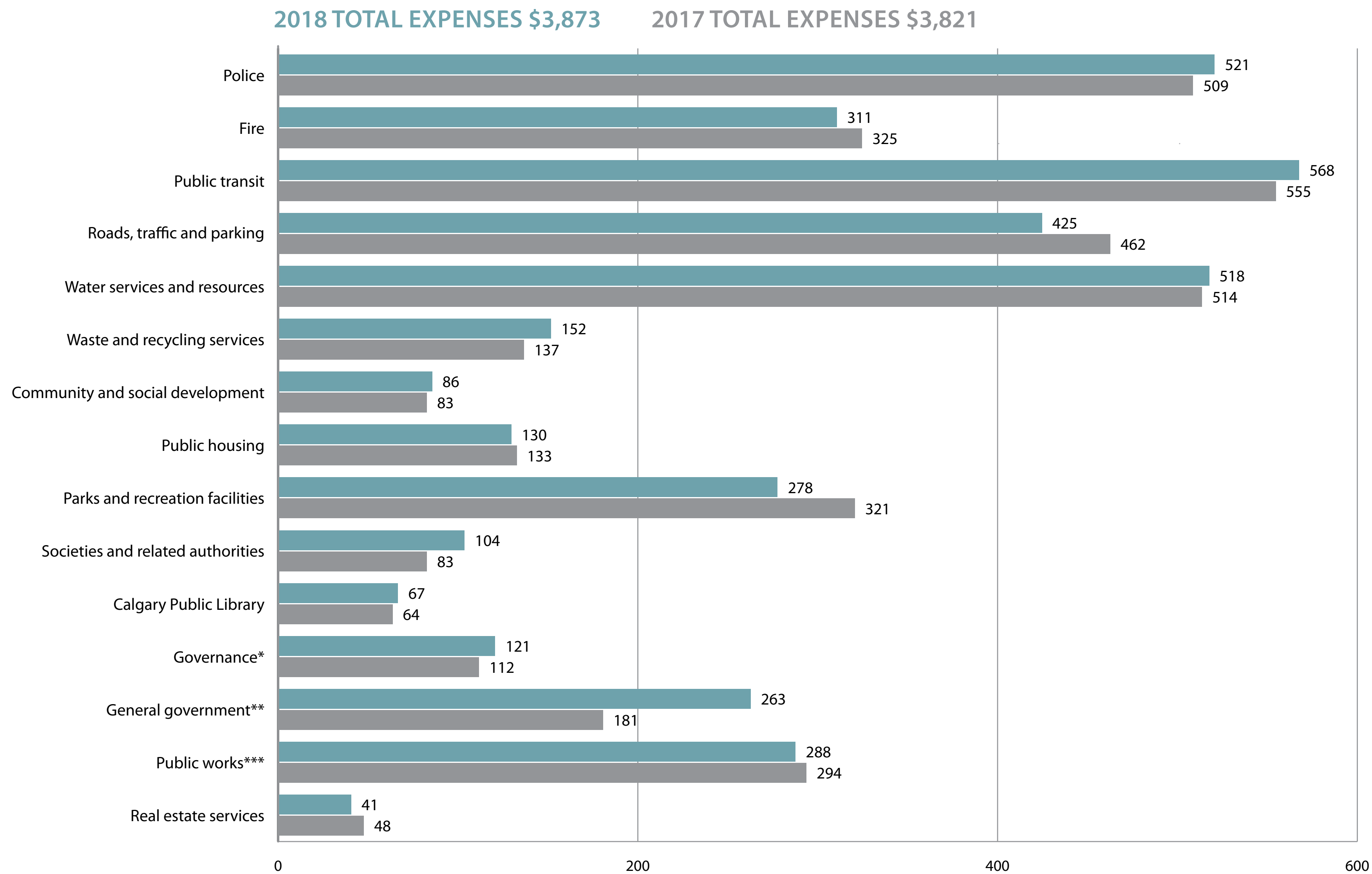
Financial Synopsis 2018 Sources of Revenue

For the Years Ended December 31 (in millions of dollars)



Financial Synopsis 2018 Expenses

For the Years Ended December 31 (in millions of dollars)



* Includes offices of the Mayor, Councillors, City Manager, Finance, Supply, City Auditor, City Clerk and Law and Legislative Services.

** Includes Assessment, Customer Service & Communications, Human Resources, Information Technology and Corporate Revenue & Costs.

*** Includes Calgary Community Standards, Calgary Growth Strategies, Community Planning, Environmental & Safety Management, Urban Strategy, Calgary Approvals Coordination, Corporate Analytics & Innovation, Calgary Building Services, Facility Management and Fleet Services.

CONSOLIDATED FINANCIAL STATEMENTS

THE CITY OF CALGARY, ALBERTA

Responsibility for Financial Reporting

MANAGEMENT'S REPORT

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the consolidated financial statements.

The City Auditor's Office reports directly to Council, through the Audit Committee, on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

In 2018, City Council fulfilled its responsibility for financial reporting through the Priorities and Finance Committee and its Audit Committee. The Priorities and Finance Committee, which consists of the Mayor, the Chairs of each of the four Standing Policy Committees, the Chair of the Audit Committee and a Councillor at large, meets regularly to deal with, among other issues, financial planning and reporting matters. The Audit Committee consists of four Councillors and three citizen representatives, who meet regularly with both the independent external auditor and the City Auditor to review financial control and reporting matters.

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

Glenda Cole, Q.C., City Manager

Carla Male, Chief Financial Officer (Acting)

Calgary, Canada
April 29, 2019

Responsibility for Financial Reporting

INDEPENDENT AUDITOR'S REPORT

To His Worship Mayor Naheed Nenshi and Members of City Council, The City of Calgary Opinion

We have audited the consolidated financial statements of The City of Calgary ("The "City"), which comprise consolidated the statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City as at December 31, 2018, and the results of its operations, cashflows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

Other Information

City Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Emphasis of Matter

We draw attention to note 33 to the financial statements which explains that certain comparative information presented for the December 31, 2017 year end has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of City Administration and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing The City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
April 29, 2019

Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)

	2018	2017 (Restated Note 33)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	**$ 246,116**	$ 134,006
Investments (Note 3)	**4,038,562**	3,893,757
Receivables (Notes 4 and 7 iii))	**357,296**	327,725
Land inventory (Note 5)	**279,532**	276,418
Other assets (Note 6)	**106,386**	109,434
Investment in ENMAX Corporation (Note 7)	**2,261,350**	2,314,000
	7,289,242	7,055,340
FINANCIAL LIABILITIES		
Bank indebtedness (Note 8)	**73,640**	46,200
Accounts payable and accrued liabilities (Notes 7 iii) and 9)	**947,274**	860,453
Deferred revenue (Note 10)	**96,249**	92,926
Capital deposits (Note 11 and 33)	**771,294**	712,685
Provision for landfill rehabilitation (Note 12)	**93,709**	88,905
Employee benefit obligations (Note 13)	**499,641**	493,870
Long-term debt (Note 14)	**2,888,831**	3,066,263
	5,370,638	5,361,302
NET FINANCIAL ASSETS	**1,918,604**	1,694,038
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 15, 34 and 36)	**17,698,579**	16,891,106
Inventory	**55,435**	53,942
Prepaid assets	**22,465**	35,372
	17,776,479	16,980,420
ACCUMULATED SURPLUS (Note 17 and 33)	**$ 19,695,083**	$ 18,674,458

Commitments, contingent liabilities and guarantees (Notes 28 and 29)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:

Mayor Naheed Nenshi

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2018	Actual 2018	Actual 2017
	(Note 16)		(Restated Note 33)
REVENUES			
Net taxes available for municipal purposes (Note 20)	$ 2,090,244	$ 2,068,070	$ 1,955,429
Sales of goods and services	1,346,620	1,278,099	1,274,060
Government transfers and revenue sharing agreements (Note 23)			
Federal	797	1,736	4,693
Provincial	147,420	160,387	140,475
Investment income	65,588	101,236	104,520
Fines and penalties	91,194	95,747	92,040
Licences, permits and fees	104,087	117,254	124,356
Miscellaneous revenue	24,074	44,951	90,806
Equity (loss) in earnings of ENMAX Corporation (Note 7)	132,000	5,094	(30,312)
	4,002,024	3,872,574	3,756,067
EXPENSES			
Police	509,915	521,224	508,953
Fire	297,736	310,823	325,180
Public transit	451,982	567,655	554,680
Roads, traffic and parking	289,234	425,123	461,739
Water services & resources	490,731	517,822	514,187
Waste and recycling services	153,891	151,587	136,910
Community and social development	77,758	85,787	82,965
Public housing	157,451	129,831	133,279
Parks and recreation facilities	219,617	277,912	320,900
Societies and related authorities	83,491	103,657	83,039
Calgary Public Library Board	66,739	67,390	64,171
General government	411,817	384,844	292,912
Public works	273,830	287,594	293,561
Real estate services	83,245	41,395	48,429
	3,567,437	3,872,644	3,820,905
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	434,587	(70)	(64,838)
OTHER			
Developer contributions (Note 33)	269,128	218,988	133,103
Government transfers related to capital (Note 23 and 33)	1,125,922	564,652	752,525
Developer contributions-in-kind related to capital	–	254,799	204,778
NET REVENUES	1,829,637	1,038,369	1,025,568
ENMAX Corporation – other comprehensive (loss) gain adjustment (Note 7)	–	(16,351)	101,004
ANNUAL SURPLUS	1,829,637	1,022,018	1,126,572
ACCUMULATED SURPLUS, BEGINNING OF YEAR	18,673,065	18,674,458	17,547,886
Impact of adoption of IFRS 9 by ENMAX Corporation (Note 7)	–	(1,393)	–
ACCUMULATED SURPLUS, END OF YEAR	$ 20,502,702	$ 19,695,083	$ 18,674,458

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

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

	2018	2017 (Restated Note 33)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual Surplus	**$ 1,022,018**	$ 1,126,572
Deduct items not affecting cash:		
Equity in earnings of ENMAX Corporation (Note 7)	**(5,094)**	30,312
ENMAX Corporation– other comprehensive (gain) loss (Note 7)	**16,351**	(101,004)
Amortization of tangible capital assets	**678,537**	628,646
Net loss (gain) on disposal of tangible capital	**3,608**	(48,452)
Developer contributions-in-kind related to capital	**(254,799)**	(204,778)
Change in non-cash items:		
Receivables	**(29,571)**	774
Land inventory	**(3,114)**	(28,410)
Other assets	**3,048**	(44)
Inventory	**(1,493)**	3,879
Prepaid assets	**12,907**	1,424
Accounts payable and accrued liabilities	**86,821**	(85,437)
Deferred revenue	**3,323**	(18,576)
Capital deposits (Note 33)	**58,609**	(227,157)
Provision for landfill rehabilitation	**4,804**	1,642
Employee benefit obligations	**5,771**	13,717
	1,601,726	1,093,108
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(1,270,669)**	(1,344,160)
Proceeds on sale of tangible capital assets	**35,850**	80,933
	(1,234,819)	(1,263,227)
INVESTING ACTIVITIES		
Dividends from ENMAX Corporation	**40,000**	48,000
Net (purchases) sales of investments	**(144,805)**	202,705
	(104,805)	250,705
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	**153,475**	290,027
Long-term debt repaid	**(330,907)**	(440,436)
Net increase (decrease) in bank indebtedness	**27,440**	(24,055)
	(149,992)	(174,464)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**112,110**	(93,878)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**134,006**	227,884
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 246,116**	$ 134,006

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Financial Assets

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

	Budget 2018 (Note 16)	Actual 2018	Actual 2017 (Restated Note 33)
ANNUAL SURPLUS	**$ 1,829,637**	**$ 1,022,018**	$ 1,126,572
Amortization of tangible capital assets	**134,097**	**678,537**	628,646
Proceeds on sale of tangible capital assets	**350**	**35,850**	80,933
Tangible capital assets received as contributions	**–**	**(254,799)**	(204,778)
Net loss (gain) on disposal of tangible capital assets	**–**	**3,608**	(48,452)
Acquisition of tangible capital assets	**(997,267)**	**(1,270,669)**	(1,344,160)
Acquisition of supplies inventories	**–**	**183,690**	170,104
Use of supplies inventories	**–**	**(185,183)**	(166,225)
Acquisition of prepaid assets	**–**	**262,686**	262,604
Use of prepaid assets	**–**	**(249,779)**	(261,180)
INCREASE IN NET FINANCIAL ASSETS	**966,817**	**225,959**	244,064
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**1,692,645**	**1,694,038**	1,449,974
Impact of adoption of IFRS 9 by ENMAX Corporation (Note 7)	**–**	**(1,393)**	–
NET FINANCIAL ASSETS, END OF YEAR	**$ 2,659,462**	**$ 1,918,604**	$ 1,694,038

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

December 31, 2018 (in thousands of dollars)

The City of Calgary ("The City") is a municipality in the Province of Alberta incorporated in 1884 as a town and in 1894 as a city and operates under provisions of the *Municipal Government Act*.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The City are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS").

a) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund and reserves fund of The City.

The consolidated financial statements fully consolidate all organizations that are controlled by The City, except for The City's government business enterprise, ENMAX Corporation ("ENMAX") which is accounted for on a modified equity basis. The City's inter-departmental transactions and balances have been eliminated.

Government Business Enterprise

ENMAX, a wholly owned subsidiary of The City, is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a government business enterprise (Note 7). Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of The City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the consolidated statement of operations and accumulated surplus as an adjustment to accumulated surplus.

Related Authorities

The eight related authorities (Note 21) included in the consolidated financial statements are:

Calgary Parking Authority
Calgary Public Library Board
Calhome Properties Ltd. (operating as Calgary Housing Company)
Calgary Municipal Land Corporation
Attainable Homes Calgary Corporation
The Calgary Convention Centre Authority
(operating as Calgary TELUS Convention Centre)
Calgary Economic Development Ltd.
Calgary Arts Development Authority Ltd.

The City and related authorities inter-entity transactions and balances have been eliminated.

The City has fiscal relationships with many organizations for which control lies outside of Calgary City Council. These consolidated financial statements include operating and capital requisitions for certain educational, cultural, social and other external organizations, but do not include the financial results of these organizations. Separate financial information may be sought directly from such organizations and registered pension plans, which include the following:

City Partners

Alberta Health Services
Burns Memorial Fund
Calgary 2026
Calgary Bid Exploration Committee
Calgary Board of Education
Calgary Exhibition and Stampede Limited
Calgary Roman Catholic Separate School District No.1
Counseil Scolaire FrancoSud
Saddledome Foundation
St. Mary's University College

Civic Partners

Aero Space Museum of Association Calgary
Calgary Centre for Performing Arts
Calgary Heritage Authority
Calgary Science Centre Society
Calgary Sport Council Society
Calgary Technologies Inc.
Calgary Zoological Society
Cardel South (South Fish Creek Recreation Association)
Fort Calgary Preservation Society
Genesis (NE Centre of Community Society)
Heritage Park Society
Lindsay Park Sports Society
Opportunity Calgary Investment Fund
Parks Foundation, Calgary
Silvera for Seniors
Tourism Calgary – Calgary Convention & Visitors Bureau
Vibrant Communities Calgary
Vivo (Nose Creek Sports and Recreation Association)
Westside Regional Recreation Centre
YMCA

Registered Pension Plans

Civic employees and elected officials participate in one or more registered defined-benefit pension plans and/or multi-employer pension plans provided by The City.

City-sponsored registered pension plans

The City records its share of the obligations net of plan assets which are held in trust by external parties. These plans include:

- Calgary Firefighters' Supplementary Pension Plan;
- Calgary Police Supplementary Pension Plan;
- Pension Plan for Elected Officials of The City of Calgary; and
- The City of Calgary Supplementary Pension Plan.

Multi-employer registered pension plans

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. These plans include:

- Local Authorities Pension Plan; and
- Special Forces Pension Plan.

Further details about these pension plans are available in Notes 1k) and 13.

Funds Held in Trust

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately in Note 32, Funds Held in Trust.

b) Basis of Accounting

i) Revenues are accounted for in the period in which the transactions or events giving rise to the revenue occur, providing the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii) Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of December 31, 2018.

iii) Local improvements are recognized as revenue, and established as a receivable, for the property owners' share of the improvements in the period that the project expenses are incurred.

iv) Government transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made. Where transfers are received but eligibility criteria or stipulations are not met, government transfers are recognized in Capital Deposits (Capital Grants) or Deferred Revenue (Operating Grants) until eligibility criteria or stipulations are met.

v) Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

vi) Authorized transfers from The City are recorded as expenses when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit, treasury bills and Guaranteed Investment Certificates ("GICs") with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

d) Investments

Included in investments are internally managed portfolios consisting of investments in money market instruments and short term bonds. The City also has externally managed investment portfolios consisting of short and long term investments including money market securities, bonds, mortgages, equities and fixed-income securities. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis. When there has been a loss in value that is not determined to be a temporary decline, the respective investment is written down to recognize the loss.

e) Land Inventory

Land inventory is carried at the lower of cost and net realizable value. Cost includes amounts for land development expenses. Land inventory is held for sale in the normal course of business.

f) Bank Indebtedness

Bank indebtedness consists of cheques outstanding in excess of deposits with commercial banks and short term borrowing.

g) Deferred Revenue

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts include deferred government transfers, which are externally restricted until it is used for the purpose intended. Also included in deferred revenue are private contributions, advance sales of goods and services and amounts received for licenses, permits, and application fees, which are recognized as revenue in the period when the related expenses are incurred to reflect the completion of The City's performance obligations.

h) Capital Deposits

Capital deposits represent amounts received from third parties for specified capital projects. Deposits must be expended on projects for which they are designated, and are recognized as revenue when expenditures are made.

i) Provision for Landfill Rehabilitation

The *Environmental Enhancement and Protection Act* (Alberta) sets out the regulatory requirements to properly close and maintain all landfill sites. Under environmental law, there is a requirement for closure and post-closure care of landfill sites. This requirement is being provided for over the estimated remaining life of the landfill sites based on usage, and is funded through tipping fees. The annual provision is reported as an operating fund expense in Waste & Recycling Services, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

j) Provision for Contaminated Sites

The *Environmental Enhancement and Protection Act* (Alberta) sets out the regulatory requirements in regards to contaminant releases. Under this Act, there is a requirement for the persons responsible to address a contaminant release that is causing or has caused an adverse effect. A provision in PS 3260 is provided for non-productive sites where contamination exists that exceeds an environmental standard, The City is legally responsible or has accepted responsibility for the contamination, future economic benefits are expected to be given up and a reasonable estimate for the provision can be made. Non-productive sites include any site where the contamination is a result of past on-site activities not related to the current use of the site.

The provision reflects The City's best estimate of the amount required to remediate sites to a condition that is suitable for the sites' intended use, as of the financial statement date. The provision is determined on a site-by-site basis, and is adjusted to reflect the passage of time, new obligations, and changes to management's intent and actual remediation costs incurred.

The provision for future remediation is an estimate of the minimum costs known for sites where an assessment has been conducted and where there is available information that is sufficient to estimate costs. Where sites require ongoing monitoring or maintenance as part of the remediation plan, the present value of all estimated future costs are discounted using The City's weighted average cost of capital. The provision is included in accounts payable and accrued liabilities.

k) Employee Benefit Obligations

The City has fully met its current year cash contribution requirements for employee benefit obligations at December 31, 2018. Long term unamortized actuarial losses will be funded in future periods.

i) Contributions to multi-employer plans are expensed when the contributions are due.

ii) The cost of City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits are recognized when earned by plan members. These costs are actuarially determined using the projected benefit method prorated on service, applying management's best estimate of expected salary and benefit escalation, retirement ages of employees, and plan investment performance. Plan obligations are discounted using The City's cost of borrowing based on estimated rates for debt with maturities similar to expected future benefit payments.

iii) The City records the actuarially determined net fund benefit asset or liability for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that asset or liability. For non-registered defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit liability; assets are held within The City's cash and investments accounts to fund these obligations. No obligations are recorded for multi-employer defined-benefit pension plans administered by external parties as The City's share of those obligations is not readily determinable.

iv) Adjustments arising from actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service period of the active employee group. Adjustments arising from: actuarial gains and losses for plans closed to new entrants, prior service costs related to plan amendments, and changes in the valuation allowance, are fully recognized in the year they arise.

l) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

m) Accumulated Surplus/Deficit

Accumulated surplus/deficit represents The City's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that The City has net resources (financial and non-financial) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

n) Tangible Capital Assets

Tangible capital assets, including assets held under capital leases, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated and contributed assets are capitalized and recorded at their estimated fair value at the time they are transferred to The City. At that same time, the corresponding revenue is recognized. Interest charges are not capitalized.

Work in progress represents assets which are not available for use and therefore are not subject to amortization.

Works of art for display are unrecognized as tangible capital assets (Note 25).

Tangible capital assets are written down when there is permanent and measurable impairment in value and the tangible capital asset still exists.

The cost, less residual value, of tangible capital assets is amortized on a straight line basis over the estimated useful life as follows:

	Years
Buildings	
Buildings	10 – 75
Leasehold improvements	5
Vehicles	
Light rail transit	25
Transit buses and fire trucks	5 – 20
Vehicles	2 – 15
Land improvements	15 – 25
Engineered structures	
Waterworks and wastewater distribution and collection systems and treatment plants	15 – 65
Transit network	15 – 50
Road network	5 – 100
Communication networks and landfills	20 – 50
Machinery and equipment	
Computer equipment	5 – 7
Furniture and equipment	5 – 20
Boats and other mobile machinery	5 – 20
Other equipment and machinery	5 – 20

o) Inventories

Inventories comprising materials and supplies are carried at the lower of cost and replacement cost.

p) Land Held for Municipal Purposes

Land held for municipal purposes are comprised of land held for future civic use and is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for civic use. Land held for municipal purposes is included in tangible capital assets for financial statement purposes.

q) Equity in Non-Financial Assets

Equity in non-financial assets represents the investment in non-financial assets after deducting the portion of these assets that have been financed by long-term debt.

r) Budget Figures

The 2018 budget is reflected on the consolidated statement of operations and accumulated surplus. The budget consists of the Council-approved amounts for the operating fund and the capital fund, modified for capital revenue adjustments, assets capitalized on the statement of financial position, and depreciation expense for tax-supported assets. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be carried out over one or more years. The capital budget figures are modified based on the percentage of completion of these projects.

s) Environmental Provisions

The City has a formal environmental assessment and reclamation program in place to ensure that it complies with environmental legislation. The City provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured. The provision is included in accounts payable and accrued liabilities.

t) Financial Instruments and Fair Values

The City is exposed to the risk that arises from fluctuations in interest rates and exchange rates and the degree of volatility of these rates.

The City utilizes derivative financial instruments in order to manage the impact of fluctuating interest rates and foreign currency on its investment income, and to manage foreign exchange on anticipated future expenses in foreign currencies. Gains (losses) on these financial instruments are included as revenues (losses). The City's policy is not to utilize derivative financial instruments for trading or speculative purposes.

As of December 31, 2018 The City held derivatives to mitigate foreign exchange risk associated with exposures in United States Dollars ("USD") and Japanese Yen ("Yen"). The settlements of financial instruments are recorded through The City's cash and investments.

Based on available market information, the carrying value of The City's derivative financial instruments and hedges approximates their fair value due to their short period to maturity, except with respect to investments as indicated in Note 3 and long-term debt, as indicated in Note 14(e).

u) Loan Guarantees

Periodically The City provides loan guarantees on specific debt issued by related authorities and other entities not consolidated in The City's financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of The City until The City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, The City's resulting liability would be recorded in the consolidated financial statements.

v) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Where estimation uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from estimates. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, accrued liabilities, employee benefit obligations, provision for tax appeals, provision for landfill rehabilitation, contaminated sites and environmental assessments and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

w) Loans Receivable

Loans receivable are recorded at cost less allowance for doubtful accounts. Allowance for doubtful accounts is recognized when collection is in doubt, and are stated at the lower of cost and net recoverable value. No interest is charged on owed amounts.

x) Public-Private Partnerships

A public-private partnership (“P3s”) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services.

The City’s P3s are assessed based on the substance of the underlying agreement. In the event The City is seen to control the acquired and/or constructed asset(s), P3 costs will be accounted as follows:

- Costs incurred during construction or acquisition are recognized in the work-in-progress and liability balances based on the estimated percentage complete.
- Construction costs, as well as the combined total of future payments, are recognized as a tangible capital asset and amortized over the estimated useful life once the asset is in-service.
- Sources of funds used to finance the tangible capital asset and future payments will be classified based on the nature of the funds, such as debt, grants, and/or reserves.

If The City does not control the asset(s) arising from P3s, then all costs associated with the transaction will be expensed in the period in which the costs are incurred.

y) Future Accounting Pronouncements

In 2018, the City adopted the following five accounting standards to comply with Public Sector Accounting Standards (PSAS). These standards apply to all public sector entities for years beginning on or after April 1, 2017.

The City has adopted these standards prospectively. Adoption of these standards require all public sector entities to assess information using definitions, criteria and exceptions provided in the standards and apply professional judgement to comply with the disclosure requirements of each standard.

i) Assets

Assets (“PS 3210”) provides guidance for applying the definition of assets and establishes general disclosure standards for unrecognised assets.

This standard requires The City to assess major categories of unrecognized assets and either record them in the financial statements or disclose if a reasonable estimate cannot be made. This impact of the adoption of this standard is included in Note 25

ii) Contractual Rights

Contractual Rights (“PS 3380”) are rights to economic resources arising from a binding contract or agreement between two or more parties that will result in both an asset and revenue in the future. This standard requires The City to assess the nature, extent and timing of contractual rights for disclosure and includes:

- Contractual rights to revenue that is abnormal in relation to the financial position or usual operations of the City; and
- Contractual rights that will govern the level of a certain type of revenue for a considerable period into the future.

The impact of the adoption of this standard is included in Note 26.

iii) Contingent Assets

Contingent Assets (“PS 3320”) arise from existing conditions or situations involving uncertainty. Resolution of the uncertainty confirms the existence or non-existence of an asset. This standard requires The City to assess the likelihood of a contingent asset and disclose when the occurrence of the confirming future event that will resolve uncertainty is likely. The disclosure of a contingent asset includes:

- Knowledge of the existence of a contingent asset.
- Nature of contingent asset to describe the circumstances giving rise to uncertainty and information about the anticipated resolution of the uncertainty.
- Extent of a contingent asset that covers the reasonable estimated value.

The impact of the adoption of this standard is included in Note 27.

iv) Inter-entity Transactions

Inter-entity Transactions ("PS 3420") specifically addresses the reporting of transactions between entities controlled by the government's reporting entity from both a provider and recipient perspective. Inter-entity transactions are classified by the following types:

- For inter-entity transactions that are under taken similar to arm's length transaction or allocating cost and recovery transactions, these are recognised at exchange amount by both parties.
- For inter-entity transactions that involve transfer or exchange of assets and/or liabilities for no or nominal consideration, both parties record the transaction at the carrying amount.
- Any difference between the exchange amount and carrying amount for asset or liability transfers are recorded as a gain or loss in the statement of operations.
- Cost allocations and recoveries to/from commonly controlled entities are recorded on a gross basis in the statement of operations.

The City does not recognize any amount in the financial statements in respect to shared services received for which no costs are allocated. This standard requires The City to assess inter-entity transactions for disclosure in accordance with Related Party Disclosures ("PS 2200") when there are inter-entity transfers of assets and liabilities, material transactions recorded that are not at the exchange amount and unallocated costs whether or not the transaction is given accounting recognitions. The adoption of this standard had no impact on the financial statements.

v) Related Party Disclosure

Related Party Disclosures ("PS 2200") defines a related party and identifies disclosures for related parties and related party transactions. Parties are considered related when one party has the ability to exercise control or shared control over the other. A related party could be an individual or an entity and includes key management personnel. Key management personnel include members of council, general managers level personnel and their close family members including their spouse and any dependents.

This standard requires The City to assess related party transactions that have occurred at a value different from that which would have been arrived at if the parties were unrelated. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

As of December 31, 2018, there are no material transactions for disclosure.

z) Future Accounting Pronouncements

Standards effective for fiscal years beginning on or after April 1, 2018

vi) Restructuring Transactions

Restructuring Transactions ("PS 3430") establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

Standards effective for fiscal years beginning on or after April 1, 2021

vii) Financial Statement Presentation

Financial Statement Presentation ("PS 1201") was amended to conform to Financial Instruments ("PS 3450"), and requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

viii) Portfolio Investments

Portfolio Investments ("PS 3041") has removed the distinction between temporary and portfolio investments. This section was amended to conform to Financial Instruments ("PS 3450"), and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, Temporary Investments ("PS 3030") will no longer apply.

ix) Foreign Currency Translation

Foreign Currency Translation ("PS 2601") requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item.

x) Financial Instruments

Financial Instruments (“PS 3450”) establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

xi) Asset Retirement Obligations

Asset Retirement Obligation (“PS 3280”) establishes standards on when to reorganise, and how to account for and report a liability for asset retirement obligations associated with the tangible capital assets controlled by a public sector entity. This standard covers the entity’s legal obligations established by agreement, contract or legislation including obligations created by a promissory estoppel for tangible assets controlled by a public sector entity that are in productive and that are no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

The City continues to assess the impacts of the above standards. While the timing of standards adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (“PS 1201”), Financial Instruments (“PS 3450”), Foreign Currency Translation (“PS 2601”) and Portfolio Investments (“PS 3041”) must be implemented at the same time.

Standards effective for fiscal years beginning on or after April 1, 2022

xii) Revenue

Revenue (‘PS 3400”) establishes standards on how to account for and report on revenue. This standard covers the identification, recognition, measurement, and disclosure for revenues arising from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.

2. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on deposit	**$ 138,079**	$ 133,606
Treasury bills and GICs with original maturities of 90 days or less	**108,037**	400
	$ 246,116	$ 134,006

Treasury bills and GICs interest rates are approximately 1.3% in 2018 and 0.7% in 2017.

3. INVESTMENTS

All the investments managed by The City are held in fixed income securities and equity investments. Investments with a cost of $2,471 (2017 – $2,407) are managed by the Parks Foundation Calgary[1], and include equity investments of $1,542 (2017 – $1,510). The cost and market value of all investments as at December 31 are as follows:

	2018 Cost	**2018 Market value**	2017 Cost	2017 Market value
Government of Canada	**$ 358,864**	**$ 369,707**	$ 448,941	$ 445,545
Other Government	**195,357**	**195,829**	427,985	421,092
Corporate	**2,700,491**	**2,733,093**	2,107,337	2,095,590
Global fixed income investments	**401,372**	**358,748**	501,720	496,850
Equity investments	**382,478**	**401,215**	407,774	480,860
	$4,038,562	**$4,058,592**	$ 3,893,757	$ 3,939,937

The average yield earned from investments during the year ended December 31, 2018, was 2.7% (2017 – 3.2%). Maturity dates on the investments range from 2019 to 2078. Investments include $1,513,913 (2017 – $1,208,230) in an internally managed portfolio composed of short-term money market instruments and bonds.

A portion of City investments are committed for certain purposes including reserves, capital deposits and employee benefit obligations.

(1) Parks Foundation Calgary is an endowment fund which uses investment income to fund the administrative costs of the Parks Foundation which reduces the annual contribution from The City to its operating budget.

4. RECEIVABLES

	2018	2017
Taxes	**$ 48,715**	$ 49,417
Federal and Provincial governments	**52,715**	36,898
General	**255,866**	241,410
	$ 357,296	$ 327,725

5. LAND INVENTORY

Land inventory includes acquisition costs of the land and the improvements to prepare the land for sale or servicing. Related development costs incurred to provide infrastructure are recorded as capital assets.

	2018	2017
Developed land	**$ 90,681**	$ 84,342
Under development	**103,276**	107,106
Long-term inventory	**85,575**	84,970
	$ 279,532	$ 276,418

6. OTHER ASSETS

	2018	2017
Long-term debt recoverable	**$ 19,839**	$ 25,453
Long-term receivables	**65,251**	67,060
Other receivables	**15,871**	10,897
Loans receivable	**5,425**	6,024
	$ 106,386	$ 109,434

Long-term receivables consist primarily of local improvement levies recognized as revenue on the basis of full or partial completion of the related projects, a receivable from St. Mary's University (see Note 14 a) i)) and vendor take-back ("VTB") mortgages granted to Attainable Homes Calgary Corporation ("AHCC").

Loans receivable consist of interest-free loans offered by AHCC to citizens when they purchase their housing units, and are secured by The City's encumbrance on the title of each property. The interest portion of the loans are recognized as an expense. In 2018, an allowance for doubtful accounts of $3,454 (2017 – $2,948) related to the loans receivable was recognized. These loans are forgiven once the home owner sells or refinances their housing unit and a shared participation amount is repaid.

7. INVESTMENT IN ENMAX

i) ENMAX is a wholly-owned subsidiary of The City and was formed to carry on the electric utility transmission and distribution operations previously provided by the Calgary Electric System, a former department of The City. ENMAX operates in two segments; ENMAX Power, a regulated, wholly-owned subsidiary established to carry out all electricity distribution and transmission service functions, and ENMAX Energy, an unregulated, wholly-owned subsidiary established to carry out all energy supply and retail functions.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission subsidiary, has been regulated by the Alberta Utilities Commission ("AUC") since January 1, 2008. This includes rate regulation approval responsibilities for ENMAX Power's electricity transmission and distribution rates charged to customers within ENMAX's service area.

ENMAX and its subsidiaries operating in the province of Alberta are municipally owned and are generally not subject to federal and provincial income taxes. In 2001, the Government of Alberta introduced a payment-in-lieu-of-taxes (PILOT) regulation in conjunction with the deregulation of the Alberta utilities industry. This regulation required municipally owned retailers and municipally owned power purchase arrangement holders to remit PILOT payments to the Balancing Pool of Alberta. ENMAX's subsidiaries that do not meet the criteria for municipal exemption are taxable under the Income Tax Act (ITA) and the Alberta Corporate Tax Act (ACTA). All references to income tax recognize the combined obligations under PILOT, the ITA, and the ACTA.

Debentures reported by ENMAX as long-term debt in the amount of $1,185,380 (2017 – $1,078,522) have been issued in the name of The City (Note 14(a)).

ii) The financial statements of ENMAX are prepared in accordance with International Financial Reporting Standards ("IFRS"). New accounting standards effective for 2018 include IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". Both standards have been applied with retroactive application without restatement of prior periods.

IFRS 9 has introduced a single expected credit loss model for all financial assets measured at amortized cost and fair value through other comprehensive income (FVOCI). ENMAX was required to revise its impairment methodology under IFRS 9 over accounts receivables, and this has been reported as a change to Equity in ENMAX Corporation of $1,393.

IFRS 15 provides a framework that replaces existing revenue recognition guidance. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. This has impacted 2017 total revenue and operating expenses that offset each other, resulting in no change to opening 2018 accumulated surplus.

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

	2018	2017
Financial Position		
Current assets	**$ 958,898**	$ 1,006,507
Deferred income taxes	**52,227**	81,312
Capital and intangible assets	**4,431,692**	4,331,571
Other assets	**57,000**	75,521
Total assets	**5,499,817**	5,494,911
Regulatory deferral account debit balances	**81,965**	76,193
Total assets and regulatory deferral account debit balances	**5,581,782**	5,571,104
Current liabilities (including current portion of long-term debt; 2018 – $71,327; 2017 – $367,342)	**791,626**	1,121,182
Deferred income tax liabilities	**57,312**	74,610
Other long-term liabilities	**745,885**	717,983
Asset retirement obligations	**106,021**	120,468
Long-term debt	**1,614,636**	1,213,468
Total liabilities	**3,315,480**	3,247,711
Regulatory deferral account credit balances	**4,952**	9,393
Total liabilities and regulatory deferral account credit balances	**3,320,432**	3,257,104
ENMAX net assets	**2,261,350**	2,314,000
Accumulated other comprehensive income (loss)	**(4,625)**	11,726
Retained earnings	**2,265,975**	2,302,274
Investment in ENMAX Corporation	**$ 2,261,350**	$ 2,314,000

	2018	2017
Results of Operations		
Revenues	**$ 2,378,659**	$ 2,996,972
Operating expenses	**2,181,809**	3,066,056
Interest charges (net)	**68,493**	70,401
Net earnings (loss) before income tax	**128,357**	(139,485)
Income tax (expense) recovery	**(133,503)**	64,473
Net earnings (loss) before net movements in regulatory deferral account balances	**(5,146)**	(75,012)
Net movement in regulatory deferral account balances	**10,240**	44,700
Net earnings (loss) before dividends paid	**5,094**	(30,312)
Dividends paid	**(40,000)**	(48,000)
Net (loss) after dividends paid	**(34,906)**	(78,312)
Other comprehensive income (loss)	**(16,351)**	101,004
Net assets, beginning of year	**2,314,000**	2,291,308
Impact of adoption of IFRS 9	**(1,393)**	–
Equity in ENMAX Corporation	**$ 2,261,350**	$ 2,314,000

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

	2018	2017
Received by The City		
Dividends	**$ 40,000**	$ 48,000
Local access fee	**136,078**	95,690
Sales of services	**24,493**	21,935
Purchased by The City		
Power and other services	**$ 145,999**	$ 144,773

The City's accounts payable and accrued liabilities and deferred revenue include $19,851 (2017 – $20,297) for amounts owed to ENMAX at December 31, 2018. The City's receivables include $17,306 (2017 – $9,610) for amounts owing to The City by ENMAX at December 31, 2018. Corresponding related-party differences between the payables and receivables for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

8. BANK INDEBTEDNESS

An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of $60,000. As at December 31, 2018, The City had a total of $62,783 (2017 – $40,459) of bank indebtedness comprised of cheques issued in excess of deposits. As at December 31, 2018 and 2017, The City has not issued any promissory notes.

The City has the approved authority to issue up to $200,000 of short-term borrowing, through a combination of a bank line of credit and the issue of commercial paper. As at December 31, 2018, The City had $10,857 (2017 – $5,741) of short-term borrowings, which consisted of demand loans held by Attainable Homes Calgary Corporation, and Calgary Arts Development Authority Ltd.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade	**$ 903,164**	$ 801,973
Federal and Provincial governments	**25,409**	38,657
Accrued interest	**18,701**	19,823
	$ 947,274	$ 860,543

10. DEFERRED REVENUE

Advance sales of goods and services are revenues received from operations in advance of the services being provided. Licenses, permits and application fees include amounts received for building permits, business and animal licenses that are recognized as revenue over the term of the underlying agreements. Government grants are externally restricted amounts that are recognized in revenue when the conditions of use are satisfied. Other contributions relate primarily to private sponsorships and donations received for which the related expenditures have not yet been incurred. These funds are recognized as revenue in the period they are used for the purpose specified.

Deferred revenue is comprised of the following:

	December 31, 2017	Inflows	Revenue Recognized	**December 31, 2018**
Advance sales of goods and services	$ 27,165	$ 73,106	$ (70,506)	**$ 29,765**
Licences, permits and application fees	43,430	29,238	(30,118)	**42,550**
Government grants	15,445	50,531	(51,237)	**14,739**
Other contributions	6,886	4,929	(2,620)	**9,195**
	$ 92,926	$ 157,804	$ (154,481)	**$ 96,249**

11. CAPITAL DEPOSITS

Capital deposits are received for various capital projects from land developers, pursuant to development agreements or the *Municipal Government Act*, and from other governments, through grants and provincial tax revenue sharing agreements. Certain deposits are allocated investment income, and some may become refundable with interest should they not be fully utilized for the designated capital projects. Year-end balances are summarized below:

	2018	2017 (Restated Note 33)
Developers contributions	**$ 142,157**	$ 143,935
Offsite levies	**286,849**	375,243
Other private contributions	**10,246**	12,955
Provincial government grants	**268,979**	126,986
Federal government grants	**63,063**	53,566
	$ 771,294	$ 712,685

12. PROVISION FOR LANDFILL REHABILITATION

Under environmental law, there is a requirement for closure and post-closure care of landfill sites. Closure and post-closure care includes final covering and landscaping of a landfill, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance.

In 2018, The City re-assessed and updated the model supporting the provision of the landfill liability. The model was revised to ensure alignment with Alberta Environment and Parks' (AEP) requirements and to reflect the current economic conditions. The model was adjusted to better reflect the onsite management of cleanfill, increased environmental sampling frequency as per AEP protocols, addition of new closure and post-closure activities, and including new activities resulting from improvements in best practices and technology.

As at December 31, 2018, management estimates that the total liability for operating and closed landfill sites is $157,573 (2017 – $151,411). This is the sum of the discounted future cash flows for closure and post-closure activities for 25 years following the closure of operating sites, and the estimated requirements at currently closed sites. The duration of post-closure care is dependent on the overall activities that are required at each landfill site – a discount rate of 3.2% (2017 – 3.3%) was used for the active landfills and 3.1% (2017 – 3.2%) for the closed landfills.

The calculation of the reported liability of $93,709 (2017 – $88,905) is based on the cumulative capacity used at December 31, 2018 compared to the total estimated landfill capacity at that same date. The change in calculation resulted in $4,087 (2017 – $5,933) of unfunded liability being recognized in 2018. The unfunded liability will be funded through future contributions from the Waste & Recycling Sustainment Reserve. At December 31, 2018, the balance of the Waste & Recycling Sustainment Reserve is $63,083 (2017 – $64,802).

The estimated remaining capacity of the landfill sites is 47.6 (2017 – 47.0) million cubic metres, which is 49% (2017 – 48%) of the sites' total capacity. In 2018, The City determined that the landfills' expected remaining life is 44 years (2017 – 33 years), which was based on factors including current disposal practices, the residential Green Cart program and projected population growth rates.

13. EMPLOYEE BENEFIT OBLIGATIONS

The City participates in multi-employer pension plans and sponsors defined-benefit pension plans and post-retirement benefit plans for eligible civic employees and elected officials. The employee benefit obligations related to The City-sponsored plans represent liabilities earned but not taken by the plan members as at December 31, 2018.

The City has fully met its current year cash contribution requirements for employee benefit obligations as at December 31, 2018. Employee benefit obligation recognized on The City's statement of financial position in respect to employee benefits is as follows:

	2018 *Funded	2017 *Funded
a) Registered defined-benefit pension plans	**$ 52,446**	$ 53,235
b) Non-registered defined-benefit pension plans	**40,297**	37,379
c) Post-retirement benefits	**186,652**	183,235
d) Vacation and overtime (undiscounted)	**220,246**	220,021
	$ 499,641	$ 493,870

- The concept of funding refers to amounts recorded as an expense in the consolidated financial statements with associated funding held for this purpose within The City's investments.

In addition to the funded obligations referred to above, The City has long-term unamortized net actuarial (gains)/losses that are amortized over the expected average remaining service life of the related active employee groups as follows:

	2018	2017
Registered defined-benefit pension plans	**$ (3,422)**	$ (11,200)
Non-registered defined-benefit pension plans	**18,372**	17,848
Post-retirement benefits	**(51,464)**	(46,356)
	$ (36,514)	$ (39,708)

Obligations related to multi-employer pension plans, Local Authorities Pension Plan ("LAPP") and Special Forces Pension Plan ("SFPP"), are not recorded by The City as The City's share is not determinable. Contributions to LAPP and SFPP for current and past service are recorded as expenses in the year in which they become due, see Note 13(e) i) and ii).

Accounting Methodology

Annual valuations for accounting purposes are completed for The City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits using the actuarial projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The significant actuarial assumptions used for the valuations reflect The City's best estimates as follows:

Date of accounting valuation	**December 31, 2018**	December 31, 2017
Year-end obligation discount rate (%)	**3.25**	3.25
Inflation rate (%)	**2.00**	2.00
Expected rate of return on plan assets (%)	**6.00**	6.00

a) Registered defined-benefit pension plans

Certain defined-benefit pension plans are registered for Canada Revenue Agency ("CRA") purposes. These plans provide benefits up to limits prescribed by the *Income Tax Act* (Canada). The assets of these plans are held in trust and The City records its share of the obligations net of plan assets.

The following table sets out the results of, and significant assumptions utilized, in the most recent valuations for accounting purposes of The City sponsored registered pension plans:

	2018	2017
Fair value of plan assets – beginning of year	**$ 144,598**	$ 129,107
Contributions – employer	**8,532**	8,845
Contributions – member	**150**	149
Expected interest on plan assets	**8,718**	7,811
Less benefits paid	**(7,293)**	(6,854)
Actuarial (loss)/gain	**(9,043)**	5,540
Fair value of plan assets – end of year	**$ 145,662**	$ 144,598
Accrued benefit obligation – beginning of year	**$ 186,633**	$ 184,743
Current period benefit cost	**8,487**	9,245
Interest on accrued benefit obligation	**6,223**	6,193
Less benefits paid	**(7,293)**	(6,854)
Actuarial gain/(loss)	**636**	(6,694)
Accrued benefit obligation – end of year	**$ 194,686**	$ 186,633
Funded status – plan deficit	**$ 49,024**	$ 42,035
Unamortized net actuarial gain	**3,422**	11,200
Accrued benefit liability	**$ 52,446**	$ 53,235
Current period benefit cost	**$ 8,487**	$ 9,245
Amortization of actuarial losses	**1,901**	2,887
Less member contributions	**(150)**	(149)
Benefit expense	**$ 10,238**	$ 11,983
Interest on accrued benefit obligation	**6,223**	6,193
Less expected interest on plan assets	**(8,718)**	(7,811)
Benefit interest	**(2,495)**	(1,618)
Total expense	**$ 7,743**	$ 10,365

Unamortized net actuarial gains and losses are amortized over the expected average remaining service life ("EARSL") of the active employee groups, except for The Calgary Police Supplementary Pension Plan ("PSPP") which is deemed a closed plan, and commence in the period following the determination of the gain or loss. The EARSL for each plan is:

	2018	2017
Calgary Firefighters' Supplementary Pension Plan ("FSPP")	**15.9**	15.9
The City of Calgary Supplementary Pension Plan ("SPP")	**8.0**	8.1
Pension Plan for Elected Officials of The City of Calgary ("EOPP")	**9.9**	7.8
Calgary Police Supplementary Pension Plan ("PSPP")	**Not applicable**	Not applicable

In accordance with regulations, actuarial valuations for funding purposes are performed at least triennially for the registered plans, except for the Calgary Police Supplementary Pension Plan (refer to Note 13 e) ii)), to determine The City's required contributions to the plan trusts. The most recent actuarial valuations for the purposes of developing funding requirements were (will be) prepared as of the following dates:

Pension Plan	Latest Valuation Date	Next Valuation Date
FSPP	December 31, 2015	December 31, 2018
SPP	December 31, 2016	December 31, 2019
EOPP	December 31, 2015	December 31, 2018
PSPP	Not applicable	Not applicable

i) Calgary Firefighters' Supplementary Pension Plan

The FSPP was established on June 3, 1975. The plan is jointly administered by The City and The International Association of Firefighters ("IAFF") Local 255. The plan is supplemental to the LAPP (Note 13 e) i)) and provides an annual retirement benefit of 1.4% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE"), 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities 55% by The City and 45% by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2018, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2015 as follows:

	2018 Employer	**2018 Members**	2017 Employer	2017 Members
Current service contributions	**$ 5,103**	**$ 4,227**	$ 5,471	$ 4,122
Contribution rates (% of pensionable salaries)	**3.22%**	**2.63%**	3.22%	2.63%

ii) The City of Calgary Supplementary Pension Plan

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan is supplemental to the LAPP (Note 13 e) i)) and provides an annual retirement benefit of 2% of earnings, up to maximum pension limits of the *Income Tax Act* (Canada) for years of service since the later of February 1, 2000 and the date of eligibility for membership in the plan, as well as enhanced death benefits. The cost of future service and future additional unfunded liabilities are shared 55% by The City and 45% by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2018, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2016 as follows:

	2018 Employer	**2018 Members**	2017 Employer	2017 Members
Current service contributions	**$ 2,954**	**$ 2,378**	$ 2,881	$ 2,429
Contribution rates (% of pensionable salaries)	**2.92%**	**2.35%**	2.92%	2.35%

iii) Pension Plan for Elected Officials of The City of Calgary

The EOPP commenced on October 1, 1989 and provides pension benefits of 2% of taxable salary, up to a maximum pension limit of the *Income Tax Act* (Canada) per year of service to The City elected officials who choose to participate.

At December 31, 2018, plan assets, held in trust, are invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2015 as follows:

	2018 Employer	**2018 Members**	2017 Employer	2017 Members
Current service contributions	**$ 310**	**$ 149**	$ 308	$ 149
Contribution rates (% of pensionable salaries)	**18.64%**	**9.00%**	18.64%	9.00%

iv) Calgary Police Supplementary Pension Plan

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. The PSPP is deemed a closed plan as police officers who have retired after September 1, 1979 are covered under the SFPP Plan (Note 13 e) ii)).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007, the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. Since 2003, the liabilities associated with these continued benefits have been accounted for in accordance with PSAS Handbook Section 3250 ("PS 3250") Retirement Benefits.

Sufficient funds are held within The City's investments to cover the liabilities as determined by the actuarial valuation for accounting purposes as at December 31, 2018.

b) Non-registered defined-benefit pension plans

Certain plans are non-registered for CRA purposes and provide benefits in excess of the limits of the *Income Tax Act* (Canada) supplemental to the registered plans. As such, there is no legislated requirement to pre-fund these plans through external trusts, and current income tax rules would impose additional costs on any external pre-funding arrangement.

Actuarial valuations for accounting purposes were (will be) performed as follows:

Pension Plan	Latest Valuation Date	Next Valuation Date
The City of Calgary Overcap Pension Plan ("OCPP")	December 31, 2018	December 31, 2019
The City of Calgary Police Chief & Deputy Overcap Pension Plan ("PCDOPP")	December 31, 2018	December 31, 2019
The City of Calgary Fire Chief and Deputies Overcap Pension Plan ("FCDOPP")	December 31, 2018	December 31, 2019
Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP")	December 31, 2018	December 31, 2019
Executive Pension Plan ("EPP")	December 31, 2018	December 31, 2019
Contractual obligations	December 31, 2018	December 31, 2019

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2018 valuations for accounting purposes for the non-registered pension plans:

	2018	2017
Accrued benefit obligation – beginning of year	**$ 55,227**	$ 52,167
Current period benefit cost	**1,253**	1,211
Interest on accrued benefit obligation	**1,780**	1,682
Less benefits paid	**(3,394)**	(3,253)
Actuarial loss	**3,803**	3,420
Accrued benefit obligation – end of year	**$ 58,669**	$ 55,227
Funded status – plan deficit	**$ 58,669**	$ 55,227
Unamortized net actuarial (loss)	**(18,372)**	(17,848)
Accrued benefit liability (1)	**$ 40,297**	$ 37,379
Current period benefit cost	**$ 1,253**	$ 1,211
Amortization of actuarial (losses)	**3,279**	2,714
Interest on accrued benefit obligation	**1,780**	1,682
Total expense	**$ 6,312**	$ 5,607

(1) To satisfy the obligations under these plans, assets in the amount of $40,297 (2017 – $37,379) are held within The City's investments.

Unamortized net actuarial gains and losses of the OCPP and EOSP are amortized over the EARSL of the active employee groups and commence in the period following the determination of the gain or loss. Net actuarial gains and losses for plans closed to new entrants are fully amortized in the year in which they arise. The EARSL for each plan is:

	2018	2017
OCPP	**7.9**	8.2
PCDOPP	**7.2**	7.7
FCDOPP	**Not applicable**	Not applicable
EOSP	**14.8**	15.8
EPP (closed plan)	**Not applicable**	Not applicable
Contractual obligations (closed plan)	**Not applicable**	Not applicable

The following information details the structure and benefits of each of The City's non-registered defined-benefit pension plans:

i) The City of Calgary Overcap Pension Plan

The OCPP commenced on February 1, 2000. The plan is sponsored and administered by The City and provides supplementary pension benefits for management employees, the Police Chief and deputies, and the Fire Chief and deputies.

The OCPP for management employees provides a coordinated benefit with the LAPP (Note 13 e) i)), and the SPP (Note 13 a) ii)), to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The OCPP for the Police Chief and Deputies and the OCPP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 13 e) ii)) and the FSPP (Note 13 a) i)) respectively. The OCPP for the Fire Chief and Deputies is deemed a closed plan as new entrants are not eligible to participate. The Plan will continue to provide benefits to existing retirees and to grandfathered members.

ii) Supplementary Pension Plan for Elected Officials of The City of Calgary

The EOSP commenced on October 1, 1999. This plan is sponsored and administered by The City and provides a coordinated benefit with the EOPP to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service recognized under the EOPP (Note 13 a) iii)).

iii) Executive Pension Plan

The EPP was designed to provide pension arrangements for key members of senior management pursuant to individual employment contracts with The City prior to the inception of the OCPP and SPP. The EPP is deemed a closed plan as it provides no benefits to active employees; however, benefits will continue to existing retirees.

iv) Contractual Obligations

The City has entered into individual compensation arrangements with key members of management that provide defined benefits upon retirement. These contractual obligations were grandfathered to members and have been deemed as closed as no benefits are provided to new employees; however, benefits will continue to retirees. These arrangements are sponsored and administered by The City.

c) Post-retirement benefits

i) Pensioners and Widows/Widowers Benefits ("PWB")

The City and the Calgary Parking Authority ("CPA") sponsor optional post-retirement benefits for extended health, dental and life insurance benefits for qualifying retirees and their surviving spouses, from the date of retirement to age 65. After 10 years or age 65, the life insurance policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement (this benefit is not available to CPA retirees). The sponsors and retirees share equally in the cost of benefits. The consolidated City financial statements show the sponsors' portions only of the expense and the accrued benefit liability.

ii) Retirement Allowance

The City and CPA sponsor a non-contributory retirement allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense and an accrued benefit liability.

iii) Supplemental Compensation

The City sponsors a supplementary compensation plan for employees who were disabled, or survivors of employees who were killed, in the line of duty. The plan is deemed closed as employees are not actively accruing benefits.

Actuarial valuations for accounting purposes were (will be) performed as follows:

	Latest Valuation Date: The City and CPA	Next Valuation Date: The City and CPA
PWB	December 31, 2018	December 31, 2019
Retirement Allowance	December 31, 2018	December 31, 2019
Supplemental Compensation	December 31, 2018	December 31, 2019

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2018 valuations for accounting purposes for post-retirement benefits:

		2018		2017
Accrued benefit obligation – beginning of year	**$**	**138,785**	$	154,749
Entitled current benefit obligations (1)		**–**		568
Current period benefit cost		**9,507**		9,821
Interest on accrued benefit obligation		**4,678**		5,232
Less benefits paid		**(8,567)**		(8,201)
Actuarial gain		**(7,274)**		(23,384)
Accrued benefit obligation – end of year	**$**	**137,129**	$	138,785
Funded status – plan deficit	**$**	**137,129**	$	138,785
Plan assets (2)		**(1,941)**		(1,906)
Unamortized net actuarial gain		**51,464**		46,356
Accrued benefit liability (3)	**$**	**186,652**	$	183,235
Current period benefit cost	**$**	**9,507**	$	9,821
Amortization of actuarial (gain)		**(2,202)**		(524)
Interest on accrued benefit obligation		**4,678**		5,232
Total expense	**$**	**11,983**	$	14,529
Annual increase in extended health costs (5)		**7.33%**		7.55%
Annual increase in dental costs (5)		**4.00%**		4.00%
EARSL (4) (5)		**12.6yr**		12.3 yr

(1) Entitled current benefit obligation reflects CPA's opening obligation beginning in 2017, the year of inception.

(2) Plan assets in the amount of $1,941 (2017 – $1,906) to satisfy future life claims are equal to fair market value.

(3) Assets in the amount of $184,710 (2017 – $183,235) to satisfy the obligations under these plans are held within The City's investment portfolio.

(4) Actuarial gains and losses are amortized over the EARSL of the related employee group commencing in the period following the determination of the gain or loss.

(5) Significant assumptions used by CPA are as follows:

- Rate of compensation average increase, excluding merit and promotion: 0.00%
- Annual increase in extended health costs: 5.00%
- Annual increase in dental costs: 4.00%
- EARSL: 11.8 yrs

d) Vacation and overtime

The vacation and overtime liability comprises the vacation and overtime that employees are allowed to defer to future years as defined in administrative policies and/or contractual agreements. Assets in the amount of $220,246 (2017 – $220,021) are held within The City's investments portfolio and working capital to satisfy the obligations under these programs.

e) Multi-employer pension plans

Civic employees, with the exception of police officers, are members of the LAPP. Police officers are members of the SFPP. Both plans are multi-employer, defined-benefit pension plans sponsored by the Alberta Minister of Finance and administered by Alberta Pension Services ("APS").

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's current service contributions to the plan as determined by APS for the year and no obligation is recorded in The City's financial statements. As at December 31, 2017, the LAPP and SFPP were in surplus positions.

The new legislation, Bill 27: *The Joint Governance of Public Sector Pension Plans Act* (passed December 5, 2018) will transition the Local Authorities Pension Plan, the Public Service Pension Plan and the Special Forces Pension Plan to a joint governance structure effective for March 1, 2019. Bill 27 does not make any changes to pension benefits or how LAPP and SFPP are funded.

i) Local Authorities Pension Plan

The LAPP plan provides an annual retirement benefit of 1.4% of earnings up to the YMPE and 2% of earnings over YMPE. Under the Alberta Public Sector Pension Plans Act, The City and members of the LAPP plan made the following contributions:

	2018 Employer	**2018 Members**	2017 Employer	2017 Members
Current service contributions	**$ 145,789**	**$ 134,272**	$ 157,173	$ 146,198
Contribution Rates (% of pensionable salaries)	**10.39% up to YMPE and 14.84% over YMPE**	**9.39% up to YMPE and 13.84% over YMPE**	11.39% up to YMPE and 15.84% over YMPE	10.39% up to YMPE and 14.84% over YMPE

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2017 of $4,835,515 (2016 – deficit of $637,357). More recent information was not available at the time of preparing these financial statements. The LAPP Board made the decision to reduce LAPP contribution rates in 2018 by 1% for members and employers. The City's 2018 contribution rates were changed accordingly.

LAPP consists of 159,270 active members. The City's active plan membership represents approximately 8.8% of the total LAPP active membership as at December 31, 2017.

ii) Special Forces Pension Plan

The SFPP provides an annual retirement benefit of 1.4% of pensionable earnings up to YMPE, 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). Under the Alberta Public Sector Pension Plans Act, The City and members of the SFPP made the following contributions:

	2018 Employer	**2018 Members**	2017 Employer	2017 Members
Current service contributions	**$ 34,638**	**$ 31,946**	$ 34,416	$ 31,870
Contribution Rates (% of pensionable salaries)	**14.55%**	**13.45%**	14.55%	13.45%

The SFPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2017 of $71,143 (2016 – deficit of $108,525). More recent information was not available at the time of preparing these financial statements. The City's 2018 contribution rates did not change as a result of this surplus.

SFPP consists of 4,467 active members. The City active plan membership represents approximately 48.8% of the total SFPP active membership as at December 31, 2017.

14. LONG-TERM DEBT

a) Debt payable by and issued in the name of The City includes the following amounts:

	2018 Tax Supported	**2018 Self Sufficient Tax Supported**	**2018 Self Supported**	**2018 Total**	2017 Tax Supported	2017 Self Sufficient Tax Supported	2017 Self Supported	2017 Total
i) Debentures	**$ 365,491**	**$ 288,343**	**$ 3,392,861**	**$ 4,046,695**	$ 406,876	$ 348,539	$ 3,336,705	$ 4,092,120
ii) Mortgages and other debt	**–**	**–**	**27,516**	**27,516**	–	–	52,665	52,665
	365,491	**288,343**	**3,420,377**	**4,074,211**	406,876	348,539	3,389,370	4,144,785
Less								
iv) Debt attributable to ENMAX	**–**	**–**	**(1,185,380)**	**(1,185,380)**	–	–	(1,078,522)	(1,078,522)
	$ 365,491	**$ 288,343**	**$ 2,234,997**	**$ 2,888,831**	$ 406,876	$ 348,539	$ 2,310,848	$ 3,066,263

i) Debentures, which are predominantly held by the Alberta Capital Finance Authority ("ACFA"), mature in annual amounts to the year 2043.

Tax-supported debt is repaid using tax revenues and is the long-term debt used in tax-supported areas.

Self-sufficient tax-supported debt comprises debt for programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations. Self-sufficient tax-supported debt also includes short-term debt that will be funded from future grant receipts from the Alberta Governments Municipal Sustainability Initiative ("MSI").

Self-supported debt, which is primarily related to Water Services & Resources, includes debentures in the amount of $64,075 (2017 – $67,888) which has been issued to fund local improvements and are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years

Included in the self-supported debt is the debenture issued in 2010 by The City on behalf of the Repsol Sport Centre ("RSP"), formerly the Lindsay Park Sports Society, pursuant to City Bylaw authorization in the amount of $519 (2017 – $851), as well as the debenture issued in 2014 by The City on behalf of the St. Mary's University College ("SMUC") in the amount of $4,105 (2017 – $4,303). In accordance with Credit Agreements between RSP, SMUC, and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. The RSP and SMUC are required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2018, RSP and SMUC are in compliance.

ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2030. Capital assets with a cost of $77,419 (2017 – $87,573) are pledged as collateral against the mortgages.

iii) Debenture debt attributable to ENMAX was initially issued by The City on behalf of the Calgary Electric System ("CE") pursuant to City Bylaw authorizations prior to January 1, 1998. Pursuant to the Master Agreement between ENMAX and The City, a liability equivalent to the debentures attributable to ENMAX was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of CE from The City to ENMAX at January 1, 1998. The City continues to borrow on behalf of ENMAX in accordance with a Debt Management Service Level Agreement between The City and ENMAX. The City shall service the existing debentures, which included debt issuance of $177,448 in 2018 (2017 – $nil), through the disbursement of principal and interest payments. The City is liable for the outstanding ENMAX debenture debt to the debenture debt holders. ENMAX is required to reimburse The City for all principal and interest payments with respect to the debentures on the same day as The City disburses the payments to the debt holders. In addition, ENMAX is required to pay to The City a loan guarantee and administration fee of 0.25% on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.

iv) More detail on the self-supported and tax-supported debt payable can be found in the continuity of long-term debt within the unaudited Financial and Statistical Schedules in the annual report.

b) Long-term debt is repayable as follows:

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Less: Debt attributable to ENMAX	Total
2019	$ 38,172	$ 94,522	$ 251,895	$ (70,985)	$ 313,604
2020	35,223	26,139	241,771	(65,801)	237,332
2021	32,871	26,998	218,402	(59,150)	219,121
2022	33,310	27,366	202,928	(54,269)	209,335
2023	29,974	26,933	183,670	(54,620)	185,957
Thereafter	195,941	86,385	2,321,711	(880,555)	1,723,482
	$ 365,491	$ 288,343	$ 3,420,377	$ (1,185,380)	$ 2,888,831

c) Debenture interest is payable, before provincial subsidy, at rates ranging from 1.09% to 8.25% (2017 – 1.09% to 10.13%) per annum. Debenture debt held at year end has an average rate of interest of 3.64% (2017 – 3.68%) before provincial subsidy and 3.63% (2017 – 3.67%) after provincial subsidy.

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Average Interest
Gross (before interest subsidy)	% 3.76	% 3.00	% 3.68	% 3.64
Net (after interest subsidy)	% 3.76	% 3.00	% 3.67	% 3.63

The mortgages of Calgary Housing Company in the amount of $10,056 (2017 – $12,601) are payable with interest ranging from 0.94% to 6.45% (2017 – 0.94% to 4.52%) before interest rate subsidy. The effective interest rates after the subsidy for the fixed-subsidy projects is 2% (2017 – 2%).

d) Interest charges are as follows:

	2018 Tax Supported	**2018 Self Sufficient Tax Supported**	**2018 Self Supported**	**2018 Total**	2017 Tax Supported	2017 Self Sufficient Tax Supported	2017 Self Supported	2017 Total
Debenture interest	**$ 14,520**	**$ 9,549**	**$ 83,176**	**$ 107,245**	$ 16,356	$ 11,952	$ 83,273	$ 111,581
Other interest and charges	**2,949**	**–**	**804**	**3,753**	2,875	–	1,018	3,893
	$ 17,469	**$ 9,549**	**$ 83,980**	**$ 110,998**	$ 19,231	$ 11,952	$ 84,291	$ 115,474

e) The estimated fair value of The City's long-term debt is $2,916,393 (2017 – $3,186,146). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2018 for debentures with comparable maturities from The City's primary lender, the ACFA.

f) Section 271 of the *Municipal Government Act* ("MGA") requires disclosure of debt, debt limits and the debt service limits, which include both interest and principal payments. The debt limit is calculated at 2 times revenue (as defined in the Debt Limit Regulation 255/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are conservative guidelines used by Municipal Affairs to identify municipalities which could be at financial risk if further debt is incurred. The calculation, taken alone, does not represent the financial stability of the municipality as the financial statements must be interpreted as a whole.

Note: Ministerial Order No L:124/11 set out an exception to the calculation of the debt service limit as originally disclosed in section 271 of the MGA, stating the calculation shall not take into account borrowing that is related to Municipal Affairs Grants Regulation (Municipal Sustainability Initiative Debt) that does not require the repayment of any principal before December 31, 2018. At December 31, 2018, debt principal of $70,500 (2017 – $70,000) and debt interest of $309 (2017 – $1,987) was excluded from the pro-rata calculation of the debt service limit.

	2018	2017 (Restated)
Total debt limit (2 times revenue)	**$ 7,974,791**	$ 7,921,642
Total debt (short- and long-term)	**2,976,209**	3,149,958
Percentage of debt to debt limit	**37.32%**	39.76%
Total debt service limit (35% of revenue)	**$ 1,395,588**	$ 1,386,287
Total debt service	**359,705**	362,341
Percentage of debt service to service limit	**25.77%**	26.14%

The City's related authorities are subject to certain financial and non-financial covenants over their credit facilities. As at December 31, 2018, one related authority was not in compliance with certain borrower covenants, and as such their facilities are due on demand. The lender has not provided a waiver of repayment as of December 31, 2018, therefore this may cast significant doubt about the related authority's ability to continue as a going concern.

15. TANGIBLE CAPITAL ASSETS

Cost	January 1, 2018 Opening Balance	Disposal Adjustment (1)	Adjusted January 1, 2018 Opening Balance	Additions	Permanent Write-Down(2)	Disposals	December 31, 2018 Closing Balance
Land	**$ 2,195,335**	$ –	$ 2,195,335	$ 176,651	$ –	$ (2,987)	$ 2,368,999
Land improvements	**1,126,210**	–	1,126,210	66,170	(445)	(1,335)	1,190,600
Engineered structures	**15,072,018**	–	15,072,018	731,433	–	(33,497)	15,769,954
Buildings	**2,726,990**	–	2,726,990	301,358	(7,409)	(9,016)	3,011,923
Machinery and equipment	**952,957**	(51,373)	901,584	53,599	(10,967)	(72,228)	871,988
Vehicles	**1,455,194**	–	1,455,194	149,967	(27)	(57,379)	1,547,755
	$ 23,528,704	$ (51,373)	$ 23,477,331	$ 1,479,178	$ (18,848)	$ (176,442)	$ 24,761,219
Work in progress							
Land	**60,900**	–	60,900	(17,417)	–	(29,810)	13,673
Construction	**1,214,954**	–	1,214,954	112,694	–	(18,589)	1,309,059
	$ 24,804,558	$ (51,373)	$ 24,753,185	$ 1,574,455	$ (18,848)	$ (224,841)	$ 26,083,951

Accumulated Amortization	January 1, 2018 Opening Balance	Disposal Adjustment (1)	Adjusted January 1, 2018 Opening Balance	Additions	Permanent Write-Down(2)	Disposals	December 31, 2018 Closing Balance
Land improvements	**$ 587,515**	$ –	$ 587,515	$ 43,917	$ (50)	$ (1,505)	$ 629,877
Engineered structures	**5,054,069**	–	5,054,069	357,325	–	(16,970)	5,394,424
Buildings	**933,574**	–	933,574	98,855	(511)	(4,276)	1,027,642
Machinery and equipment	**653,236**	(51,373)	601,863	75,555	(8,881)	(67,077)	601,460
Vehicles	**685,058**	–	685,058	93,495	(15)	(46,569)	731,969
	$ 7,913,452	$ (51,373)	$ 7,862,079	$ 669,147	$ (9,457)	$ (136,397)	$ 8,385,372
Net book value	**$ 16,891,106**	$ –	$ 16,891,106	$ 905,308	$ (9,391)	$ $ (88,444)	$ 17,698,579

(1) Fully depreciated machinery and equipment no longer in use was disposed, there is no impact to the net book value of tangible capital assets as a result of this disposal.

(2) During 2018, certain assets were written down as there was permanent and measurable impairment in value and the tangible capital asset still exists. The net impact of the impairments was expensed in the statement of operations through amortization expense. The total amortization expense for 2018 was $678,538 which includes $669,147 from accumulated depreciation additions and the net effect of the permanent write-down of $9,391.

In 2018, $254,799 (2017 – $204,778) in engineered structures, land improvements and land were contributed to The City. These contributions were represented at their fair value at the time received. Assets recognized at nominal value by The City in 2018 and 2017 consist of certain machinery and equipment, land and land improvements. There was a permanent write down of $9,391 (2017 – $nil) relating to impairment of land improvements, buildings, machinery and equipment and vehicles.

The City entered into a public-private partnership ("P3") agreement with Chinook Resources Management General Partnership ("CRMG") on June 25, 2015 to design, build, operate, and maintain The City's new organics composting facility. The new facility is funded through capital debt and Federal Gas Tax Fund ("FGTF"). The new facility was substantially completed on June 29, 2017. CRMG started operating the new facility in 2017 and will operate until June 2027.

Cultural and historical properties and treasures are held by The City in various locations. Due to the subjective nature of the assets, they are unrecognized in the values shown on the consolidated financial statements (Note 25).

In accordance with policy, no interest was capitalized by The City in 2018 (2017 – $nil).

16. 2018 BUDGET

Budget data presented in these consolidated financial statements are based upon the 2018 operating and capital budgets as approved by Council. Council approved budgets are prepared on a modified cash basis which differs from budget amounts reported on the consolidated statement of operations and changes in net financial assets which are prepared in accordance with PSAS. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Actual amounts have been used to approximate budget amounts for certain reconciling items that were not included in the Council budget.

	Revenues	Expenses	Other Revenues
Budget as approved by Council			
Operating	$ 3,896,789	$ 3,941,315	$ 44,528
Capital	–	1,713,651	1,713,651
Add			
Related authorities	274,144	260,135	64,599
Equity in earnings of ENMAX	85,000	–	–
Transfers between capital and operating	–	–	259,016
	$ 4,255,933	**$ 5,915,101**	**$ 2,081,794**
Less			
Intercompany eliminations	(78,423)	(107,904)	(29,481)
Contributions from Utilities	(63,139)	(42,716)	–
Contributions from reserves and operations	(106,152)	(622,862)	–
Contributions between reserves	(9,870)	–	–
Debt principal repayments	–	(67,581)	–
Mid-cycle budget adjustments	4,580	388,383	383,804
Tangible capital asset adjustments	–	(1,779,320)	–
Debt issued	–	–	(295,540)
Transfers from reserves	–	–	(745,527)
2018 Property Tax Bylaw adjustment	(905)	(905)	–
Amortization	–	(114,759)	–
BUDGET FOR FINANCIAL STATEMENT PURPOSES	**$ 4,002,024**	**$ 3,567,437**	**$ 1,395,050**

17. ACCUMULATED SURPLUS

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

	2018	2017 (Restated)
Operating fund	$ 38,751	$ 80,955
Capital fund	146,082	270,854
Local improvements to be funded in future years	60,715	62,618
Obligation to be funded in future years[1]	(4,087)	(5,933)
Reserves (Note 19)	2,299,998	2,032,652
Equity in ENMAX (Note 7)	2,261,350	2,314,000
Equity in non-financial assets (Note 18)	14,892,274	13,919,312
	$ 19,695,083	$ 18,674,458

(1) Obligation to be funded in future years consists of unfunded liabilities of $4,087 (2017 – $5,933) for the landfill rehabilitation provision (Note 12).

18. EQUITY IN NON FINANCIAL ASSETS

	2018	2017
Tangible capital assets (Note 15)	$ 26,083,951	$ 24,804,558
Accumulated amortization (Note 15)	(8,385,372)	(7,913,452)
Long-term debt (Note 14)	(2,888,831)	(3,066,263)
Long-term debt – non capital	4,626	5,155
Inventory	55,435	53,942
Prepaid expenses	22,465	35,372
	$ 14,892,274	$ 13,919,312

19. RESERVES

Reserves are established and managed in accordance with the reserve's purpose and any or all conditions and/or restriction placed on the reserve by Council. Reserve funds are transferred either to operating or capital funds for use.

Individual reserves with significant balances include:

	2018	2017 (Restated Note 33)
Fiscal stability	$ 617,531	$ 492,766
Reserve for future capital	305,675	305,420
Budget savings account	135,198	157,334
Debt servicing	52,570	52,570
Legacy parks	7,025	8,155
Corporate housing reserve	31,622	30,383
Real estate services	77,971	65,831
Community investment	43,704	39,079
Opportunity Calgary Investment fund (formerly economic development investment fund)	101,047	55,000
Calgary building services sustainment	77,908	86,752
Reserve for tax loss provision	37,398	37,398
Lifecycle maintenance and upgrade	248,660	171,056
Calgary Housing Company	27,653	27,349
Subtotal	$ 1,763,962	$ 1,529,093

Other reserve balances:

	2018	2017
Utilities sustainment	$ 175,255	$ 141,661
Social programs	8,387	9,084
Police services	44,868	44,209
Waste and recycling sustainment	63,083	64,802
ENMAX dividend stabilization	13,000	20,000
Other operating	98,831	104,448
Other capital expenditures	132,612	119,355
Subtotal	$ 536,036	$ 503,559
Total	$ 2,299,998	$ 2,032,652

20. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2018	2017
Property taxes	**$ 2,564,601**	$ 2,438,392
Community Revitalization Levy	**39,582**	37,740
Business taxes	**43,978**	88,105
Revenue in lieu of taxes	**206,488**	169,606
Local improvement levies and special taxes	**6,273**	11,852
	$ 2,860,922	$ 2,745,695
Less: Provincial property taxes (see below)		
Current year levy	**(780,499)**	(785,126)
Prior year levy	**(12,353)**	(5,140)
Net taxes available for municipal use	**$ 2,068,070**	$ 1,955,429

The City is required to collect provincial property taxes under Section 353 of the *Municipal Government Act*. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest.

An amount of provincial property taxes receivable of $1,209 (2017 – $12,353) has been recorded at December 31, 2018 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

21. RELATED AUTHORITIES

The assets and liabilities and the operations of the following related authorities are included in The City's consolidated financial statements.

The Calgary Convention Centre Authority (the "Authority") is incorporated under the laws of the Province of Alberta and operates the Calgary TELUS Convention Centre ("CTCC") pursuant to an operating agreement between the Authority and The City. The land, building, furniture and equipment are owned by The City, who also contributes a grant towards the operating costs of CTCC. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses and is responsible to fund net operating deficits.

Attainable Homes Calgary Corporation is a controlled corporation of The City and was incorporated on November 27, 2009 under the *Alberta Business Corporations Act*. The purpose of AHCC is the implementation and administration of attainable housing in The City.

The Calgary Parking Authority operates and manages parking facilities owned by The City and is also responsible for parking enforcement and the management of the Municipal Vehicle Impound Lot.

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 20 branches and the central library in Calgary.

Calhome Properties Ltd. (operating as Calgary Housing Company) owns, develops and operates low and moderate-rent housing projects on a not-for-profit basis under agreements with the Province of Alberta and Canada Mortgage and Housing Corporation, which provide subsidies for certain projects.

Calgary Municipal Land Corporation ("CMLC") is a controlled corporation of The City pursuant to Section 73 of the *Municipal Government Act*, and the Control of Corporations Regulation. CMLC began operations in 2007, with The City as the sole shareholder of CMLC. CMLC is accountable for the development and sale of land transferred from The City and the implementation of public infrastructure improvements in The Rivers, a former industrial and residential area located in downtown Calgary.

Calgary Economic Development Ltd. ("CED") is a controlled corporation of The City and was incorporated in July 1999 under the *Alberta Business Corporations Act*. The mandate of CED is to lead The City's economic development efforts in promoting The City's competitive advantages and pro-business climate. Successful economic development results in business growth and industry development, increased investment and trade activities.

Calgary Arts Development Authority Ltd. ("CADA") is a controlled corporation of The City and was incorporated under the *Alberta Business Corporations Act* on March 18, 2005. The mandate of CADA is to promote and direct investment in the arts to increase the sector's public and artistic impact on behalf of the citizens of The City.

		2018 Calgary TELUS Convention Centre		2018 Attainable Homes Calgary Corporation		2018 Calgary Parking Authority		2018 Calgary Public Library Board		2018 Calgary Housing Company
Financial Position										
Physical assets	$	2,819	$	2	$	125,094	$	52,199	$	95,747
Financial assets		6,706		28,491		13,521		7,536		52,164
		9,525		28,493		138,615		59,735		147,911
Long-term debt		–		–		1,323		–		10,056
Financial liabilities		7,531		15,662		17,770		6,372		51,113
		7,531		15,662		19,093		6,372		61,169
Net assets	$	1,994	$	12,831	$	119,522	$	53,363	$	86,742
Results of Operations										
Revenue										
Community Revitalization Levy	$	–	$	–	$	–	$	–	$	–
Sales of goods & services		21,038		13,009		60,652		–		48,189
Government transfers, agreements & subsidies		–		27		–		7,106		56,196
Developer contributions		–		10		8,208		–		–
Investment income		–		8		4,595		210		717
Fines & penalties		–		–		19,324		1,035		–
Licenses, permits and fees		–		–		1,423		–		–
Miscellaneous revenue		–		28		2,163		3,567		1,889
Gain (loss) on sale of tangible capital assets		–		–		103		(3,150)		–
Internal transfers & contributions		1,941		–		252		57,362		(1,465)
Total revenue		22,979		13,082		96,720		66,130		105,526
Expenses										
Salaries, wages, and benefits	$	7,240	$	951	$	20,547	$	38,897	$	18,610
Contracted and general services		2,769		2,383		15,952		17,097		48,338
Materials, equipment and supplies		11,887		12,480		5,686		4,278		1,435
Interest charges		–		269		1,298		–		370
Transfers		–		–		–		–		18,564
Utilities		928		29		1,553		1,019		11,757
Amortization		454		4		8,272		6,847		2,967
Debt principal repayments		–		–		486		–		2,544
Total expenses		23,278		16,116		53,794		68,138		104,585
Income (loss) before appropriations		(299)		(3,034)		42,926		(2,008)		941
Internal transfers		299		3,034		(22,121)		2,008		(941)
To City operating fund (1)		–		–		(20,805)		–		–
Change in fund balance	$	–	$	–	$	–	$	–	$	–

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

	2018 Calgary Municipal Land Corporation		2018 Calgary Economic Development Ltd.		2018 Calgary Arts Development Authority Ltd.		2018 Total
$	188,310	$	–	$	28,340	$	492,511
	114,323		3,601		1,145		227,487
	302,633		3,601		29,485		719,998
	217,843		–		2,600		231,822
	38,456		2,664		950		140,518
	256,299		2,664		3,550		372,340
$	46,334	$	937	$	25,935	$	347,658
$	35,736	$	–	$	–	$	35,736
	–		–		743		143,631
	–		2,033		584		65,946
	–		–		209		8,427
	38		681		44		6,293
	–		–		–		20,359
	–		–		–		1,423
	2,465		2,699		466		13,277
	–		(6,718)		–		(9,765)
	–		8,522		6,514		73,126
	38,239		7,217		8,560		358,453
$	2,783	$	6,179	$	1,155	$	96,362
	6,628		7,075		6,121		106,363
	14,849		99		452		51,166
	7,539		235		118		9,829
	–		–		–		18,564
	70		168		85		15,609
	15,534		7,621		1,017		42,716
	–		–		–		3,030
	47,403		21,377		8,948		343,639
	(9,164)		(14,160)		(388)		14,814
	9,164		14,160		388		5,991
	–		–		–		(20,805)
$	–	$	–	$	–	$	–

		2017 Calgary TELUS Convention Centre		2017 Attainable Homes Calgary Corporation		2017 Calgary Parking Authority		2017 Calgary Public Library Board		2017 Calgary Housing Company
Financial Position										
Physical assets	$	1,873	$	5	$	126,635	$	53,380	$	98,584
Financial assets		6,445		23,284		5,268		7,224		38,383
		8,318		23,289		131,903		60,604		136,967
Long-term debt		–		–		1,810		–		12,601
Financial liabilities		6,026		7,425		28,933		5,243		41,109
		6,026		7,425		30,743		5,243		53,710
Net assets	$	2,292	$	15,864	$	101,160	$	55,361	$	83,257
Results of Operations										
Revenue										
Community Revitalization Levy	$	–	$	–	$	–	$	–	$	–
Sales of goods & services		19,146		29,805		59,300		–		47,951
Government transfers, agreements & subsidies		–		–		–		7,090		40,005
Developer contributions		–		–		–		–		–
Investment income		–		36		4,292		109		456
Fines & penalties		–		–		18,372		1,106		–
Licenses, permits and fees		–		–		1,331		–		–
Miscellaneous revenue		–		18		977		3,555		1,772
Gain (loss) on sale of tangible capital assets		(2)		–		61		–		(317)
Internal transfers & contributions		1,878		–		519		52,421		(909)
Total revenue		21,022		29,859		84,852		64,281		88,958
Expenses										
Salaries, wages, and benefits	$	6,882	$	917	$	21,817	$	38,020	$	19,621
Contracted and general services		1,913		3,257		17,574		14,400		30,379
Materials, equipment and supplies		11,917		27,586		7,096		4,074		1,444
Interest charges		–		140		1,289		–		454
Transfers		–		–		–		–		18,970
Utilities		804		23		1,827		811		12,069
Amortization		258		4		7,049		6,905		2,978
Debt principal repayments		–		–		463		–		3,875
Total expenses		21,774		31,927		57,115		64,210		89,790
Income (loss) before appropriations		(752)		(2,068)		27,737		71		(832)
Internal transfers		752		2,068		(8,757)		(71)		832
To City operating fund [1]		–		–		(18,980)		–		–
Change in fund balance	$	–	$	–	$	–	$	–	$	–

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

2017 Calgary Municipal Land Corporation	2017 Calgary Economic Development Ltd.	2017 Calgary Arts Development Authority Ltd.	2017 Total
$ 392,216	$ 27,021	$ 27,856	$ 727,570
135,801	4,200	4,405	225,010
528,017	31,221	32,261	952,580
208,039	11,949	2,000	236,399
213,311	4,176	3,935	310,158
421,350	16,125	5,935	546,557
$ 106,667	$ 15,096	$ 26,326	$ 406,023
$ 34,251	$ –	$ –	$ 34,251
–	–	486	156,688
–	2,579	450	50,124
–	–	303	303
25	51	19	4,988
–	–	–	19,478
–	–	–	1,331
4,841	2,815	1,020	14,998
28	–	–	(230)
1,519	8,078	10,783	74,289
40,664	13,523	13,061	356,220
$ 2,706	$ 5,283	$ 1,078	$ 96,324
10,033	7,596	9,128	94,280
1,929	118	413	54,577
7,004	326	22	9,235
–	–	–	18,970
68	138	78	15,818
7,026	789	1,004	26,013
–	–	–	4,338
28,766	14,250	11,723	319,555
11,898	(727)	1,338	36,665
(11,898)	727	(1,338)	(17,685)
–	–	–	(18,980)
$ –	$ –	$ –	$ –

22. EXPENSES BY OBJECT

	2018	2017
Salaries, wages and benefits	**$ 1,972,396**	$ 2,012,895
Contracted and general services	**523,715**	469,470
Materials, equipment and supplies	**356,138**	369,692
Interest charges (Note 14)	**110,998**	115,474
Transfer payments	**122,426**	123,837
Utilities	**89,605**	92,000
Amortization	**678,537**	628,646
Loss on disposal of tangible capital assets	**18,829**	8,891
	$ 3,872,644	$ 3,820,905

23. GOVERNMENT TRANSFERS

	2018	2017 (Restated Note 33)
Operating		
Province of Alberta	**$ 160,387**	$ 140,475
Government of Canada	**1,736**	4,693
	162,123	145,168
Capital		
Province of Alberta	**443,363**	637,478
Government of Canada	**121,289**	115,047
	564,652	752,525
	$ 726,775	$ 897,693

In accordance with PSAS, government transfers and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the eligibility criteria and stipulation requirements of the agreements are met.

24. SEGMENTED INFORMATION

The Consolidated Schedule of Financial Activities by Segment has been prepared in accordance with PSAS Handbook Section 2700 ("PS 2700") Segment Disclosures. With the change in reporting model effective January 1, 2009, the segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of The City. For each reported segment, revenues and expenses represent amounts directly attributable to each segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget process as well as the quarterly reporting of budget status during the year. Segments include:

a) **Tax Supported Operating programs** includes the items of revenue, recoveries and expenses pertaining to the ongoing operations of those programs that are funded, in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. This includes all operating programs with the exception of Water Resources and Water Services.

b) **Self Supported Operating programs** includes the items of revenue, recoveries and expenses pertaining to the ongoing operations of programs not funded by tax revenues but solely by revenues or recoveries resulting from their own operations. These programs are Water Resources and Water Services, the units that manage our water resources and supplies quality drinking water, and provides treatment/disposal of wastewater for The City.

c) **Tax Supported Capital programs** includes the expenses and sources of financing for acquisition of land and construction of buildings, bridges and other major permanent improvements to be used in programs that are funded, in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. This includes all programs with the exception of Water Resources and Water Services.

d) **Self Supported Capital programs** includes the expenses and sources of financing for acquisition of land and construction of buildings, bridges, and other major permanent improvements to be used by programs that are not funded by tax revenues but solely by revenues or recoveries resulting from their own operations. These programs are Water Resources and Water Services, the units that manage our water resources and supplies quality drinking water, and provides treatment/disposal of wastewater for The City.

e) **Subsidiary Entities** include the Calgary Public Library Board, Calgary Parking Authority, Calgary Housing Company, Attainable Homes Calgary Corporation, Calgary TELUS Convention Centre, Calgary Municipal Land Corporation, Calgary Economic Development Ltd. and Calgary Arts Development Authority Ltd. These related authorities are consolidated within these financial statements. For more information regarding these related authorities, refer to Note 21.

f) **ENMAX** is included as a government business enterprise and is accounted for on a modified equity basis. For more information regarding ENMAX, refer to Note 7.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

Schedule of Financial Activities by Segment

For the Year Ended December 31, 2018 (in thousands of dollars)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
REVENUES					
Property tax	$ 2,092,965	$ –	$ –	$ –	$ 2,092,965
Business tax	45,108	–	–	–	45,108
Sales of goods & services	460,141	701,701	87	13,942	1,175,871
Government transfers, grants & subsidies					
Federal	1,197	–	120,663	61	121,921
Provincial	97,479	1,046	533,042	9,351	640,918
Developer contributions	618	57,104	167,174	809	225,705
Donated assets	–	–	–	–	–
Investment income	89,710	5,233	–	–	94,943
Fines & penalties	73,630	1,758	–	–	75,388
Licences, permits and fees	113,984	1,848	–	–	115,832
Miscellaneous revenue	47,935	708	–	–	48,643
Proceeds on sale of TCA (Misc revenue)	1,090	–	–	–	1,090
Gain/(loss) on sale of TCA (Misc revenue)	6,589	–	–	–	6,589
Dividends from ENMAX Corporation	40,000	–	–	–	40,000
Equity in earnings from ENMAX	–	–	–	–	–
Debt	–	–	57,488	95,416	152,904
Contribution from reserves	146,452	71,980	295,134	209,191	722,757
Internal transfers & contribution	22,029	–	–	–	22,029
Total Revenues	**3,238,927**	**841,378**	**1,173,588**	**328,770**	**5,582,663**
EXPENSES					
Salaries, wages and benefits	1,795,229	136,924	19,522	6,047	1,957,722
Contracted and general services	605,873	76,958	850,441	279,786	1,813,058
Materials, equipment and supplies	350,713	44,170	472,110	26,591	893,584
Utilities	69,092	28,780	8,771	468	107,111
Transfers	193,313	60,826	38,978	615	293,732
Internal recoveries	(534,220)	(27,853)	(93,950)	(788)	(656,811)
Interest charges	35,808	71,322	1,987	339	109,456
Amortization	32,017	82,371	–	–	114,388
Loss on Sale	–	–	–	–	–
Debt principal repayments	148,604	8,781	–	–	157,385
Contribution from operations to reserves	584,302	316,227	–	–	900,529
Contribution (to)/from operations to/(from) capital	(37,839)	156	47,749	35,684	45,750
Internal transfers & contribution	(42,716)	42,716	–	–	–
Total Expenses	**3,200,176**	**841,378**	**1,345,608**	**348,742**	**5,735,904**
Annual Surplus	**$ 38,751**	**$ –**	**$ (172,020)**	**$ (19,972)**	**$ (153,241)**

Related Authorities	ENMAX Corporation	Consolidation Adjustments	Total Consolidated 2018
$ 35,736	$ –	$ (104,609)	$ 2,024,092
–	–	(1,130)	43,978
143,631	–	(41,403)	1,278,099
1,233	–	(129)	123,025
64,713	–	(101,881)	603,750
8,427	–	(15,144)	218,988
–	–	254,799	254,799
6,293	–	–	101,236
20,359	–	–	95,747
1,423	–	(1)	117,254
13,277	–	(32,190)	29,730
12,682	–	15,339	29,111
(22,447)	–	1,968	(13,890)
–	–	–	40,000
–	(51,257)	–	(51,257)
–	–	(152,904)	–
–	–	(722,757)	–
73,126	–	(95,155)	–
358,453	**(51,257)**	**(995,197)**	**4,894,662**
96,362	–	(81,688)	1,972,396
106,363	–	(1,395,706)	523,715
51,166	–	(588,612)	356,138
15,609	–	(33,115)	89,605
18,564	–	(189,870)	122,426
–	–	656,811	–
9,829	–	(8,287)	110,998
42,716	–	521,433	678,537
–	–	18,829	18,829
3,030	–	(160,415)	–
–	–	(900,529)	–
–	–	(45,750)	–
20,805	–	(20,805)	–
364,444	**–**	**(2,227,704)**	**3,872,644**
$ (5,991)	**$ (51,257)**	**$ 1,232,507**	**$ 1,022,018**

Schedule of Financial Activities by Segment

For the Year Ended December 31, 2017 (in thousands of dollars) (Restated Note 33)

	Tax Supported Operating	Self Supported Operating	Tax Supported Capital	Self Supported Capital	Total The City of Calgary
REVENUES					
Property tax	$ 1,938,192	$ –	$ –	$ –	$ 1,938,192
Business tax	89,558	–	–	–	89,558
Sales of goods & services	524,939	695,603	–	1,489	1,222,031
Government transfers, grants & subsidies					
Federal	2,298	2	114,952	–	116,978
Provincial	95,380	23	630,275	7,124	732,802
Developer contributions	682	63,243	68,728	209	132,862
Donated assets	–	–	–	–	–
Investment income	94,371	5,161	–	–	99,532
Fines & penalties	70,337	2,226	–	–	72,563
Licences, permits and fees	121,361	1,680	–	–	123,041
Miscellaneous revenue	44,732	974	–	–	45,706
Proceeds on sale of tangible capital assets (Misc revenue)	888	–	–	–	888
Gain/(loss) on sale of tangible capital assets (Misc revenue)	6,204	–	–	–	6,204
Dividends from ENMAX	48,000	–	–	–	48,000
Equity in earnings from ENMAX	–	–	–	–	–
Debt	–	–	187,735	100,294	288,029
Contribution from reserves	172,939	66,352	451,608	211,211	902,110
Internal transfers & contributions	17,849	–	–	–	17,849
Total Revenues	**3,227,730**	**835,264**	**1,453,024**	**320,327**	**5,836,345**
EXPENSES					
Salaries, wages and benefits	1,836,608	141,765	21,907	7,906	2,008,186
Contracted and general services	516,251	69,506	1,010,790	252,204	1,848,751
Materials, equipment and supplies	319,348	40,443	370,769	26,370	756,930
Utilities	67,689	27,134	16,079	70	110,972
Transfers	183,627	61,146	44,832	–	289,605
Internal recoveries	(527,662)	(28,340)	(132,131)	(751)	(688,884)
Interest charges	35,110	73,282	5,257	375	114,024
Amortization	32,031	80,314	–	–	112,345
Loss on Sale	–	–	–	–	–
Debt principal repayments	289,806	8,355	–	–	298,161
Contribution from operations to reserves	644,288	318,874	–	–	963,162
Contribution (to)/from operations to/(from) capital	(207,605)	69	206,060	22,916	21,440
Internal transfers & contributions	(42,716)	42,716	–	–	–
Total Expenses	**3,146,775**	**835,264**	**1,543,563**	**309,090**	**5,834,692**
Annual Surplus	**$ 80,955**	**$ –**	**$ (90,539)**	**$ 11,237**	**$ 1,653**

Related Authorities	ENMAX	Consolidation Adjustments	Total Consolidated 2017
$ 34,251	$ –	$ (105,119)	$ 1,867,324
–	–	(1,453)	88,105
156,688	–	(104,659)	1,274,060
2,843	–	(81)	119,740
47,281	–	(2,130)	777,953
303	–	(62)	133,103
–	–	204,778	204,778
4,988	–	–	104,520
19,478	–	(1)	92,040
1,331	–	(16)	124,356
14,998	–	(27,241)	33,463
176	–	73,665	74,729
(406)	–	(23,184)	(17,386)
–	–	–	48,000
–	22,692	–	22,692
–	–	(288,029)	–
–	–	(902,110)	–
74,289	–	(92,138)	–
356,220	**22,692**	**(1,267,780)**	**4,947,477**
96,324	–	(91,615)	2,012,895
94,280	–	(1,473,561)	469,470
54,577	–	(441,815)	369,692
15,818	–	(34,790)	92,000
18,970	–	(184,738)	123,837
–	–	688,884	–
9,235	–	(7,785)	115,474
26,013	–	490,288	628,646
–	–	8,891	8,891
4,338	–	(302,499)	–
–	–	(963,162)	–
–	–	(21,440)	–
–	–	–	–
319,555	**–**	**(2,333,342)**	**3,820,905**
$ 36,665	**$ 22,692**	**$ 1,101,444**	**$ 1,126,572**

25. UNRECOGNIZED ASSETS

The City of Calgary has the following major categories of unrecognized assets:

a) Art Collections – The City has acquired various art collections for the benefit of citizens funded by capital infrastructure projects, donated by local artists, and heritage art. As at December 31, 2018, the insured value of the various art collections is $25,180.

b) Antique Airplanes – The City has ownership of antique airplanes, which are displayed in the Hangar Flight Museum of Calgary formerly known as the Aerospace Museum of Calgary. As at December 31, 2018, the insured value of the antique airplanes is $6,923.

c) Crown Land – The City has assets that reside/intersect on certain crown lands. The City is unable to determine a reasonable value for the Crown lands.

d) Heritage Artifacts – The City has a variety of heritage artifacts that are items of cultural significance. The City is unable to determine a reasonable value for the heritage artifacts.

26. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for various service, long term lease, and rental contracts. Contractual rights arise from the normal course of business and are not reflected in the consolidated financial statements until revenues or assets are received. The following table summarizes the contractual rights of The City for future assets:

	Service Contracts	Long term lease and rental agreements	Total
2019	16,324	11,904	28,228
2020	9,056	6,979	16,035
2021	8,602	4,867	13,469
2022	4,059	3,746	7,805
2023	1,989	2,255	4,244
Thereafter	3,321	5,690	9,011
	43,351	35,441	78,792

27. CONTINGENT ASSETS

In the ordinary course of business, various claims and lawsuits are brought by The City. It is the opinion of management that the settlement of these actions may result in The City's favour and any favourable settlement amounts will be available for The City's use. Contingent assets are not recorded in the consolidated financial statements as they do not meet the definition of an asset.

28. COMMITMENTS AND CONTINGENT LIABILITIES

a) Capital commitments of $1,062,931 (2017 – $1,239,392 (restated)) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2018, on major projects and estimated obligations under other various agreements. These capital commitments were included in The City's capital budget and will be funded from capital deposits, reserves and debt in future years.

b) Commitments of $51,376 (2017 – $29,775) related to reserves, and operating leases for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating fund in the respective future years and are as follows:

2019	$ 14,187
2020	11,567
2021	6,785
2022	4,446
2023	2,234
Thereafter	12,157
	$ 51,376

c) In the ordinary course of business, various loss claims, expropriation claims and lawsuits are brought against The City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. Where the resulting loss of various claims and lawsuits brought against The City cannot be reasonably estimated, amounts have not been recorded, and the City's administration believes that there will be no material adverse effect on the financial position of the City.

d) Where estimated environmental management costs are reasonably determinable, The City has recorded a total provision in the amount of $2,744 (2017 – $2,719) for environmental liabilities based on management's estimate of these costs. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information become available.

e) As at December 31, 2018, there were various assessment appeals pending with respect to properties. The outcome of those appeals would be settled from an already established provision. The City makes an annual provision for property taxes that might be impacted by appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.

f) Alberta Revenue, Tax and Revenue Administration ("Alberta Finance") is responsible for assessing the income tax returns filed under the payment in lieu of taxes ("PILOT") regulation to the *Electric Utilities Act* which became effective January 1, 2001. ENMAX regularly reviews the potential for adverse outcomes in respect of tax matters and believes it has adequate provisions for these tax matters. The determination of the income tax provision is an inherently complex process, requiring management to interpret continually changing regulations and to make certain judgments.

g) The City has entered into a 20-year contract for power supply from ENMAX Energy from 2007 to 2026. Under the terms of the agreement, ENMAX Energy is to supply The City with 100% of the electricity from renewable sources. Annual electricity prices are based on a portfolio of energy sources developed for The City by ENMAX Energy.

h) The City has entered into a 20-year agreement with District Energy, a wholly owned subsidiary of ENMAX, for thermal energy supply commencing July 1, 2010. The annual price of the energy supplied will be a blended rate which includes a fixed charge component. As at December 31, 2018, the estimated future obligation for this fixed charge is $6,057 (2017 – $6,508).

i) The City entered into a public-private partnership ("P3") agreement with Chinook Resources Management General Partnership ("CRMG") on June 25, 2015 to design, build, operate, and maintain The City's new organics composting facility for both the Green Cart program and dewatered biosolids from wastewater treatment. The new facility was substantially complete on June 29, 2017. The Operations, Maintenance and Rehabilitation (OMR) of the facility began in July 2017 and will continue through June 2027. This OMR phase of the "P3" agreement is funded by the Green Cart program fee and a recovery from wastewater for costs related to biosolids processing.

j) The City entered into a P3 agreement with Plenary Infrastructure Calgary LP ("Plenary") on September 13, 2016 to design, build, finance, and maintain The City's Stoney compressed natural gas bus storage and transit facility. The new facility will be funded through capital debt, reserves, and the P3 Canada Fund. The City anticipates receiving up to $45,318 from the P3 Canada Fund towards the cost of the project. The facility is expected to be substantially complete in January 2019 and will be maintained by Plenary until January 2049. As at December 31, 2018, The City incurred $142,765 (2017 – $68,386) of costs, which were captured in the work-in-progress balance for tangible capital assets. The expected commitments related to the new facility is $341,780 (2017 – $341,780 (restated)).

k) The City is responsible for the remediation of contaminated sites that are no longer in productive use where The City is directly responsible or has accepted responsibility for remediation. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments. As at December 31, 2018, the provision was $471 (2017 – $579) and is classified in trade payables. This provision is based on $541 (2017 – $624) in expenditures expected to be incurred over the next 25 years discounted at 3.1% (2017 – 3.2%) based on The City's weighted average cost of capital.

The liability for contaminated sites includes sites associated with former industrial operations. The nature of contamination includes polycyclic aromatic hydrocarbons, heavy metals and road salts. The sources of the contamination include, but are not limited to, activities related to historical operations and non-sanctioned activities on City land. Sites often have multiple sources of contamination.

From time to time, there may be uncertainty as to whether The City has a legal responsibility or accepts responsibility for a contaminated site or whether economic benefits will be foregone for a contaminated site. It is not expected that the impact of any such sites would have a material impact on the financial statements. When The City is able to determine that all inclusion criteria have been met, The City will accrue a liability for these future remediation costs.

29. GUARANTEES

In the normal course of business, The City enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires The City to make payments to the guaranteed party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variables that are related to an asset, liability or an equity security of the counterparty, (b) failure of another party to perform under an obligating agreement or, (c) failure of a third party to pay its indebtedness when due. Significant guarantees The City has provided to third parties include the following:

a) Third party debt agreements

No amounts have been accrued in the consolidated financial statements of The City with respect to the following agreements.

i) The City has guaranteed certain indebtedness of the Calgary Exhibition and Stampede Limited ("CES"). This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CES in the event CES cannot fulfill its obligations to a Canadian chartered bank. The terms of these guarantees are equal to the amortization periods of the related credit facilities, which mature between 2024 and 2036. The interest rates on the credit facilities held by CES range from 2.30% to 6.23% (2017 – 1.45% to 6.23%). As at December 31, 2018, CES has drawn a total of $66,687 (2017 – $71,740) on the total maximum available facility of $80,087 (2017 – $85,140). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of $100,227 (2017 – $100,227) charging certain lands owned by the CES.

ii) The City has guaranteed certain indebtedness of The Calgary Zoological Society (the "Zoo"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of the Zoo in the event the Zoo cannot fulfill its obligations to a Canadian chartered bank. The term of the guarantee is valid until 2024, and the related debt will mature in 2019, subject to a renewal for a further five years at that time. In the event the Zoo does not extend the loan beyond 2019, the City's guarantee will automatically expire. The interest rate on the credit facility is 4.94% (2017 – 4.94%). As at December 31, 2018, the outstanding balance of the facility was $2,471 (2017 – $2,815) on the total maximum available facility of $2,471 (2017 – $2,815). As collateral to this guarantee, The City could terminate its Lease and Operating Agreement with the Zoo and take possession and control of all Zoo facilities, including any and all personal property owned by the Zoo at that time.

iii) The City has guaranteed certain indebtedness of AHCC. This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of AHCC in the event AHCC cannot fulfill its obligations on a revolving credit facility to a Canadian financial institution. The term of the guarantee is valid until 2021, and the related credit facility will mature in 2019, subject to a renewal for a further period of one year. In the event the credit facility is not extended beyond 2019, The City's guarantee will automatically expire. The interest on the credit facility is Prime minus 0.75% per annum (2017 – Prime minus 0.75%). As at December 31, 2018, the outstanding balance of the facility was $7,879 (2017 – $3,399) on the total maximum available facility of $10,000 (2017 – $10,000). The City, as an unconditional guarantor, holds as security a fixed and floating debenture in the amount of $10,000 (2017 – $10,000).

b) Other indemnification agreements

In the normal course of business, The City may provide indemnification to counterparties that would require The City to compensate them for costs incurred as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The terms of these indemnification agreements will vary based upon the contract. The nature of the indemnification agreements prevents The City from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, The City has not made any payments under such indemnifications and any potential future claims would be claimed against the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

30. EXECUTIVE SALARIES AND BENEFITS

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

	2018 Salaries	**2018 Benefits**	**2018 Total**	2017 Salaries	2017 Benefits	2017 Total
Mayor	**$ 200**	**$ 42**	**$ 242**	$ 211	$ 39	$ 250
Councillors (1) (2)	**1,580**	**521**	**2,101**	1,590	515	2,105
City Manager	**342**	**50**	**392**	340	52	392
Designated Officers (3)	**1,133**	**220**	**1,353**	1,200	245	1,445

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

Notes:

1. The Councillors who served throughout 2018 in Wards 1 through 14 each received a salary of $113 (2017 – $113) and benefits ranging between $27 and $38 (2017 – $32 and $38). Transitional allowances were paid to Councillors who left office after the 2017 election as disclosed in Note 30 (2).
2. Elected officials receive a transition allowance of two weeks pay for each year in office, up to a maximum of twenty six years, when they leave office. These allowances may be taken over several years and are not included in the salary and benefits amounts reported above. Transitional allowances paid in 2018 to the former Councillors who left office in 2017 are Ward 3 – $44, Ward 10 – $52 and Ward 11 – $22 (2017 Ward 6 – $31 and Ward 11 – $22). No further transitional allowances are owing.
3. The City's five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2018, there was $nil (2017 – $21) in holiday pay, vacation pay out of the ordinary course of business and severance payouts for these five designated officers.

31. FINANCIAL INSTRUMENTS

At December 31, 2018, The City had 4 (2017 – 17) U.S. dollar foreign exchange fixed contracts in place. Delivery dates for these contracts range from January 2019 to April 2019. Total committed future foreign exchange purchases are $5,005 USD (2017 – $23,389). Total committed future foreign merchandise purchases are $48,513 USD (2017 – $75,836 USD), and €83 (2017 – €393).

Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with Canadian Schedule 1 banks at rates ranging from 1.29 to 1.35 Canadian dollars. The Canadian dollar equivalent of these contracts at December 31, 2018 was $6,660 (2017 – $31,194) Canadian dollars. During the fiscal year ended December 31, 2018, the various arrangements for foreign merchandise cost The City $5,866 less (2017 – $2,512 less) than if the arrangements had not been entered into.

The City has hired an external manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk. The manager may purchase Canadian dollars against foreign currencies held in the City of Calgary's portfolio.

At December 31, 2018, this portfolio held 1 Japanese Yen (JPY) per USD foreign exchange forward contract, and 7 CAD per USD foreign exchange forward contracts. These contracts were obtained from Chartered Banks and settled on January 18, 2019. The rate on the JPY per USD contract was 111.92. The rates on the CAD per USD contracts range from 1.29 to 1.35. As at December 31, 2018 these contracts had a market value of $146.23 million USD.

In addition to U.S. foreign exchange fixed contracts, The City has also previously purchased hedges for future purchases relating to the light rail transit system. Under the terms of the purchase order agreement, The City has fixed exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with the supplier at rates ranging from 1.03 to 1.07. During the fiscal year ended December 31, 2018, the various arrangements for foreign merchandise cost The City $1,383 less (2017 – $3,825 less) than if the arrangements had not been entered into. At December 31, 2018, The City had remaining commitments of $19,556 USD (2017 – $25,372 USD) that are anticipated to be settled by 2019. The City continues to monitor economic conditions and impacts on The City's financial status and adjusts strategies accordingly.

32. FUNDS HELD IN TRUST

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by The City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	December 31, 2017	Receipts	Investment Income	Disbursements	December 31, 2018
Joint Use Reserve Fund	$ 83,637	$ 1,574	$ 1,636	$ (16,430)	$ 70,417
Oversize roads	15,339	5,394	164	(19,057)	1,840
Oversize parks	14,465	1,224	203	(2,030)	13,862
Oversize utilities	10,699	1,939	151	(4,595)	8,194
Developers' cash bonds	4,704	–	63	(250)	4,517
Southland natural park sport field	1,889	–	21	(825)	1,085
Off-site levies	464	–	7	–	471
Candidate Campaign Surplus Fund	–	201	–	–	201
Other miscellaneous trusts	709	18	10	(96)	641
	$ 131,906	$ 10,350	$ 2,255	$ (43,283)	$ 101,228

The Joint Use Reserve Fund consists of monies received from land developers in lieu of the 10% reserve land requirement as set forth in Part 17 of the *Municipal Government Act*. Use of the Joint Use Reserve Fund is restricted to unanimously approved land acquisitions for future school, parks and recreation facilities.

The oversize roads, parks, and utilities fund consist of amounts provided by developers of new subdivisions in accordance with oversize rates set out in the Master Development Agreement (MDA). A MDA is a legal contract for all residential, industrial and commercial developments. The contract sets out the terms and conditions under which development of the lands are to take place within the city including the responsibility to construct public facilities and associated financial obligations.

The developers' cash bonds are monies held to secure performance by a developer under the terms of the MDA.

The Southland natural park sport field funds are held for the purpose of maintaining the sports field in Southland Natural Park.

Off-site levies consist of monies received from developers pursuant to a special clause in the MDA prior to the year 2000. The levies are to be used for recreational facilities in designated communities.

The Candidate Campaign Surplus Funds are administered by The City on behalf of Candidate elections, the funds held in trust shall remit the funds and interest to the candidate for use the next general election.

Other miscellaneous trusts are composed of multiple funds with minimal balances that are held for external organizations.

33. PRIOR PERIOD ADJUSTMENTS

In 2018, The City identified adjustments to capital deposits, developer contributions, government transfers related to capital and reserves that required correction due to the timing of revenue and funding recognition. This correction has been reflected in these financial statements as a prior period adjustment to 2017 figures. The capital deposits previously reported in the 2017 financial statements as $826,901 has been restated to $712,685 on the statement of financial position, resulting in a decrease of $5,454 to developer contributions, an increase of $41,339 to government transfers related to capital and an increase of $78,331 to accumulated surplus, beginning of year on the statement of operations. The reserves previously reported in the 2017 financial statements as $2,044,048 has been restated to $2,032,652, resulting in a decrease of $11,396 to reserves and an increase of $11,396 to capital fund.

These restated amounts had no effect on The City's cash balances, property tax revenues or any other balances influencing property tax assessments.

The impact of these changes was to:

Increase closing accumulated surplus by $114,216 as follows:

	December 31, 2017 (Previously Reported)	Adjustments	December 31, 2017 (Restated)
Net financial assets	$ 1,579,822	$ 114,216	$ 1,694,038
Non-financial assets	16,980,420	–	16,980,420
Accumulated Surplus	$ 18,560,242	$ 114,216	$ 18,674,458

Increase annual surplus by $35,885 and increase opening accumulated surplus by $78,331 as follows:

	December 31, 2017 (Previously Reported)	Adjustments	December 31, 2017 (Restated)
Revenues	$ 3,756,067	$ –	$ 3,756,067
Expenses	3,820,905	–	3,820,905
Developer Contributions	138,557	(5,454)	133,103
Government Transfers related to Capital (Note 23)	711,186	41,339	752,525
Developer Contributions-in-kind related to capital	204,778	–	204,778
Other comprehensive gain – ENMAX Corporation	101,004	–	101,004
Annual Surplus	$ 1,090,687	$ 35,885	$ 1,126,572
Opening accumulated surplus	17,469,555	78,331	17,547,886
Ending accumulated surplus	$ 18,560,242	$ 114,216	$ 18,674,458

34. CHANGE IN ACCOUNTING POLICY

The City has changed its estimate on the useful life of vehicles so that assets better reflect actual usage patterns. The change in estimate is being applied prospectively to the current and future periods.

35. 2013 FLOOD EVENT

Overview

On June 20, 2013, The City experienced a major flood event and a State of Local Emergency ("SOLE") was declared within The City. The flood caused significant damage to The City's tangible capital assets. While The City has completed a portion of the work to restore conditions to pre-flood state, it is expected that remediation and mitigation efforts will continue into 2019 and beyond.

The City holds various insurance policies with multiple insurance providers which have been used to fund a portion of the remediation and recovery efforts.

The City has applied to the Province of Alberta for flood relief and mitigation funding through the following programs:

- Disaster Recovery Program ("DRP") to provide financial assistance for uninsurable property damage, loss and other expenses incurred as the result of the flood;
- Flood Recovery Erosion Control ("FREC") program addresses immediate repairs of erosion damage caused by the flood and long term community mitigation projects;
- Municipal Staffing Capacity Grant ("MSCG") program to fund consultants and newly hired staff to perform operating flood recovery work; and
- Flood Readiness Grant program to secure operating grants to enable communities impacted by the flood to increase community resiliency and enhance operational capability to mitigate and respond to future flood risks.

Impact on Financial Results

Costs incurred as a result of remediation or mitigation efforts are capitalized or expensed in accordance with accounting policies in Note 1. Only costs that represent a betterment, enhancement or a new asset are capitalized, with all other repairs and maintenance are expensed. All operating expenditures are recognized in the current year consolidated statement of operations and accumulated surplus in the various business units that incurred those costs.

The City has incurred $nil in insurance related capital expenditures in 2018 and 2017. The City completed the insurance related capital expenditures in 2016.

With respect to the Provincial flood funding, the following grants were received, and expenses were recognized in the consolidated statement of operations and accumulated surplus:

- The City received $nil DRIP grant in 2018 and 2017. The City has incurred $4,468 (2017 – $7,294) in DRP related capital expenditures, of which approved expenditures are funded by the DRP advance and interest earned $305 (2017 – $615), and remainder being funded internally until further DRP claims are processed and finalized.
- The City has also incurred $1,085 (2017 – $1,241) of emergency operating and recovery costs and recovered $3,648 (2017 – $82) from DRP in 2018 with the remaining balance expected to be recovered in future years.
- FREC provided $nil funding in 2018 and 2017. In 2018, $3,401 (2017 – $3,212) was spent from the advances received in prior years. Cash advances that are not spent at the end of the year including interest earned $298 (2017 – $429) in the amount of $9,478 (2017 – $12,581) are recorded as capital deposits.

The City is required to earn interest income, through its investment strategy, on the unspent balance of the Provincial grants received for FREC, MSCG and Flood Readiness. The unspent balance is required to be repaid by June 30, 2019.

Due to significant uncertainty in measurement, as well as significant uncertainty of collectability, The City has not recognized accounts receivable or revenue for Provincial proceeds that it expects to receive in the future related to remediation or mitigation costs. These amounts will be recorded as revenue in the fiscal year received.

Tangible capital assets that were significantly impacted by the flood include a variety of asset types through a variety of business units. The majority of asset classes affected include buildings, various engineered structures (e.g. roads, bridges, pathways, transit lines, etc.), machinery and equipment and vehicles. The majority of these assets have been replaced or repaired with the remainder of these costs to be incurred in 2019 and beyond. The City has completed review assessments of the conditions of assets affected by the flood and has determined that no permanent impairment is present as at December 31, 2018.

Measurement Uncertainty

The impact of the flood was subject to a high degree of estimation and judgement, particularly as it relates to the estimation of future expenditures and impairment of assets. The City has used the best information at the time in all measurements and estimations related to the flood and those estimates may not materialize and the final results and adjustments to these estimates will be reflected in future financial statements.

The City has estimated the total cost of capital expenditures related to the flood to be approximately $306,395 (excluding resiliency), which includes repairs, replacements and mitigation strategies, of which $10,681 (2017 – $21,039) has been incurred in 2018 for a total incurred spend of $284,917 (2017 – $274,236).

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Reclassifications have been made in 2017 to reclassify certain balances between tangible capital asset categories in Note 15. The impact of these changes was to increase the cost base of land improvements by $1,567 and decrease the cost base of buildings by $1,567 and an increase the accumulated depreciation of land improvements by $149 and a decrease to the accumulated depreciation of buildings by $149. There was no impact to asset useful lives or the tangible capital asset amount reported on the statement of financial position as a result of this reclassification.

37. SUBSEQUENT EVENTS

On March 25, 2019, ENMAX Corporation announced that it had entered into a definitive agreement to acquire a regulated electric transmission and distribution utility, Emera Maine. On closing, the value will be approximately $1,800,000.

The closing of this transaction is expected to occur in Q4 2019 and is subject to certain regulatory and government approvals in the U.S., including approval by the Maine Public Utilities Commission and the Federal Energy Regulatory Commission. On the close of this transaction, Emera Maine will become a wholly owned subsidiary of ENMAX Corporation.

FINANCIAL AND STATISTICAL SCHEDULES

THE CITY OF CALGARY, ALBERTA

Revenue by Source Unaudited (see Notes) 2014 to 2018

(in thousands of dollars)

	2018 Operating	**2018 Capital**	**Total**	2 017 Operating (Restated)(4)	2017 Capital (Restated)(4)	Total (Restated)(4)
Property taxes	**$ 2,564,601**	**$ –**	**$ 2,564,601**	$ 2,438,392	$ –	$ 2,438,392
Community Revitalization Levy	**39,582**	**–**	**39,582**	37,740	–	37,740
Business taxes	**43,978**	**–**	**43,978**	88,105	–	88,105
Revenue in lieu of taxes	**206,488**	**–**	**206,488**	169,606	–	169,606
Local improvement levies and special taxes	**6,273**	**–**	**6,273**	11,852	–	11,852
	2,860,922	**–**	**2,860,922**	2,745,695	–	2,745,695
Less: Provincial property taxes	**(792,852)**	**–**	**(792,852)**	(790,266)	–	(790,266)
Net taxes available for municipal purposes	**2,068,070**	**–**	**2,068,070**	1,955,429	–	1,955,429
Sales of goods and services						
Water and sewer	**701,580**	**–**	**701,580**	681,048	–	681,048
Public transit	**177,204**	**–**	**177,204**	173,804	–	173,804
Real estate	**51,890**	**–**	**51,890**	89,725	–	89,725
Recreation and culture	**67,690**	**–**	**67,690**	68,774	–	68,774
Parking	**57,916**	**–**	**57,916**	58,340	–	58,340
Public housing	**49,525**	**–**	**49,525**	46,679	–	46,679
Protective services	**34,588**	**–**	**34,588**	36,279	–	36,279
Waste disposal	**105,873**	**–**	**105,873**	85,888	–	85,888
Other	**31,833**	**–**	**31,833**	33,523	–	33,523
	1,278,099	**–**	**1,278,099**	1,274,060	–	1,274,060
Government transfers and revenue sharing agreements						
Federal						
Debenture interest rebates	**203**	**–**	**203**	203	–	203
Revenue and cost sharing agreements and grants agreements	**1,533**	**121,290**	**122,823**	4,490	115,047	119,537
Provincial						
Debenture interest rebates	**12**	**–**	**12**	34	–	34
Grants, entitlements, revenue and cost sharing agreements	**160,375**	**443,362**	**603,737**	140,441	637,478	777,919
	162,123	**564,652**	**726,775**	145,168	752,525	897,693
Other revenue						
Dividends from ENMAX	**40,000**	**–**	**40,000**	48,000	–	48,000
Other equity/(loss) earnings in ENMAX	**(34,906)**	**–**	**(34,906)**	(78,312)	–	(78,312)
Other equity earnings in Co-Ownership	**–**	**–**	**–**	–	–	–
Developer contributions	**–**	**218,988**	**218,988**	–	133,103	133,103
Donated assets	**–**	**254,799**	**254,799**	–	204,778	204,778
Investment income	**101,236**	**–**	**101,236**	104,520	–	104,520
Fines and penalties	**95,747**	**–**	**95,747**	92,040	–	92,040
Licences, permits and fees	**117,254**	**–**	**117,254**	124,356	–	124,356
Miscellaneous revenue	**44,951**	**–**	**44,951**	90,806	–	90,806
	364,282	**473,787**	**838,069**	381,410	337,881	719,291
Total revenue	**$ 3,872,574**	**$ 1,038,439**	**$ 4,911,013**	$ 3,756,067	$ 1,090,406	$ 4,846,473

2016 Operating (Restated)[3]	2016 Capital (Restated)[3]	2016 Total (Restated)[3]	2015 Operating (Restated)[2]	2015 Capital (Restated)[2]	2015 Total (Restated)[2]	2014 Operating (Restated)[1]	2014 Capital (Restated)[1]	2014 Total (Restated)[1]
$ 2,393,642	$ –	$ 2,393,642	$ 2,219,421	$ –	$ 2,219,421	$ 2,006,756	$ –	$ 2,006,756
41,031	–	41,031	38,785	–	38,785	32,745	–	32,745
134,601	–	134,601	196,184	–	196,184	201,114	–	201,114
154,293	–	154,293	184,722	–	184,722	224,186	–	224,186
6,294	–	6,294	6,926	–	6,926	5,624	–	5,624
2,729,861	–	2,729,861	2,646,038	–	2,646,038	2,470,425	–	2,470,425
(791,662)	–	(791,662)	(719,820)	–	(719,820)	(669,163)	–	(669,163)
1,938,199	–	1,938,199	1,926,218	–	1,926,218	1,801,262	–	1,801,262
642,499	–	642,499	607,673	–	607,673	528,913	–	528,913
176,170	–	176,170	195,228	–	195,228	191,171	–	191,171
54,129	–	54,129	95,489	–	95,489	122,826	–	122,826
70,774	–	70,774	73,503	–	73,503	72,280	–	72,280
60,353	–	60,353	63,596	–	63,596	62,677	–	62,677
50,482	–	50,482	49,241	–	49,241	49,978	–	49,978
40,727	–	40,727	40,906	–	40,906	43,752	–	43,752
86,113	–	86,113	93,068	–	93,068	99,535	–	99,535
30,736	–	30,736	66,576	–	66,576	43,274	–	43,274
1,211,983	–	1,211,983	1,285,280	–	1,285,280	1,214,406	–	1,214,406
199	–	199	129	–	129	147	–	147
4,461	60,783	65,244	3,683	64,447	68,130	4,360	48,919	53,279
40	–	40	41	–	41	33	–	33
128,117	618,953	747,070	128,390	635,257	763,647	150,551	553,301	703,852
132,817	679,736	812,553	132,243	699,704	831,947	155,091	602,220	757,311
47,000	–	47,000	56,000	–	56,000	60,000	–	60,000
96,597	–	96,597	(46,275)	–	(46,275)	124,069	–	124,069
–	–	–	618	–	618	1,992	–	1,992
–	198,394	198,394	–	107,456	107,456	–	89,637	89,637
–	298,678	298,678	–	197,021	197,021	–	229,982	229,982
77,451	–	77,451	79,185	–	79,185	61,794	–	61,794
89,796	–	89,796	80,451	–	80,451	72,121	–	72,121
114,988	–	114,988	124,358	–	124,358	116,331	–	116,331
56,794	–	56,794	68,235	–	68,235	44,082	–	44,082
482,626	497,072	979,698	362,572	304,477	667,049	480,389	319,619	800,008
$ 3,765,625	$ 1,176,808	$ 4,942,433	$ 3,706,313	$ 1,004,181	$ 4,710,494	$ 3,651,148	$ 921,839	$ 4,572,987

Expenses By Function unaudited (see Notes) 2014 to 2018

(In thousands of dollars)

	2018	2017	2016[3]	2015[2]	2014[1]
			(Restated)	(Restated)	(Restated)
Protective Services					
Police	**$ 521,224**	$ 508,953	$ 494,546	$ 473,727	$ 451,128
Fire	**310,823**	325,180	312,732	289,593	279,986
	832,047	834,133	807,278	763,320	731,114
Transportation					
Public transit	**567,655**	554,680	546,375	542,416	513,595
Roads, traffic and parking	**425,123**	461,739	409,420	407,105	433,667
	992,778	1,016,419	955,795	949,521	947,262
Environmental protection					
Water services & resources	**517,822**	514,187	525,185	476,634	438,648
Waste and recycling	**151,587**	136,910	131,726	128,182	136,683
	669,409	651,097	656,911	604,816	575,331
Social development					
Community and social development	**85,787**	82,965	76,180	66,063	67,567
Public housing	**129,831**	133,279	122,718	159,323	127,250
	215,618	216,244	198,898	225,386	194,817
Recreation and culture					
Parks and recreation facilities	**277,912**	320,900	303,334	264,150	266,664
Societies and related authorities	**103,657**	83,039	77,141	81,239	86,290
Calgary Public Library Board	**67,390**	64,171	63,182	54,527	52,898
	448,959	468,110	443,657	399,916	405,852
Other expenditure					
General government	**384,844**	292,912	262,412	300,654	278,582
Public works	**287,594**	293,561	304,598	272,039	214,329
Real estate services	**41,395**	48,429	43,001	75,139	103,595
	713,833	634,902	610,011	647,832	596,506
Total expenses	**$ 3,872,644**	$ 3,820,905	$ 3,672,550	$ 3,590,791	$ 3,450,882

Notes:
(1) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes, as well as for the correction of certain tangible capital asset, miscellaneous revenue, transfer payment and land inventory adjustments identified in 2015. Years prior to 2014 have not been restated for these adjustments.

(2) Figures for 2015 have been restated for the correction of certain tangible capital asset, deferred income tax, capital deposit, and interest expense adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments

(3) Figures for 2016 have been restated for the correction of certain tangible capital asset adjustments identified in 2017. Years prior to 2016 have not been restated for these adjustments.

Other Financial and Statistical Schedules

FINANCIAL POSITION AND NET REVENUES UNAUDITED

2014 to 2018 (in thousands of dollars)

	2018	2017[4]	2016[3]	2015[2]	2014[1]
		(Restated)	(Restated)	(Restated)	(Restated)
Financial assets	**$ 7,289,242**	$ 7,055,340	$ 7,301,551	$ 7,054,676	$ 6,646,555
Financial liabilities	**5,370,638**	5,361,302	5,929,908	5,810,378	5,933,954
Net financial assets	**1,918,604**	1,694,038	1,371,643	1,244,298	712,601
Non-financial assets	**17,776,479**	16,980,420	16,097,912	15,052,646	14,372,340
Accumulated surplus	**19,695,083**	18,674,458	17,469,555	16,296,944	15,084,941
Annual surplus	**$ 1,022,018**	$ 1,126,572	$ 1,204,389	$ 1,145,119	$ 1,080,347

Notes: (1) Figures for 2014 have been restated for the correction of certain tangible capital asset adjustments identified in 2015. Years prior to 2014 have not been restated for these adjustments.

(2) Figures for 2015 have been restated for the correction of certain tangible capital asset adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments.

(3) Figures for 2016 have been restated for the correction of certain tangible capital asset adjustments identified in 2017. Years prior to 2016 have not been restated for these adjustments.

(4) Figures for 2017 have been restated for the correction of capital deposits, developer contributions, government transfers related to capital, and reserves. Years prior to 2017 have not been restated for these adjustments.

ACQUISITION OF TANGIBLE CAPITAL ASSETS

2014 to 2018 (in thousands of dollars)

	2018	2017	2016[3]	2015[2]	2014[1]
			(Restated)	(Restated)	(Restated)
Capital additions	**$ 1,270,669**	$ 1,344,160	$ 1,416,262	$ 1,051,262	$ 1,015,878

Notes: (1) Figures for 2014 have been restated for the correction of certain tangible capital asset adjustments identified in 2015. Years prior to 2014 have not been restated for these adjustments.

(2) Figures for 2015 have been restated for the correction of certain tangible capital asset adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments.

(3) Figures for 2016 have been restated for the correction of certain tangible capital asset adjustments identified in 2017. Years prior to 2016 have not been restated for these adjustments.

Other Financial and Statistical Schedules

CONSOLIDATED ACCUMULATED SURPLUS UNAUDITED

2014 to 2018 (in thousands of dollars)

	2018	2017[6]	2016[4]	2015[2]	2014[1]
		(Restated)	(Restated)	(Restated)	(Restated)
Operating fund	**$ 38,751**	$ 80,955	$ 37,731	$ 59,026	$ 27,490
Capital fund	**146,082**	270,854	217,226	303,958	315,037
Reserves	**2,299,998**	2,032,652	1,975,809	1,915,176	1,626,276
Obligation to be funded in future years [5]	**(4,087)**	(5,933)	(6,755)	(10,211)	(9,190)
Equity in ENMAX	**2,261,350**	2,314,000	2,291,308	2,260,205	2,281,064
Equity in Co-Ownership	**–**	–	–	–	1,539
Local improvements to be funded in future years [3]	**60,715**	62,618	67,329	70,583	72,921
Equity in non-financial assets	**14,892,274**	13,919,312	12,886,907	11,698,207	10,769,804
	$ 19,695,083	$ 18,674,458	$ 17,469,555	$ 16,296,944	$ 15,084,941

Notes: (1) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes, ENMAX's IFRS transition adjustments, as well as for the correction of certain tangible capital asset and land inventory adjustments identified in 2015. Years prior to 2014 have not been restated for these adjustments.

(2) Figures for 2015 have been restated for the correction of certain tangible capital asset, deferred income tax, capital deposit, and interest expense adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments.

(3) In 2013, The City adopted PS 3510 prospectively, which resulted in a change in the timing of revenue recognition of certain tax revenues. See Note 1 of the audited consolidated financial statements.

(4) Figures for 2016 have been restated for the correction of certain tangible capital asset adjustments identified in 2017. Years prior to 2016 have not been restated for these adjustments.

(5) Obligation to be funded in future years consists of unfunded liabilities of $ (2017 – $5,933) and $nil (2017 – $nil) for the landfill rehabilitation provision and liability for contaminated sites, respectively.

(6) Figures for 2017 have been restated for the correction of capital deposits, developer contributions, government transfers related to capital, and reserves. Years prior to 2017 have not been restated for these adjustments.

EXPENSES BY OBJECT UNAUDITED

2014 to 2018 (in thousands of dollars)

	2018	2017	2016[3]	2015[2]	2014[1]
			(Restated)	(Restated)	(Restated)
Salaries, wages and benefits	**$ 1,972,396**	$ 2,012,895	$ 1,976,054	$ 1,860,128	$ 1,752,478
Contracted and general services	**523,715**	469,470	466,613	456,424	432,488
Materials, equipment and supplies	**356,138**	369,692	293,747	343,164	341,902
Interest charges					
Tax supported	**27,018**	31,183	36,632	46,368	57,071
Self supported	**83,980**	84,291	87,451	84,650	82,440
Transfer payments	**122,426**	123,837	118,297	114,834	136,218
Utilities	**89,605**	92,000	81,338	79,283	86,985
Amortization	**678,537**	628,646	596,106	580,110	547,552
Loss on disposal of tangible capital assets	**18,829**	8,891	16,312	25,830	13,748
Total expenses	**$ 3,872,644**	$ 3,820,905	$ 3,672,550	$ 3,590,791	$ 3,450,882

Notes: (1) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes, as well as for the correction of certain tangible capital asset, miscellaneous revenue, transfer payment and land inventory adjustments identified in 2015. Years prior to 2014 have not been restated for these adjustments

(2) Figures for 2015 have been restated for the correction of certain tangible capital asset, deferred income tax, capital deposit, and interest expense adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments.

(3) Figures for 2016 have been restated for the correction of certain tangible capital asset adjustments identified in 2017. Years prior to 2016 have not been restated for these adjustments.

Other Financial and Statistical Schedules

CONSOLIDATED INVESTMENTS UNAUDITED

2014 to 2018 (in thousands of dollars)

	2018	2017	2016	2015	2014[1] (Restated)
Cost:					
Government of Canada	**$ 358,864**	$ 448,941	$ 390,136	$ 360,775	$ 312,443
Other Government	**195,357**	427,985	522,641	540,840	500,394
Corporate	**2,700,491**	2,107,337	2,743,537	2,889,837	2,680,473
Global fixed income investments	**401,372**	501,720	97,726	–	–
Equity investments	**382,478**	407,774	342,422	326,536	209,463
	$ 4,038,562	$ 3,893,757	$ 4,096,462	$ 4,117,988	$ 3,702,773
Market Value:					
Government of Canada	**$ 369,707**	$ 445,545	$ 387,989	$ 362,277	$ 313,604
Other government	**195,829**	421,092	517,358	542,556	508,199
Corporate	**2,733,093**	2,095,590	2,743,949	2,893,485	2,689,034
Global fixed income investments	**358,748**	496,850	97,725	–	–
Equity investments	**401,215**	480,860	406,573	360,635	263,798
	$ 4,058,592	$ 3,939,937	$ 4,153,594	$ 4,158,953	$ 3,774,635

Notes: (1) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes.

Other Financial and Statistical Schedules

CONSOLIDATED RESERVES UNAUDITED

2014 to 2018 (in thousands of dollars)

	2018	2017[(4)] (Restated)	2016[2)] (Restated)	2015[(2)] (Restated)	2014[(1)] (Restated)
Significant Reserves					
Fiscal stability	**$ 617,531**	$ 492,766	$ 518,830	$ 488,785	$ 415,881
Reserve for future capital	**305,675**	305,420	327,014	354,190	318,286
Budget savings account	**135,198**	157,334	130,103	60,905	–
Debt servicing	**52,570**	52,570	52,570	52,570	52,570
Legacy parks	**7,025**	8,155	10,558	18,450	23,033
Corporate housing reserve [(3)]	**31,622**	30,383	29,559	38,205	35,750
Real estate services (combined operating & capital)	**77,971**	65,831	59,005	63,432	90,913
Community investment	**43,704**	39,079	102,204	152,379	168,302
Economic Development Investment	**101,047**	55,000	–	–	–
Calgary building services sustainment	**77,908**	86,752	99,114	93,707	74,063
Reserve for tax loss provision	**37,398**	37,398	37,398	37,398	37,398
Lifecycle maintenance and upgrade	**248,660**	171,056	116,123	149,391	97,251
Calgary Housing Company [(3)]	**27,653**	27,349	27,448	27,426	22,589
	$ 1,763,962	$ 1,529,093	$ 1,509,926	$ 1,536,838	$ 1,336,036
Other reserve balances will be utilized in future years for the following types of expenses:					
Utilities sustainment[(1) (3)]	**$ 175,255**	$ 141,661	$ 135,131	$ 83,257	$ 49,153
Social programs	**8,387**	9,084	10,197	10,310	8,316
Police services	**44,868**	44,209	44,254	38,349	34,978
Waste & recycling sustainment[(2)]	**63,083**	64,802	48,019	48,809	41,968
ENMAX dividend stabilization	**13,000**	20,000	20,000	20,000	16,450
Other operating	**98,831**	104,448	99,520	81,841	59,076
Other capital expenditures	**132,612**	119,355	108,762	95,772	80,299
	536,036	503,559	465,883	378,338	290,240
	$ 2,299,998	$ 2,032,652	$ 1,975,809	$ 1,915,176	$ 1,626,276

Notes:
(1) In 2014, other capital expenditures reserves were restated for the inclusion of CADA and CED as related entities for consolidation purposes. Years prior to 2014 have not been restated for these adjustments.
(2) In 2015, Corporate housing reserves, Calgary Housing Company reserve, and Utilities sustainment reserves were restated for adjustments identified in 2016. Years prior to 2015 have not been restated for these adjustments.
(3) In 2016, Lifecycle maintenance and upgrade reserves and other operating reserves were reclassified to conform to the current year's presentation. Years prior to 2016 have not been restated for these adjustments.
(4) In 2017, corrections were made to reserves related to capital. Years prior to 2017 have not been restated for these adjustments.

Taxation and Assessments unaudited 2014 to 2018

(in thousands of dollars unless otherwise stated)

		2018	2017	2016	2015[2]	2014[1]
					(Restated)	(Restated)
TAX RATES						
Residential						
Municipal and Library	Mills	**3.901**	3.963	3.709	3.541	3.747
Provincial property	Mills	**2.456**	2.538	2.465	2.214	2.356
Municipal and Library	Mills	**15.323**	13.882	12.155	10.737	10.694
Provincial property	Mills	**4.103**	3.863	3.780	3.458	3.417
ASSESSED VALUES						
Residential		**$214,765,997**	$ 206,172,452	$ 210,448,506	$ 210,408,125	$ 183,058,116
Percentage of total (%)		**76.7**	75.6	75.3	74.9	74.1
Commercial, industrial and farm		**$ 65,306,173**	$ 66,440,662	$ 68,985,390	$ 70,507,335	$ 64,107,914
Percentage of total (%)		**23.3**	24.4	24.7	25.1	25.9
Total assessment		**$280,072,170**	$ 272,613,114	$ 279,433,896	$ 280,915,460	$ 247,166,030
TAX LEVIES						
Municipal property taxes						
Residential		**$ 842,238**	$ 813,769	$ 788,084	$ 745,974	$ 699,844
Non-residential		**936,707**	841,003	820,245	762,066	646,637
Community Revitalization Levy		**39,582**	37,740	41,031	38,785	32,745
Business taxes		**43,978**	88,105	134,601	196,184	201,114
Revenue in lieu of taxes		**199,292**	162,960	147,944	176,283	215,298
Local improvement levies and special levies		**6,273**	11,852	6,294	6,926	5,624
		$ 2,068,070	$ 1,955,429	$ 1,938,199	$ 1,926,218	$ 1,801,262
Provincial property taxes						
Residential		**$ 527,066**	$ 532,887	$ 520,571	$ 463,175	$ 436,150
Non-residential		**258,590**	250,733	264,742	248,206	224,125
Revenue in lieu of taxes		**7,196**	6,646	6,349	8,439	8,888
		792,852	790,266	791,662	719,820	669,163
Total taxes levied		**$ 2,860,922**	$ 2,745,695	$ 2,729,861	$ 2,646,038	$ 2,470,425
Percentage of Total Levies						
Property tax						
Residential property		**47.86%**	49.05%	47.94%	45.70%	45.98%
Non-residential property		**41.78%**	39.76%	39.75%	38.18%	32.91%
Local improvement levies		**0.22%**	0.43%	0.23%	0.26%	0.23%
Community Revitalization Levy		**1.38%**	1.37%	1.50%	1.47%	1.33%
Business tax		**1.54%**	3.21%	4.93%	7.41%	8.14%
Revenue in lieu of taxes		**7.22%**	6.18%	5.65%	6.98%	9.07%

Notes: (1) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes. Years prior to 2014 have not been restated for these adjustments.

(2) Figures for 2015 have been restated for the correction of tax revenue accounting related adjustments identified in 2016.

Taxation and Assessments unaudited 2014 to 2018

(in thousands of dollars unless otherwise stated)

	2018	2017	2016	2015	2014
PROPERTY TAX – Continuity					
Taxes receivable, January 1	**$ 49,557**	$ 37,234	$ 38,179	$ 31,708	$ 40,556
Current levies					
Property taxes	**2,625,419**	2,540,761	2,475,556	2,259,232	2,092,111
Business taxes	**47,940**	95,610	141,619	188,238	203,675
Non-tax items for collection	**1,061**	1,079	931	1,066	1,253
Penalties	**11,696**	10,631	9,863	8,873	8,631
Cancellation of tax arrears	**(1,684)**	(2,574)	(1,599)	(19,044)	(597)
Write-off of taxes	**(1,370)**	(468)	(1,157)	(1,416)	(3,266)
Total to be collected	**2,732,619**	2,682,273	2,663,392	2,468,657	2,342,363
Collections during the year					
Current levies	**(2,642,847)**	(2,604,624)	(2,597,569)	(2,399,612)	(2,278,604)
Arrears	**(40,957)**	(28,092)	(28,589)	(30,866)	(32,051)
Subtotal	**48,815**	49,557	37,234	38,179	31,708
Allowance for doubtful accounts	**(100)**	(140)	(500)	(1,000)	(500)
Taxes receivable, December 31	**$ 48,715**	$ 49,417	$ 36,734	$ 37,179	$ 31,208
Percentage of current taxes collected (%)	**96.71%**	97.11%	97.53%	97.20%	97.28%
Taxes outstanding as a percentage of the current year levy (%)	**1.83%**	1.88%	1.42%	1.56%	1.38%
Other Major Tax Levies:					
Revenue in lieu of taxes					
Municipal consent and access fee	**$ 136,078**	$ 95,690	$ 88,410	$ 113,629	$ 131,168
Franchise fees	**57,460**	61,779	54,089	57,045	77,042
Governments					
Provincial	**9,126**	8,291	8,655	8,459	9,649
Federal	**3,013**	3,045	2,615	2,150	2,081
	$ 205,677	$ 168,805	$ 153,769	$ 181,283	$ 219,940

Continuity of Long-Term Debt unaudited 2014 to 2018

(in thousands of dollars unless otherwise stated)

	2018	2017	2016	2015	2014
Opening Balance	**$ 3,066,263**	$ 3,216,672	$ 3,360,602	$ 3,626,177	$ 3,661,382
New issues or additions during the year					
Tax supported					
Debentures	**–**	1,044	5,097	7,262	4,509
Capital leases	**–**	–	20,000	–	–
	–	1,044	25,097	7,262	4,509
Self supported					
Debentures	**123,713**	254,978	223,779	193,686	288,211
Local improvement debentures	**3,638**	4,548	5,930	4,023	7,195
Capital leases	**–**	–	(1,174)	–	–
Mortgages and other debt	**153**	2,959	25,969	12,470	3,590
	127,504	262,485	254,504	210,179	298,996
Self sufficient tax supported					
Debentures	**26,000**	26,500	28,000	5,000	101,500
	26,000	26,500	28,000	5,000	101,500
Debt repaid during the year					
Tax supported					
Debentures	**(41,385)**	(44,711)	(44,934)	(45,686)	(46,494)
Capital leases	**–**	–	(20,000)	–	–
	(41,385)	(44,711)	(64,934)	(45,686)	(46,494)
Self supported					
Debentures	**(170,603)**	(153,898)	(141,881)	(149,351)	(122,489)
Local improvement debentures	**(7,451)**	(6,938)	(7,669)	(6,281)	(5,695)
Capital leases	**–**	–	(364)	(865)	(914)
Mortgages and other debt	**(25,301)**	(2,987)	(6,169)	(4,938)	(20,935)
	(203,355)	(163,823)	(156,083)	(161,435)	(150,033)
Self sufficient tax supported					
Debentures	**(86,196)**	(231,904)	(230,514)	(280,895)	(243,683)
	(86,196)	(231,904)	(230,514)	(280,895)	(243,683)
Increase (Decrease)					
Tax supported	**(41,385)**	(43,667)	(39,837)	(38,424)	(41,985)
Self supported	**(75,851)**	98,662	98,421	48,744	148,963
Self sufficient tax supported	**(60,196)**	(205,404)	(202,514)	(275,895)	(142,183)
Net Increase during the year	**(177,432)**	(150,409)	(143,930)	(265,575)	(35,205)
Closing balance	**$ 2,888,831**	$ 3,066,263	$ 3,216,672	$ 3,360,602	$ 3,626,177
Debt servicing as a per cent of operating expenditures (net of recoveries), tax supported	**1.8**	1.9	2.2	2.3	2.4
Percentage of legal debt limit as per Municipal Government Act [see Note 14 f)]	**37.3**	39.8	43.2	45.3	52.4

Continuity of Long-Term Debt unaudited 2014 to 2018

(in thousands of dollars unless otherwise stated)

	2018	2017	2016	2015	2014
Tax Supported					
Facility management	**$ 34,089**	$ 39,713	$ 45,139	$ 50,373	$ 48,820
Fire	**1,522**	1,903	2,319	2,486	2,912
General government	**–**	–	–	–	–
Parks and recreation	**240,942**	255,498	268,575	282,239	295,487
Police	**–**	–	–	–	–
Public housing	**3,440**	3,829	4,200	4,552	4,887
Roads	**66,427**	82,229	97,882	109,670	128,350
Societies & related authorities	**10,269**	11,335	12,363	13,378	13,247
Waste & recycling services	**3,190**	3,527	3,848	4,154	4,446
Public transit	**5,612**	8,842	16,217	23,528	30,655
	365,491	406,876	450,543	490,380	528,804
Tax supported, % of total	**12.6**	13.3	14.0	14.6	14.6
Per capita, tax supported	**$ 288**	$ 326	$ 365	$ 398	$ 442
Self Supported					
Calgary Arts Development Authority	**$ 2,600**	$ 2,000	$ –	$ –	$ –
Calgary Economic Development Ltd.	**–**	11,949	12,313	–	–
Calgary Parking Authority	**1,324**	1,810	2,273	3,123	4,333
Calhome Properties Ltd.	**10,056**	12,601	16,476	15,206	20,647
Lindsay Park Sports Society	**519**	851	1,171	1,480	1,778
St. Mary’s University College	**4,105**	4,303	4,496	4,683	4,864
Water services & resources	**1,873,995**	1,905,947	1,917,288	1,846,166	1,789,574
Facility management	**7**	8	9	10	520
Fleet services	**141,438**	153,573	127,866	113,896	101,947
Parks and recreation	**729**	1,748	2,911	4,164	5,451
Public housing	**6,471**	7,493	8,686	9,799	10,838
Real estate services	**9,580**	9,580	9,580	9,580	26,580
Roads	**63,457**	67,184	69,491	71,152	73,335
Societies & related authorities	**611**	696	777	855	1,173
Waste & recycling services	**120,105**	131,105	38,849	33,651	23,981
	2,234,997	2,310,848	2,212,186	2,113,765	2,065,021
Self supported, % of total	**77.4**	75.3	68.8	62.9	56.9
Per capita, self supported	**$ 1,764**	$ 1,843	$ 1,791	$ 1,717	$ 1,728
Self Sufficient Tax supported					
CMLC	**$ 217,843**	$ 208,039	$ 193,443	$ 175,957	$ 181,852
MSI	**70,500**	140,500	360,500	580,500	850,500
	288,343	348,539	553,943	756,457	1,032,352
Self suff tax supp, % of total	**10.0**	11.4	17.2	22.5	28.5
Per capita, self suff tax supported	**$ 228**	$ 280	$ 448	$ 615	$ 864
Total City debt	**2,888,831**	3,066,263	3,216,672	3,360,602	3,626,177
ENMAX debt	**1,185,380**	1,078,522	1,145,184	1,211,055	1,088,771
Total debt attributable to The City	**$ 4,074,211**	$ 4,144,785	$ 4,361,856	$ 4,571,657	$ 4,714,948

Demographic and Other Information unaudited 2014 to 2018

	2018	2017	2016	2015	2014
Population, per April civic census	**1,267,344**	1,246,337	1,235,171	1,230,915	1,195,194
Change due to natural increase	**9,419**	10,192	10,783	10,812	10,491
Change due to net migration	**11,588**	974	(6,527)	24,909	28,017
Dwelling Units, per April civic census					
Total number of units	**515,391**	506,392	499,222	492,623	478,223
Number of vacancies	**19,408**	25,553	20,843	12,526	9,315
Owner occupancy rate (%)	**68.2**	68.8	69.8	69.2	68.7
Housing Activity					
Annual applications for residential units					
Total residential	**10,233**	8,122	11,064	12,355	15,027
Change (%)	**26.0**	(26.6)	(10.4)	(17.8)	1.3
Single family	**2,750**	4,199	2,630	2,714	5,584
Change (%)	**(34.5)**	59.7	(3.1)	(51.4)	(6.0)
MLS average selling price ($) (i)	**477,963**	487,505	479,452	469,399	483,160
New housing price inflation (%) (ii)	**(0.4)**	0.0	(0.9)	1.1	7.2
Building Permits, applied for					
Number of applications	**16,298**	16,434	15,144	16,667	19,549
Change (%)	**(0.9)**	8.5	(9.1)	(14.7)	9.1
Value, in thousands of dollars	**$ 4,402,053**	$ 4,574,171	$ 4,651,963	$ 6,285,485	$ 6,510,000
Change (%)	**(3.8)**	(1.6)	(26.0)	(3.4)	8.0
.					
Inflation, CPI annual increases (ii)					
Calgary	**2.40%**	1.60%	1.00%	1.20%	3.00%
Alberta	**2.40%**	1.60%	1.10%	1.10%	2.60%
Canada	**2.30%**	1.60%	1.40%	1.10%	2.00%
Unemployment Rate (ii)					
Calgary	**7.60%**	8.60%	9.10%	6.20%	5.00%
Alberta	**6.70%**	7.80%	8.10%	6.00%	4.70%
Canada	**5.90%**	6.30%	7.00%	6.90%	6.90%

External Sources

(i) Calgary Real Estate Board

(ii) Statistics Canada

Demographic and Other Information unaudited 2014 to 2018

	2018	2017	2016	2015[4] (Restated)	2014[3] (Restated)
Revenue sources – City general[1]	**$ 2,731,717**	$ 2,612,149	$ 2,860,289	$ 2,890,388	$ 2,816,520
Taxes and revenue in lieu of taxes	**64.86%**	63.09%	67.76%	66.64%	63.96%
General	**28.19%**	29.67%	25.07%	26.13%	27.65%
Utilities and related authorities contributions	**1.92%**	2.00%	2.32%	2.35%	2.45%
Government transfers	**3.57%**	3.40%	3.21%	2.94%	3.81%
Dividends from ENMAX	**1.46%**	1.84%	1.64%	1.94%	2.13%
Interest charges – City general					
As a % of operating expenses					
Before subsidy	**3.69%**	3.86%	3.97%	4.18%	4.25%
After subsidy	**3.69%**	3.86%	3.97%	4.18%	4.25%
Interest charges – consolidated					
Before subsidy (000s)	**$ 111,337**	$ 115,847	$ 110,899	$ 113,629	$ 112,537
Share of operating expenses (%)	**3.5**	3.6	3.9	4.0	4.2
After subsidy (000s)	**$ 111,122**	$ 115,610	$ 110,660	$ 113,459	$ 112,537
Share of operating expenses (%) (net of subsidy)	**3.5**	3.6	3.9	4.0	4.2
Debt service limit (principal + interest)					
Total debt service limit	**$ 1,395,588**	$ 1,386,287	$ 1,337,148	$ 1,331,199	$ 1,244,153
Total debt service	**$ 359,705**	$ 362,341	$ 348,569	$ 554,584	$ 779,683
Percentage used (%)	**25.8**	26.1	26.1	41.7	62.7
Debt limit [2]					
Total debt limit (000s)	**$ 7,974,791**	$ 7,921,642	$ 7,640,844	$ 7,606,852	$ 7,109,448
Total debt (000s)	**$ 2,976,209**	$ 3,149,658	$ 3,303,092	$ 3,447,143	$ 3,728,462
Percentage used (%)	**37.3**	39.8	43.2	45.3	52.4
Municipal full-time equivalents – (excluding ENMAX)					
Total full-time equivalents	**17,068**	16,960	16,643	16,303	15,972
Full-time equivalents per 1,000 population	**13.5**	13.6	13.5	13.2	13.4
Area, square kilometres	**848**	848	848	848	848
Km of roads (lane km)	**21,216**	20,472	20,288	19,956	19,488
Km of roads (centreline km)	**8,092**	8,009	7,945	7,815	7,312
Transit passenger trips, annual (000s)	**105,328**	101,929	102,499	109,974	110,274
Km of wastewater mains	**4,811**	4,756	4,695	4,678	4,490
Km of water mains	**5,262**	5,165	5,060	5,012	4,982
Km of storm drainage mains	**5,319**	5,242	5,157	5,091	4,175

Notes: (1) Figures (000s) are before consolidating eliminations.

(2) Calculations as prescribed by The Province of Alberta, regulations 255/2000 and 165/2011, and does not include debt attributable to ENMAX.

(3) Figures for 2014 have been restated for the inclusion of CADA and CED as related entities for consolidation purposes, ENMAX's IFRS transition adjustments, as well as for the correction of miscellaneous revenue adjustments identified in 2015.

(4) Figures for 2015 have been restated for the correction of certain tangible capital asset, deferred income tax, capital deposit, and interest expense adjustments identified in 2016.